

Utopia reconsidered

Thanks so much for inviting me to share a few words. Let me first pause to reflect on what a special moment this really is.

It's certainly special for me—to be speaking at the commencement exercises of such a fabulous business school, one of the best in the country.

Congratulations to all of you, and to your families and loved ones who have been with you on the journey to this day.

PAUSE

I'll keep my remarks brief because I know that, ten years from now, if you remember anything about today, it'll be your sense of satisfaction at a job well done...oh, and there was this bald guy with a mustache—looked a bit like Dr Phil. Who, uhh, ran some kinda organization-type-of-thing...

Anyhow, at my stage of my life, to think that you guys are willing to share your special moment with me, well, it's like a day pass to Utopia.

I get to dress up in my fancy Dumbledore robe, and, without a license dispense—sparingly, I promise—a little grey-haired advice.

PAUSE

And I'm here at an exciting time. The business cycle is entering an upturn—even displaying cautious optimism in the wake of a deep downturn.

True, unemployment is still too high—but corporate profits are up and many businesses are starting to hire. Despite the upheaval in the Middle East and the challenges facing Japan, many of the world's markets seem to be heading back up....

But business leaders face other challenges—one of the biggest being the persistent issue of public trust.

Imagine: according to the 2010 Edelman Business Trust Barometer—and despite an encouraging uptick this year—essentially *one out of two* Americans does not trust business. One out of two! Equally dispiriting, 70 percent think that, with the recession behind us, business and financial companies will revert to “business as usual.”

Meaning, the same short-sighted, unrealistic behaviors that got us here in the first place. It's what I sometimes think of as “utopian thinking.” Born out of dreams, even worthy dreams, that go too far.

I'm reminded of what Mark Twain had to say about speculation. He got burned more than once. And so he warned: “October is one of the most peculiarly *dangerous* months in which to speculate...” That's right.

“And the others are—let's see...[count]July, January, September, April, May, March, June, December, August, November—and February.”

PAUSE

So I'd like to talk about how utopian, unrealistic thinking can creep into business and society at large. I'm not talking about some magical kingdom. What I'm talking about is how those utopian dreams can just take over. Especially where money is involved.

Money and power and success. Typically fueled by three basic impulses:

—Gullibility
—Excitability
—And greed.

But to better explain, let me tell you a little story. It all begins with an innocent little...FLOWER. That's right a *flower*.

You see, the period I'm describing occurred a few hundred years ago. In 1637, to be precise. At that time, this particular flower—the tulip—was *not* common. In fact, they were new and exotic and Europe just went crazy for them.

Well, soon enough speculation kicked in, markets started up. Flower exchanges not unlike our stock market—even with futures contracts. It reached the point that one single tulip bulb—one—sold for *ten times* the annual income of a skilled craftsman. For a bulb that resembled an *onion*, for heaven's sake. How out of whack was that?

Well, it all came crashing down. And it didn't just snare the gullible. One investor was none other than the legendary physicist and mathematician Sir Isaac Newton. Imagine: Sir Isaac lost 20,000 pounds, about \$3 *million* in today's dollars.

"Ah," lamented the great thinker, "I can calculate the movement of stars, but not the madness of people."

PAUSE

So, there you have it: the Tulip Bubble of 1637. Utter lunacy. But what about the bubble that in many minds triggered this last recession?

Houses—these were our tulip bulbs. And look at the result. We're talking about the largest, most protracted recession in history. Tens of billions down the drain. Why? *What the heck happened?*

Well, the President appointed a commission to study the crisis. And a few months back, the *Financial Crisis Inquiry Commission* (doesn't exactly roll off the tongue)—issued a 576-page report about the underlying causes.

I'll spare you the details this fine afternoon. But let me offer my own admittedly *unscientific* view.

And that's the fact that, whether in 17th century Holland or 21st century America, people get excited when other people get *excited*. *Excited* that everybody else is getting rich. *Excited* they might miss out!

Take the housing market. People were *convinced* that housing presented a can't-fail economic engine. *Convinced* that we were in a new era—a new economy. *Convinced* that, with the Internet and globalization, the economic rules were being reinvented before our eyes.

Think again.

PAUSE

So, the human brain can stampede if we don't ride herd on it. Especially when it sees a crowd and feels the utopian thrill of quick success.

And here I come to the advice part. How *do* you stay balanced when others may be losing their bearings? Let me venture three suggestions.

1. Never get too far down or too far up.

In business—as in life—it pays to avoid wild mood swings. If an idea doesn't pan out, don't beat yourself up. Rather, take what you can learn, admit your mistake, and move on. And *conversely*, when things are going almost too well, don't get swept away. Step back and ask: is the business model sustainable? Ethical? Does it reflect well on your brand? If not, raise your hand.

2. Help others lead and succeed.

As fast and complex as the world is, it's beyond the control of any one leader, or cadre of leaders. So help others lead. Look for the right choice. Play your part in moving the organization's strategy forward—ethically, responsibly. When more people are thinking like leaders, the organization is more likely to stay real—and on track.

3. Keep a good balance between work and life.

When success is almost exclusively defined by work, people can be tempted to bend the rules—anything to achieve success. So: *Have a life*. Make time for friends and family. Climb a mountain. Volunteer. A rich and varied life reminds us what really matters.

PAUSE

Listen—never lose your capacity to dream, and dream big.

Today, more than ever we need utopians—the true dreamers—to make possible the world-changing ideas of tomorrow.

The key, however, is dreamers who can make those dreams practical, ethical, and sustainable. Who can avoid the easy traps of Gullibility, Excitability and Greed.

And so, when you weigh an important idea or course of action, ask yourself: What if a pension fund and a school system were riding on this? *People's lives and livelihoods.*

Better yet, ask yourself: How would this sound on the front page of *The Wall Street Journal* or the homepage of *The Daily*? What would your mother say if you tried to explain it?

Do *that* and you won't just make your parents proud. You'll make us *all* proud. You'll have a long, productive career—and, more importantly... *a life.*

PAUSE

And, when you go out there dreaming big, make sure you are ready with a price for success.

I know this is important, because my organization hires a host of young talent—some 12,000 this year alone. And we like to hear about their expectations—*phew*—what expectations!

Just the other day, one of our HR people told me about an interview he'd had with one of your classmates. In fact, I think...I think I see you—way in the back.

Now I don't want to embarrass you, but ladies and gentlemen, we are talking about a major mental *specimen*. Mensa-schmenza! If brains were antlers, this person would be a moose!

4.0 grade point average...cutting-edge research...two board memberships. And, speaks five languages. Including Chinese.

"Oh, and by the way," said our interviewer, finally, "What kind of salary are you looking for?"

Well, the Smeal candidate never even blinked. "Oh, I don't know. Given my attainments, certainly well north of \$350,000. Depending on the benefits, of course."

Well, at this our interviewer perked up. "So, what would you say to eight weeks vacation, fourteen paid holidays, full medical and dental, company matching retirement to 50 percent of your salary?

Plus, a new company leased car every two years—say, a BMW?

Wow!" said the candidate. "Are you kidding?"

And the interviewer replied, "Well, yeah, but you started it."

Good luck—have a great life—and thanks for listening.