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## **“The 21<sup>st</sup> Century CEO”**

Thank you Gail for that kind introduction. And thank you Beth and the board of the Detroit Economic Club for inviting me here today. It is a tremendous honor.

Today I'd like to discuss an issue I'm particularly passionate about - an issue that I'm sure has also been on the mind of many in this room.

That issue is the role of the CEO, and my concern that those of us privileged to be in positions of leadership are not doing enough to make a positive and lasting impact on our world.

I understand that there are many challenges facing us as business leaders.

The role of the CEO is under enormous fire.

Our failures often get more attention than our successes.

The mistakes and greed of a few have created a guilty-before-proven-innocent spotlight on us all.

In reaction, the regulators are making our jobs more bureaucratic.

And the lowering of economic borders coupled with the Internet has created a 24/7 global economy that leaves little room for error.

But while all this may be true, I maintain that as business leaders we have never had a greater opportunity – or responsibility – to solve the world's toughest problems.

Our influence as leaders of global companies has never been stronger.

Governments and NGOs are asking for our stewardship.

And for perhaps the first time in a century, the changes in our global economy are demanding a new social compact between business and society.

Today, I would like to use the powerful platform the Detroit Economic Club has provided me to ask that as business leaders, we look past the many new obstacles in front of us and put our sights on a much bigger prize.

Today, I'd like to make the case that the very same phenomenon that has made our jobs as CEOs more difficult, is also presenting us with a once-in-a-generation opportunity to make a positive difference not just for our customers, employees and shareholders, but also for the world.

### **The Power To Influence**

We've all heard the terms; we all know what they mean for our businesses: The Internet; globalization; the spread of democracy; the rule of law and science driven technologies.

These forces have combined to allow businesses, and their products and services to have a deeper impact on society than at any other time in our history.

And all the evidence suggests our influence will only strengthen.

With every innovation in manufacturing or packaging, we extend the reach of our products around the world. With every gain in productivity, we make our goods and services cheaper and more accessible. With every advance in technology, we empower more people to participate in the global economy and lead healthier and wealthier lives.

Yet, I want to recognize that across the world, it is a hotly debated question on whether this growing influence of business on people's lives is healthy.

While I respect this concern, I believe it is the wrong question to ask. The power of influence, like the power of technology or the power of wealth, is at its core neutral in its effect.

It is only how that influence is applied that makes it positive or negative.

So as business leaders, with such great influence at our disposal, we have a choice.

Do we accept this growing power to influence simply as a sign of success?

Or, do we acknowledge that with greater power comes greater responsibility, and leverage our influence to better serve the world as we've never done before?

I believe if we want to continue to enjoy our privileged role as business leaders *and* global change agents, the choice is clear.

Take a look at some of the most successful companies of the last 10 years. At the head of these companies sit CEOs who understand the social compact between business and society has changed.

To be a leader of a public company today is to be a public servant, and as such we must not only follow the rule of law, but also follow the unwritten laws that exist in so many of the markets we now compete in.

The list of CEOs who either rebelled against or perhaps were too tone deaf to understand these unwritten laws are easy to spot. Just take a glance at any newsstand.

There you will see their images next to headlines that accuse of outrageous pay packages; irresponsible environmental stewardship; questionable backdating of options or any assortment of grievances that may or may not have broken laws in our criminal code, but clearly broke from a strengthening societal code of acceptable business conduct.

This extensive media coverage and the glaring missteps of our peers have led to some of the lowest levels of trust in CEOs ever recorded.

According to the 2007 Edelman Trust Barometer released at the World Economic Forum, just 18 percent of respondents in Europe's three biggest economies said they trusted CEOs. In the US, just 22 percent reported trusting CEOs.

For a position with so much power to influence, so much power to do good in the world, these numbers are simply unacceptable.

Let us begin, right here, right now, to reverse this tide.

Let us begin to realize that the more we ask our customers to open up their countries, communities, homes, and personal lives to our products and services, the greater expectations they will have of our behavior.

And let us recognize that, as CEOs, if we choose to step up to these new responsibilities, a world of opportunity awaits.

### **Doing Good While Doing Well**

Nowhere are the new opportunities afforded to CEOs more apparent than in the now-famous observation that our world is becoming "flat."

Issues that were once local are now global.

As connected and interdependent as we have become, people around the world are now acutely aware of how the problems in their own community can affect a community 10,000 miles away.

Preferences and opinions that were once limited to one country, now spread rapidly across entire continents.

As business leaders, we have taken advantage of these trends to create products and services that appeal to markets that are now global in nature.

Our success has turned global business into perhaps the most effective and efficient mechanism to reach people of all walks of life, all around the world.

As leaders of these global businesses, that puts us in a rather unique – and I believe tremendously exciting – position.

We have a historic opportunity to take the remarkable influence business has in the world and leverage it not just to fatten our balance sheets, but to end poverty. Educate a new generation. Bring affordable healthcare to millions. Slow global warming. Prevent cancer or eradicate disease.

And here is perhaps the most exciting part of this opportunity: solving these problems need not just be an act of good will. Successfully solving these problems can also be an act of good business built on sustainable business models.

Three years ago at the World Economic Forum I announced an AMD initiative called 50x15.

50x15 is an ambitious goal to empower 50 percent of the world's population with affordable access to the Internet by 2015.

To many, this was an initiative of goodwill. Internet access is the most empowering gift we can bring to the world's unconnected and underserved. It is the engine of enlightenment, of economic development, and of self-actualization.

To many others, this was an initiative of good business. What company today would not like to have access to another billion customers?

Both assumptions are correct. It is my hope that 50x15 contributes to providing an entire global generation with greater access to information, education and healthcare.

But 50x15 is also a crucial business development and R&D laboratory for AMD. Since announcing 50x15 in 2004, we have learned critical lessons about the unique relationships and technology required of many of the markets that have yet to adopt the Internet.

These lessons are fundamentally changing the way we operate as a company and I believe will change for the better how we serve our customers.

One of the great outcomes of our 50x15 effort is AMD's relationship with the One-Laptop-Per-Child, or, OLPC, initiative headed by our good friend, Nicholas Negroponte.

Nicholas' vision to provide children around the world with new opportunities to explore, experiment and express themselves is not one based in technology.

Instead, technology is his tool to achieve that vision, and he is working with technology partners like AMD to completely revolutionize the laptop to work specifically for children in emerging markets.

OLPC shows great promise to change millions of lives for the better. At the same, time OLPC is opening up new markets for AMD while providing us with valuable information on how to construct technology for a population that historically has been underserved by the IT community.

Is 50x15 goodwill or good business? As our work with OLPC illustrates, it will not be successful unless it is both.

AMD is but one example of an organization experimenting with the newfound power we have as a global company to attract business by attacking the world's thorniest problems.

But this power to both do good and do well is not unique to AMD.

This is the power – the opportunity - of the 21<sup>st</sup> organization and the CEOs who lead them.

It is an opportunity derived from business' growing influence on the world stage.

It is an opportunity that gives us, as CEOs, the ability to positively affect our companies and communities in ways we have only begun to understand.

But it is also an opportunity that society has granted us as a privilege, not a right.

We must re-learn the essential truth that leadership is a service occupation.

And as we have seen from the many CEOs who have failed society and their companies in this capacity, it is clearly an opportunity that demands we rethink how we qualify and evaluate the 21<sup>st</sup> century CEO.

### **The 21<sup>st</sup> Century CEO**

It is often said that the new century demands a new type of company.

We have already caught a glimpse at what will differentiate the great companies of the 21<sup>st</sup> century from those of centuries past.

Their use of technology to collaborate and build a strong, global culture. A discipline of aligning around their core competency. A high comfort-level in outsourcing. A global organization to match global markets.

It is time we add to that list the changing qualities necessary to be a successful CEO.

The new century may be offering up new opportunities to both do well and do good, but it is also demanding a different kind of CEO to take advantage of these opportunities.

The 21<sup>st</sup> century will demand a CEO who realizes that government is not an obstacle and NGOs are not the enemy.

It will demand a CEO who recognizes that transparency is now the cost of entry to compete on the world stage.

A CEO who will count as their core strength the ability to assemble the right team....and then set that team free.

And this new century will demand a CEO who gives customers the greater control they are asking for.

Finding this new breed of CEO will involve looking past the headlines and beyond the magazine covers.

Just this month, there was a high level meeting of oil executives in Houston, and the CEO of Exxon Mobil, Rex Tillerson, acknowledged that the oil industry had a responsibility to contribute to global warming policy discussions.

Similarly, at the annual Clinton Global Initiative, there have been a number of CEOs who have made public commitments to solve world problems. Last September, at the second annual meeting of the Initiative, more than 262 commitments valued at more than \$7.3 billion were made, benefiting more than 500 organizations helping people in more than 100 countries.

Included in these commitments was one by Sir Richard Branson of Virgin Group, to invest \$3 billion throughout the next 10 years in renewable energy sources.

In the technology sector, I am proud of AMD's role in founding the Green Grid, a consortium of technology leaders – many of whom are competitors – who came together to develop common practices and standards for lowering wasteful consumption of energy in computing.

These are the companies and CEOs who are not only changing their industries through innovative products and solutions, but also through their leadership.

And by the time they are through, I believe their positive effect on the world will far surpass their superior return to shareholders.

### **Lessons From Our Predecessors**

While I firmly believe we are entering into a golden age of opportunity for the CEO, the opportunities before us are not without precedent.

The role of the CEO faced a similar transformation at the turn of the last century when historic changes in immigration, technology and transportation gave business tremendous influence in how countries and communities developed.

As you well know, Detroit was one of a few epicenters for this kind of change and the leaders who took advantage of it.

As a pioneer of “welfare capitalism”, Henry Ford epitomized the possibilities of the day for CEOs to both do well and do good.

Against the wishes of Wall Street, Ford instituted a five-dollar a day pay rate and a 40-hour work week. His reason: by paying his employees a higher wage, they would be more efficient, lower the turnover that had many departments hiring 300 men a year to fill 100 slots, and – most opportunistically – allow his workers to afford the very products they were building.

Ford summed up his philosophy best with his now famous quote: “A business that makes nothing but money is a poor business.”

Of course, we know that Ford, along with many of the turn-of-the-century monopolists like Andrew Carnegie and John Rockefeller, also abused this new business climate to stifle competition, workers' rights, and consumer protection.

As we try to rise above the daily line of fire, I believe there is much we can learn about how our predecessors of 100 years ago handled – and mishandled - the great opportunities afforded to them.

We must remember that to whom much is given, much is expected. In an age where as CEOs we have more resources at our disposal than perhaps anytime in history, we must understand that expectations of our behavior rise in lock-step with our influence.

We must remember that in an era when the business community has the capability to take the lead in solving some of the world's great problems, we must do so. In an

economy that is as global and connected as it is today, we cannot be selective in our leadership.

And as CEOs, we must not forget that the role and qualifications of the CEO must evolve along with the societies and markets we serve.

As the global economy continues to flatten and integrate, it will present new challenges and opportunities that will demand skills possibly far different from what you or I possess.

As CEOs, we bear a special burden to not only continually advance our role, but to also educate the market and media on how they should qualify and evaluate CEO performance.

Taken together, I believe the lessons of our predecessors, along with recognition of the great changes around us, presents a unique roadmap for today's CEO.

It is a roadmap that demands greater responsibility, but offers greater opportunity.

It is a roadmap that offers the chance to do great good, but to also do very well for investors.

And while it is a roadmap I believe we have no choice but to follow, I also believe is one that makes our job the most exciting and impactful in the world.

Thank you.