



**CEO EXCHANGE PROGRAM #509 TRANSCRIPT**

**“KEEPING UP WITH THE JETSONS: MAKING LIVES BETTER THROUGH INNOVATION”  
FEATURING JEFFREY IMMELT, and IRENE ROSENFELD**

**TAPED ON MAY 3, 2007 AT THE TUCK SCHOOL OF BUSINESS , HANOVER, NH**

**TEASE**

01:00:00

Changing rapidly, meet two CEOs designing healthier, more efficient products. From the Tuck School of Business at Dartmouth, Jeff Immelt of General Electric. “When you align capitalism with using innovation to solve societal problems, that’s when real things happen.” And Irene Rosenfeld of Kraft Foods. “Everybody wants to eat better, but at the end of the day, if it doesn’t taste good, they’re not interested.” Two CEOs bent on reducing waste, and waistlines, next on CEO Exchange.

**SPONSOR SPOT**

01:00:30

Funding for CEO Exchange is provided by SHRM (the Society for Human Resource Management). In today’s knowledge-based economy, the nature of work has changed. Once driven by materials and machines, success is now powered by people. Competitive strength is no longer only tied to physical resources, but upon workforce talents. SHRM believes that the power of people is not a cost to be managed, but an asset to be leveraged.

**OPEN**

01:01:01

One world, many ideas, inspiring the next generation, shaping trends and forging the future, ideas that change the way we live. CEO Exchange.

**APPLAUSE**

JEFF GREENFIELD

01:01:30 Thank you and welcome to CEO Exchange. Okay, you've made it. For years of toil for a major company have brought you to the top, right to the corner office, but now that you are CEO, you and your iconic friend are looking at a very different world. You are selling to the Jetsons, not the Flintstones. Your customers have a whole lot more choices and a lot less time.

01:01:51 There are outside pressures, including from the government, that are insisting you change what you make or what you sell, in order to be healthier, or to protect the environment and the very success that your company has achieved, well it makes it that much tougher to move forward. So what do you do? And how do you do it without losing what made your company great in the first place? And that is what faces our guests, who join us here today at the Tuck School of Business at Dartmouth College.

01:02:14 Now Irene Rosenfeld had made a career as a rising star at Kraft Foods, but she found her path blocked, and she left to go to Frito-Lay. When Kraft came calling two years later, Rosenfeld relished the chance to return. We'll be talking with Irene Rosenfeld in just a few minutes. But first, when legendary General Electric CEO, Jack Welch, conducted a well publicized search for a successor from inside the company, he and the board chose Jeff Immelt, by far the youngest of the three finalists.

01:02:40 A very strong team leader back from the days when he was captain of a football team here at Dartmouth, Immelt put a charge into GE by reshaping some of the company's core operating practices, and he placed a multi billion dollar bet that green products, hybrid locomotives, wind turbines, could draw more green into the company's coffers. On his watch, GE has continued to rank as *Fortune* magazine's Most Admired Company in the United States and globally. So please welcome the Chairman and CEO of General Electric, Jeff Immelt.

APPLAUSE

JEFF GREENFIELD

01:03:14 Good to see you. All right. You know, there are people who, from a pretty early age, their colleagues sensed something in them about leadership. You were fraternity president and you were captain of your football team, as a lineman, not the quarterback. And you know the famous quote from the Duke of Wellington, "the battle of Trafalgar" he said, "was won on the playing fields of Eden." Now for those of us who did not spend a whole lot of time on the fields of play, is there

something about competitive athletics you think, that genuinely translates into later lessons about leadership?

JEFF IMMELT

01:03:56

I think there's no question about it. There's a certain sense of, I think, dealing with failure, of knowing that the team counts, of knowing when to follow and knowing when to lead, that you learn in team sports, that I think is a good background for being in a company. I mean, I think most people think you walk in the first day and you just...everybody does what you tell them to do. If you want to build a good career, no matter what you're doing, you have to go through times when you know when to follow, you know how to follow, and you know when it's your time to lead and I think sports are uniquely conditioned for that.

JEFF GREENFIELD

01:04:30

But there's something about your ascent that I've always wondered about. This was a very, as I mentioned, public event. There was you, and two other fellows, who were in competition. In that time, knowing that you were one of these three, did it change the way you think people at the company regarded you? Do you think in any way it affected how you worked, knowing that this decision was coming at some point or another?

JEFF IMMELT

01:04:54

You know, Jeff, I worked overtime to make sure people didn't see it that way. You know, I would say that my view was that not getting the job was only the second worst thing that could happen to me. Getting the job and not being the right guy was the worst. So I wanted to show myself for who I was as part of that. You know, look, I didn't pick the process. Right? You know? This was not exactly what I wanted to do, is be that public about it.

JEFF GREENFIELD

01:05:24

Which does raise this point. Having been through that, and now you've got a ways to go before you have to look at this. Do you think you'll do it the same way when it comes time for your successor?

JEFF IMMELT

01:05:33

Doubt it. I think a succession process has to fit the culture of the company and the leader of the time. And I think, you know, look I love Jack. I loved working for him and I love him today. You know? But it was consistent with who he was, and the way and the way he ran things. And so the way that process worked was very much an outgrowth of him. I'm not him. I'm a different guy. And so whatever happens, look, I think it's going to be a long time in the future, but

however it happens, it will be an outgrowth of who I am and the way I do things.

JEFF GREENFIELD

01:06:06 We're going to chat more with Jeff obviously, but we want to find out how the man who led the most admired company in the world, to double digit growth in profits, nearly 25% last year, still must contend with shareholders, some of whom apparently can't get no satisfaction. So here's correspondent Jeff Flock.

JEFF IMMELT PACKAGE

JEFF FLOCK, Correspondent

01:06:23 "Hi how are you? Good to see you." A less confident CEO wouldn't have invited our cameras to follow him to the GE Stockholders Meeting in Greenville, South Carolina, to listen to gripes about a stagnant share price.

SHAREHOLDERS

01:06:36 I'm doing well. I just want my stock to go up. "Yeah, me too."

JEFF FLOCK AND SHAREHOLDERS

01:06:44 Retirees clamoring for a pension increase. "As far as taking care of the retirees, he's not doing so good."

JEFF FLOCK

01:06:47 But Jeff Immelt didn't get the job running the world's largest conglomerate lacking confidence, optimism or honesty. "To have a job like this, you have to have courage of your own convictions because you're going to walk through the fields sometimes by yourself. You know? You're not going to be loved every day." Immelt's come close, winning a public competition to succeed the legendary Jack Welch, taking over September 7, 2001, surviving the 9-11 hits to GE's airplane engine, insurance and power businesses and going on to double corporate profits and win awards as a top CEO himself.

SHAREHOLDER

01:07:21 As far as the job he's doing, I'd say he's doing a good job. You know, I mean –

SHAREHOLDER

01:07:24 He's more friendly than Mr. Welch.

SHAREHOLDER

Oh yeah.

SHAREHOLDER

- 01:07:27 You didn't catch Mr. Welch out doing this.
- 01:07:29 **SHAREHOLDER**  
When you talk to people within GE about Jeff, they smile. They like the guy. He's like this – he was head of his fraternity. He's just a likable, enthusiastic, smart man.
- 01:07:39 **JEFF FLOCK**  
You grew up in a GE house. "I did. I did." Did you always think you would work at GE? "Never." His father, a GE aircraft engine worker in Cincinnati, Immelt grew up loving technology and sports. An offensive tackle at Dartmouth, #79, worked summers at a Ford auto plant. After a Harvard MBA in 1982, Immelt began making his own way. "I would say even though GE's always been an admired company, you know, most of my friends went to investment banks and consulting firms. " Because that was the trend back then, right? "That was the trend. And going to industry seemed like you were really a pathetic loser, you know, at that time." And you were the frat president. "I was the – well yeah, I mean, I wanted to be a cool guy, you know? "
- 01:08:19 One of the first things Immelt did as CEO was focus on innovation. Putting a billion dollars into research and development. This is a 13,000 lb. wind turbine blade. It was the centerpiece of the company's 2007 Shareholder's meeting. Gives you some indication of the importance that Jeff Immelt places on alternative energy for GE's future.
- 01:08:42 The ad touts "Ecoimagination" launched in 2005. Immelt's attempt to take GE high tech green.
- 01:08:51 Wind energy from GE.
- 01:08:53 Developing solar power systems, the technology for wind farms, making fresh water in places where it's in short supply.
- 01:09:00 Water desalination from GE.
- 01:09:04 **JEFF FLOCK**  
Running GE is a huge job, with businesses ranging from fuel sales to finance, CT scanners to silicone caulk, refrigerators to rail cars to real estate. The confidence to take the company in a new direction was cemented when Immelt ran GE's plastics division and got a legendary dressing down from Jack Welch, for coming up \$50 million dollars short on earnings in 1994. Is that all legend by the way? "No, no I

think it's fundamentally true, you know? Like I say, you know, you don't get anywhere by having a perfect career."

01:09:35 Welch threatened to fire him if plastics didn't get back on track. It did. As for the stock, Immelt pulls no punches with shareholders. "I own 1.2 million shares of GE stock including 100,000 shares I bought on the open market last year. I will never sell a GE stock while I'm CEO. Believe me, I am motivated."

JEFF FLOCK

01:09:54 Sale of NBC would fetch maybe \$40 billion dollars. But Immelt seems content to hold on to GE's highest profile asset despite emotional controversies. Racially charged remarks by MSNBC talk show host, Don Imus, since fired by NBC, and the broadcast of the Virginia Tech gunman's manifesto, by NBC News. At 51, and already on the job five years, Immelt has no reason not to be confident in his conviction to do it his own way. In Greenville, SC, I'm Jeff Flock for CEO Exchange.

JEFF GREENFIELD

01:10:30 We've eluded Jeff, to you need a certain amount of confidence to let people like us watch you talk to shareholders. This, to me, is actually the most amazing example. Here is your annual report. Right? And most CEOs would want an annual report that started great year, double digit growth. This is in your first paragraph, in very big type, you tell the story about buying the stock right after 9-11 and you said, I bought 15,000 shares thinking I love this company, and when will it ever be this cheap again? The answer turned out to be in 2006. (laughter) Now, you get major prompts for this. But what, what would possess a CEO to tell his shareholders in an annual report, right up front, not in a footnote, you know?

JEFF IMMELT

01:11:11 It was something that I learned Jeff, from Warren Buffet, you know, is that transparency about how, who you are, and how you feel about the company is actually important for investors over the long term. You know, I think if you think about GE, when I took over we made \$11 billion dollars, this year we'll make \$23 billion dollars. The stock is up maybe 2% on average over the last five years. You know, when you're in my job, you can't worry about overvalue, undervalue. You run the company.

JEFF GREENFIELD

01:11:40 The conversation Jack Welch had with you that famous legendary conversation about shape up or ....have you had that conversation with anybody in those five years?

01:11:49 JEFF IMMELT  
Oh sure.

01:11:52 JEFF GREENFIELD  
You do it the same way?

01:11:53 JEFF IMMELT  
Jack's a very different guy than I am, but honesty about performance, complete transparency about whether or not you're doing it or not doing it, I think it's a human right. You know, in other words, me telling you you're doing well when you're doing poorly, does nothing for you. And one of the things that I would tell any student in here, that's what you want. And you want it early. You want it when you're 30 and not when you're 50.

01:12:15 JEFF GREENFIELD  
Your most visible, in some sense, subsidiary is NBC. Now, the conversation that Welch had with you about, it's time to deliver. NBC used to be #1 in prime time, they are now, a weak 4<sup>th</sup>. As a GE CEO...

01:12:32 JEFF IMMELT  
Did you have to say a weak 4? Couldn't you have just said –

01:12:35 JEFF GREENFIELD  
I did. I looked at the numbers today. I could say you're better than 5<sup>th</sup>. I mean if that helps you. (laughter) But the point is, is that a conversation that a top executive of GE can have with creative people to say, I don't care what that the business is completely different from building aircraft engines, you got X years to deliver?

01:12: 53 JEFF IMMELT  
Yeah, I mean you know, what I would suggest is that this business is measured more significantly than any other business that I'm in. They know where they stand. They read about it every day in the newspaper, and see it. It's a very competitive team. And you know, they know what they have to do. I think if you look at the entertainment business though, the only way you get to be #1 again, when you're #4 is by becoming #3. So, you don't just magically wake up one morning and go from #4 to #1. We...it took us some time to get from 1 to 4, and it's going to take us some time to get back to #1 and so what I want to do is give them a sense of urgency. A sense of passion.

JEFF GREENFIELD

- 01:13:35                    When you said in effect, I'm putting a multi billion dollar bet that green is green. We're going to make environmentally better products because I think it will actually make money for us and save our customers money. Given some of your customers, who are in some fairly old line businesses, is it fair to say this was not met with unanimous approval?
- 01:13:51                    **JEFF IMMELT**  
Absolutely. No, you know, what I would say is, in 2003 and 2004, we were looking at a lot of our businesses that were making investments in energy efficiency, conservation and greenhouse gas emission reduction. So basically, we, as a management team in 2003 studied the science around global warming. You know, despite the fact that I went to Dartmouth, I had no great outdoors experience. You know? I was, other than maybe playing golf, that's about as far as I...as I got.
- 01:14:21                    I went in front of the top 30 executives in the company at a quarterly meeting we have, and I said, "hey, guess what team? We're going to drive a big environmental initiative here." Now GE's a 125 year old company. When you're 125 year old company, you have super fun sites, you know? If Google is around 100 years from now, they're going to have super fun sites. You know? We got them because society changed its mind, and that's the way these things work.
- 01:14:47                    Now 29 sets of eyes, looking at me saying, "you have flipped out! You know? This company with the Hudson River and all this other stuff, you've lost your mind!" So the first point I'd make is that change has the constituency of one. You know? If you really sometimes believe in something, you've got to be very comfortable of the change as a constituency of one. I've been in business 25 years for GE. I've made a thousand mistakes. This isn't one of them.
- 01:15:14                    **JEFF GREENFIELD**  
Okay now before we meet our second guest, we want to take a question from the audience here at the Tuck School of Business at Dartmouth, so please tell us who you are and ask your question.
- 01:15:21                    **FROM THE AUDIENCE**  
Great. My name is Heather Coleman and I'm a first year student here at Tuck. My question is about Ecoimagination. Can you elaborate on the business drivers behind Ecoimagination? And also talk a little more about the internal barriers just starting up that effort when you started it?
- JEFF IMMELT**

- 01:15:34 You know Heather, what I would say is that what we try to do, is I never wanted it to be a social program. I never wanted it to be a feel good, do good program. My own belief about things like corporate social responsibility is that when you align capitalism with using innovation to solve societal problems, that's when real things happen.
- 01:15:56 But I think something for the students here is that, you know, like I have a pretty powerful job. I got a lot of people who work for me and I pay all of them. And if I just lob something over the transom, and then sat in my office and didn't work on it, nothing happens. So what I do is, I pay people on it. I measure them on it. I create teams on it and so it becomes embedded in the way we do things. And this is, you know, when I look at the future, you know, we've identified five or six key areas of the future that this company is going to own over the next five or 10 years and environmental science and environmental technology is one of them, and you know, we've got a big head start over everybody else. (applause)
- JEFF GREENFIELD
- 01:16:44 Going to take another question from the audience.
- FROM THE AUDIENCE
- 01:16:46 Good afternoon, my name is Jennie Champny and I'm the Director of Human Resources at Zeus Microtek. GE has a reputation for highly valuing their human resources function and the value that they add to the bottom line. In fact, I understand that the senior executive, human resources professional at GE, attends the Board of Directors meetings. For those human resources professionals, who are not currently engaged at that level of the business, what would be your advice for them to be able to build stronger partnerships with their CEOs and board of directors?
- JEFF IMMELT
- 01:17:23 Find another job. You know? In other words, if I was in HR and the CEO of the company relegated me to not to be a direct report, or not to have access to the people or meetings, you're working for the wrong company. You know, I think HR people need to work for companies where people are valued. When I evaluate our own businesses, I look at a triangle of the CEO, CFO and Senior HR leader. And I look for complimentary skills among those three people as being absolutely central to how that business is led. When I joined GE, you know the HR leaders are in two groups. People that like people and people who like to do bad things to people. (laughing) All you can afford to have today is, you know, you've got to like people, if you want to be in the HR. You don't like people, if you want to lead a company. That's about what it's about.

- 01:18:15 JEFF GREENFIELD  
Thank you. Jeff Immelt will be back with us shortly after we meet our second guest. For now, Jeff, thank you very much. I'll see you in just a couple of minutes. (applause)
- 01:18:28 Velvetta, Kool-Aid, Maxwell House, Oreos, Oscar Mayer, Nabisco Shredded Wheat, Jell-O. Kraft has more well known brands on grocery store shelves than any other company on earth, except perhaps Nestles.
- 01:18:40 But in this era of watching cholesterol and counting carbs and gourmet tastes that have reached into middle America, are Kraft's products a little old fashioned for today's consumers? Well, that's what Irene Rosenfeld found on her plate when she returned to Kraft after two years away. So pardon the pun, has she got the recipe to deal with it? Please welcome the Chairman and CEO of Kraft Foods, Irene Rosenfeld. (applause)
- 01:19:04 Welcome. Even a non-alumnus, that's very –
- 01:19:15 IRENE ROSENFELD  
I feel like I'm in enemy territory here. I appreciate the welcome.
- 01:19:19 JEFF GREENFIELD  
Okay we can stipulate that you were not captain of your football team, but...but you were a very competitive athlete as a young person. Did that experience early, competitive athlete, somehow you think stoked the competitive juices that served you well in the business world?
- 01:19:35 IRENE ROSENFELD  
Without a doubt. I think especially for a woman. The opportunity to compete, to keep score, to understand what it takes to be the best and to win, as well as some of the aspects of team work that come out of playing sports, I think, are really helpful. I also tell you just the experience of working with coaches is invaluable as a lesson in leadership. So I think for a whole bunch of reasons, the experience that I had in athletics were critical to my success.
- 01:20:03 JEFF GREENFIELD  
Okay, I'm wondering about something, about this experience of, well first of all, when you left Kraft for Frito-Lay, did yo have a job? Did you know you were going to Frito-Lay when you left Kraft?
- 01:20:11 IRENE ROSENFELD  
No, I didn't. I left...just left.

- 01:20:16 JEFF GREENFIELD  
Was there a sense that okay if I take a few months it's okay? Or I have the confidence that somebody will want me? Is that what it was?
- 01:20:26 IRENE ROSENFELD  
I had tremendous confidence that somebody would want me. I ultimately looked at a lot of other industries beyond food and beverage, because I had come into that industry right out of school. And so, it was a fabulous opportunity to explore some other ideas. I ultimately came back to the food business.
- 01:20:42 JEFF GREENFIELD  
And what interests me is, this is...now this tells you more about me perhaps than I would care to admit, but if I had left a company, as I recently did actually, and a couple years later, the company said we really need you to come back. Part of me would feel a real strong sense of ah hah! Vindicated. Are you more evolved than I am?  
(laughing)
- 01:21:02 IRENE ROSENFELD  
Only somewhat.
- 01:21:05 JEFF GREENFIELD  
Was there any of that sense of ...I'm just wondering.
- 01:21:08 IRENE ROSENFELD  
It was, it was an absolute shot out of the blue. A part of me thought wow! But there is some vindication there, but more importantly, I had such passion for these brands. I mean I have blue running through my veins and it was just an incredible opportunity to come back.
- 01:21:29 JEFF GREENFIELD  
Okay. We're going to talk a lot more with Irene Rosenfeld, but we want to find out what set the table for her, and her rise to the top of Kraft Foods. Here is correspondent, Ceci Rogers.
- 01:21:40 IRENE ROSENFELD PACKAGE  
CECI ROGERS, CORRESPONDENT  
Jell-O, Macaroni & Cheese, and Oscar Mayer Bologna for many Americans, including Irene Rosenfeld, these foods were part of their childhood. "I've had a long term love of Kraft products. I grew up on all of them, but especially Macaroni & Cheese, Catalina Salad Dressing, Jell-O and Oreos." Now she's the big cheese at Kraft and trying to figure out how to modernize the company's brands to capture the attention of shoppers who have little time to spare. "We're finding

that the average consumer spends about 19 seconds standing in front of the tea shelf, and so we have to figure out what we need to do to catch her attention and make it easier for her to shop the section.” That means Kraft has stepped up its spending on research and marketing and is launching new premiums and convenience products like Grate-It-Fresh. “This allows you to basically have a fresh block of parmesan cheese –.” Oh that’s not grated. “No, no, you grate it fresh.”

01:22:36 Also new Ultimate DiGiorno pizza and Deli Creations. Along with edge new advertising she hopes will click with a new generation. Irene Rosenfeld has arguably one of the most difficult jobs in corporate America right now, reviving some of the most iconic brands in the food industry, and this at a time when competition is bearing in from all sides.

01:23:03 Rosenfeld is confident she can do it. Competitive and athletic, she’s a native New Yorker, a psychology major who earned three degrees from Cornell including a Ph.D. Food industry observers say she’s no nonsense and they admire her straight talk.

UNIDENTIFIED SPEAKER

01:23:19 She has fessed up to the fact that Kraft is indeed a slow growth company, in a mature industry. It needs a new direction. It needs a new strategy. I think that’s refreshing.

CECI ROGERS

01:23:32 Rosenfeld has come full circle. She spent much of her early career at Kraft, where she proved herself in beverages by reviving Kool-Aid and launching Crystal Light. After 22 years and an ill-fated management reshuffling, that put two co-CEOs in charge of Kraft, Rosenfeld left to head up Frito-Lay. There she pumped up both sales and profits with an array of more health conscious snacks, and the acquisition of Stacy’s Pita Chips.

01:24:01 In 2006, Kraft was still struggling and that’s when Rosenfeld received the urgent plea for help after only two years away. Were you surprised to get the call to come back here? “I sure was. (laughing) I was sitting on my patio, on a fairly nice evening and frankly, just about fell off my chair.” Rosenfeld has already overseen one transformation, Kraft is now fully independent from Altria, the parent of tobacco company, Philip Morris, which had owned all or most of Kraft for the past 20 years. Still, Kraft sales and profits have been stuck in the slow lane.

UNIDENTIFIED SPEAKER

- 01:24:42 Kraft and many of the other major packaged goods companies have had a lot of success through the years, appealing to mainstream markets, mass markets and right now the markets are splintering consumers are evolving, and it's really imperative to get on top of some of these trends.
- IRENE ROSENFELD
- 01:24:57 This is one of our Fig Newton products, it's called Snack' n Seal.
- CECI ROGERS
- 01:25:01 Though new products are being launched fast and furiously, much of Kraft's growth over the years has come from major deals, like the 1985 buyout of General Foods and the 2000 acquisition of cookie and snack maker, Nabisco. "International is a critical future growth opportunity for us and it's one of the reasons that I've talked a lot about our need to make some investments in the developing markets."
- 01:25:24 And that means Rosenfeld is eyeing acquisitions overseas, as a way to grab a bigger slice of the global market and satisfy investors, hungering for better returns. In Northfield, Illinois, I'm Ceci Rogers, for CEO Exchange.
- JEFF GREENFIELD
- 01:25:44 You go into homes of actual customers, and you watch what they do. Now one of the things you learned was that in China, Tang is served hot. Okay. That's interesting. But beyond that, what are you looking for when you go into these homes? What are you trying to figure out?
- IRENE ROSENFELD
- 01:25:59 I want to understand how people live. One of the biggest opportunities for us, as we think about what it's going to take to contemporize our portfolio and to re-invent it to be relevant to today's consumers, is to really understand better how our products fit into consumer's lives and there's no substitute for the opportunity to see what size refrigerators they have, whether they have microwaves or not, and actually just how they live their lives. And so, particularly in developing markets with which I'm somewhat less familiar, there's enormous power in being able to do that.
- JEFF GREENFIELD
- 01:26:35 You know it seems to me that this is an area where having a degree in psychology really must come in handy, because I'm projecting here, but the gap it seems to me, between what people say they want in food and what they really eat, is kind of like the difference between people say I want to see more documentaries on television, but somehow that doesn't show up in the ratings. (laughter)

01:27:00 IRENE ROSENFELD  
There's no question everybody wants to eat better, but at the end of the day, if it doesn't taste good, they're not interested. And so it is fascinating to hear consumers talk. I was in Beijing, and we were talking to consumers about what they do. I was talking to a woman about what she does to make lunch for her son every day, and she was describing this grandiose story and she never gives him any sweets and as we're talking, the kid walks in and snatches three cookies! So I said, ah huh! And so it's very powerful to have the opportunity to just see people with your own eyes.

01:27:32 JEFF GREENFIELD  
When you're thinking about how you market, is it not just – is it the packaging, is it the marketing, the advertising, all has to tell people this is yummy?

01:27:41 IRENE ROSENFELD  
Absolutely. In fact, a big part of it is making sure that our R&D group can help us to create better tasting products and make sure that we have the appropriate quality, but that's as you rightly say, Jeff, it's only part of the battle. The next step is figuring out how to tell the consumer about it and ultimately how to communicate it both in packaging and certainly in our advertising efforts.

01:28:03 JEFF GREENFIELD  
Let's look the other side of this. Let's picture like a family cookout and they're a loyal Kraft family so they're eating Oscar Mayer Hot Dogs, and grilled cheese sandwiches, and Oreo cookies and Jet Puff marshmallows they're roasting on the fire.

01:28:17 IRENE ROSENFELD  
That's Nirvana. (laughing)

01:28:21 JEFF GREENFIELD  
Okay. Here's the wrinkle. Then a dietitian walks by and says, you know, there are some issues in this. I guess the way to put it is, is there still a place in a much more health conscious country, when issues like childhood obesity are really moving front and center that you can say, you know what? There's still a place for that food?

01:28:39 IRENE ROSENFELD  
Well, first of all, the reality is, the challenge of eating well is not just about what you eat, it's about your portion size. It's about your exercise, the calories in and the calories out. And so there's a real opportunity as we think about what we can do to help people to eat and

to live better, to not only provide portion controlled products as we do with things like 100 calorie packs, but to make products like South Beach Diet available to them in more accessible forms.

JEFF GREENFIELD

01:29:06

One of the issues raised in that piece was how the mass market is splintering. You know, that at the high end, people are eating a lot more cheese, but they're eating less processed cheese. They're eating fancy unnamable, enormously expensive, delicious cheese (laughter) and at the low end they're eating, they may go into a Wal-Mart, a small struggling store, and say, you know what as long as it's packaged food, we might as buy Wal-Mart's. So the question for you it seems to me is encapsulated by an old Peanuts Charlie Brown comic strip, where Linus says, when he grows up, he wants to be a world famous humble country doctor. Do you have to make a choice? Can you serve a mass market and still avoid, you know being nibbled away so to speak, at the higher and lower ends?

IRENE ROSENFELD

01:29:51

Absolutely. Because I think the big worrying that we're having as we think about this whole challenge of reframing our categories, is that the mainstream market has moved upstream, and so it's not the case anymore that the consumer necessarily wants bland tasting products or less interesting products, regardless of their socioeconomic class. So our first opportunity is to take our base products, our salad dressings, our cheeses, our BBQ sauces and begin to put that extra pizzazz, that more intense flavor, more and more consumers are eating ethnic food. A third of the population is multicultural, and so as we think about making our products that can appeal to the taste of those consumers, by definition, they just tend to become a little bit more intense.

JEFF GREENFIELD

01:30:42

Okay we want to take a question again from the audience here at Dartmouth. And so please tell us your name and fire away.

FROM THE AUDIENCE

01:30:47

I'm \_\_\_\_\_. I'm a first year student at Tuck. After taking over as CEO, of a company that is previously under Philip Morris, what has been the most challenging aspect of turning around the corporate culture at Tuck. Could you talk about some of the - sorry - at Kraft (laughing).

IRENE ROSENFELD

01:31:07

That would be a real challenge. (laughing)

FROM THE AUDIENCE

01:31:11            Could you talk about some of the most dramatic changes that you're seeing since the spinoff?

IRENE ROSENFELD

01:31:16            The opportunity to become independent is a terrific opportunity for us, and we've talked a lot about the financial benefits that come with that, as well as, some of the benefits organizationally. But the truth is, the cultural changes at Kraft had nothing to do with that. Rewiring the organization is really at the foundation of everything that we're doing and it's about encouraging people to speak candidly about what our issues are, about taking more risks., and getting on with it.

JEFF GREENFIELD

01:31:44            Thank you. I'll take another question here from a member of our audience.

FROM THE AUDIENCE

01:31:49            I'm David \_\_\_\_\_ and I'm the Director of Human Resources at Rutland Regional Medical Center. First of all, I'd like to congratulate you and Kraft for being recognized as one of the top 10 companies in the United States for diversity. Being a service organization, we are faced with issues of cultural diversity, language barriers, and I'm curious to know what really set you apart from the rest of your competitors?

IRENE ROSENFELD

01:32:15            I think recognizing that diversity is a business strategy. It is a nice thing to do, but it's not about that. It's about the recognition that the population, the composition of the population is changing, that our internal leadership, our boards, our focus across the organization, our employee population, needs to reflect the characteristics of the constituencies that we're serving. And we are finding that it's serving us well. So I think it says much about the business imperative as it is about the fact that it clearly is the right thing to do.

JEFF GREENFIELD

01:32:49            Thanks for the question. I should say you've got an early lesson, as one of your bosses, I read one said to you, "you're so good, I didn't realize you were a woman." (laughing) Which doesn't speak well for that person's sense of perception, I must say. (laughing) Anyway before we bring back Jeff Immelt, we want to introduce you to a student here at Dartmouth's Tuck School of Business, who also has a business plan to make the world a little greener and with that story, here is correspondent Randal Pinkett.

SCHOOL TOUR PACKAGE

RANDAL PINKETT, CORRESPONDENT

01:33:15 Thanks Jeff. As CEOs, Jeff Immelt and Irene Rosenfeld know how important product innovation is to maintaining a competitive edge. Here at Tuck, MBA candidate, Andrew Smith, has innovated a device that can save millions of gallons of diesel fuel every year. Here's Andrew to tell us all about it.

ANDREW SMITH, AT DYNAMICS

01:33:36 Thanks Randal. A recent trip to the Arctic National Wildlife Refuge reminded me how critical it is to stop drilling for oil, and instead to conserve it. My trip inspired me to create my business, AT Dynamics, and to commercialize our first product, The Trailer Tail. AT Dynamics, Trailer Tail device is attached to the rear end of tractor/trailers to improve aerodynamics. These devices will deliver hundreds of millions of gallons of diesel fuel savings annually.

01:34:08 The Tuck School has provided the ideal platform from which to launch AT Dynamics. *Business Week* consistently ranks Tuck among the world's top business schools. One thing that makes Tuck unique is that we have the smallest class size of any of these top schools, and we only offer a full time MBA program. The result is a tight knit community of professors and students.

01:34:29 Tuck Center for Private Equity & Entrepreneurship supported our venture from the beginning. Six months after launching AT Dynamics, Tuck sponsored our participation in the Rice University Business Planning Competition, where our team won first place.

01:34:43 The very next weekend, we placed second in the Global Social Venture Competition at Columbia University. While incubating my company, I decided to do an internship with GE's wind energy business. Jeff Immelt's dedication to Ecoimagination products is very aligned with my own.

01:35:01 Over 70% of Tuck alumni reach the level of CEO, partner, other high level management positions within 20 years of graduation. Tuck's contributed significantly to my ability to have positive impact on society and the environment.

RANDAL PINKETT

01:35:14 Andrew, thanks for using your education and entrepreneurial talent to help ensure that America stays green. A healthy ecosystem is dependent on innovative products like yours. We wish you much success. Jeff, back to you.

JEFF GREENFIELD

- 01:35:30 Thank you Randal, and thank you Andrew. Appreciate it. As you can see, Jeff Immelt has rejoined us. I understand that, Irene, you've invited Jeff to come out and talk to the Kraft folks. So I'd like you to just ask Jeff, what it is, you'd like him to talk about and then maybe you could tell her, you know, in outline, what, you know, what you're going to say. Be my guest.
- 01:35:50 IRENE ROSENFELD  
Terrific, we've already had this conversation. I've talked to Jeff about the fact that I think there are a number of initiatives that I have watched at General Electric over the years, that I said I admire very much. I think it's about – thinking about how a large company can reinvent itself, and grow. It's about the whole idea of reframing categories. I am so intrigued by what you have done, in terms of thinking about redefining the locomotive group to be part of an infrastructure group, for example. Looks awfully like what we're doing as we think about redefining jar cheese into a broader snacking market. And so, as I look at GE, I think there are a number of areas that are so similar to what we are about, as we think about accelerating Kraft's growth and I look forward to hearing your thoughts on those subjects.
- 01:36:38 JEFF IMMELT  
It's important for CEOs to have other CEOs that you can learn from. And I have a quarterly management meeting the same way that Irene's having at Kraft, and I always have another CEO come in and speak about some best practice that they're driving, so that we can learn about it. And so, what I try to do is take the things that we're doing at GE, and then make them generic, and then go and try to make them so they fit in a Kraft setting, and I think what both of us have tried to do is take good operationally sound companies and teach them how to grow.
- 01:37:15 JEFF GREENFIELD  
Okay, let's take a question.
- 01:37:17 FROM THE AUDIENCE  
My name is Jason Freidman and I'm a first year here at the Tuck School of Business at Dartmouth. My question to both of you is about motivation. We are increasingly looking for a sense of meaning and we're looking for our career to help us deliver that. We're willing to work hard, but we also want to believe in what we do, and we want to believe in the company for which we work. What actions did the two of you take to connect with your employees company-wide and to instill in them a united sense of striving for the same common purpose?

- 01:37:48 IRENE ROSENFELD  
I think there's there's no higher calling for us than thinking about helping people around the world, to eat and live better. And that's what we're about doing. We're not certainly near where we need to be. Each day we try to make some progress along that continuum, but we are finding exactly as you suggested, that it is critically important that people feel like they're coming to work to create a better world and to in some way, help people live better lives.
- 01:38:18 JEFF IMMELT  
I'd say along the same lines. We plotted out, you know, kind of five or six areas that we're going to dominate in the future . And what I say is, look if you come to work you know, GE is going to change the world. Isn't going to happen in a small company. It isn't going to happen in a private equity firm. It's going to happen at GE or Kraft I'm sorry. (applause)
- 01:38:40  
So if you want to see, if what's important to you is to see how the story ends, in other words, if you're a thematic guy, you're going to make more money working somewhere else, other than Kraft or GE. But if what's important to you is actually seeing how the story ends, come and work for us. (laughter) Simple as that. And you'll make good money, let's put it that way. (laughter)
- 01:39:02 JEFF GREENFIELD  
Okay. I want to do a kind of contrasting, I guess between your two companies in one area. When you're taking GE down this green road, it's very bottom line. If you can make more energy efficient locomotives, somebody is going to buy them. If you can save people money, people are going to buy them. If you make healthier products, there's not a necessary obvious thing that the customer is going to get it. He may will , or she may be healthier, but it's not as obvious as oh I just saved \$20 million dollars. Isn't your job moving to a different kind of product , a lot tougher than just because you have a second step to take before they say, oh yeah I see now what I want.
- 01:39:42 IRENE ROSENFELD  
No, cause it goes back to that is what people want. There's no question that everybody is desiring a healthier lifestyle and they would love to find the foods accessible to them, t hat tastes good, that deliver against that. We're seeing our better for you products growing at three times the rate of our base products. And our margins on those products are typically quite attractive and so, it's not that tough itself. The real challenge as I said before, is about our ability to ensure that they taste delicious. Cause at the end of the day, that's what food is all about.

- 01:40:15 JEFF GREENFIELD  
So you don't think your customers if in their dreams, what they really want is a breakfast of chocolate donuts that will help them lose weight? (laughter)
- 01:40:23 IRENE ROSENFELD  
They do. They also wish the tooth fairy would –
- 01:40:27 JEFF IMMELT  
No, I was going to say I haven't had a steak in a year and what I do is, order tuna and pretend its steak.
- 01:40:33 JEFF GREENFIELD  
That's the most depressing thing I've heard (laughing) on this show!
- JEFF IMMELT  
It's the stress, man, it gets to you.
- 01:40:43 JEFF GREENFIELD  
You know, I'm almost tempted to make the rest of the show kind of a Dr. Phil thing, and pursue that, but we won't do that. (laughter) Okay. So you both put pretty big bets on the notion that the trends that are going on now are going to continue, slow growth, higher prices for energy, more regulation, desire and in some cases, regulation for different kinds of food. So I guess the question is, what happens if these fundamental bets are wrong? For instance, had Iraq turned out differently, it's possible that oil would now be \$20-30 a barrel, not whatever it is, \$70. I'm not suggesting that the movie *Sleeper* is going to come true, that we're going to discover that, you know, steaks and deep fried fat is good for you, but it could have a sense of a consumer saying, you know, five years down the road, "you know what? I'm just tired of this." Do you have any insurance, do you have any protection if it turns out that your estimates, your projections turn out not to be right?
- 01:41: 37 IRENE ROSENFELD  
I think in our case, it's all about just flexibility. The reality is that as you look over a 20 year period, there were a whole host of eras of different consumer needs. There was the focus on fat. There was the focus on sugar. There was the focus on trans fat. And, consumers just -- their needs keep evolving and one of the hallmarks, I believe, of a company that can win, is the ability to be flexible, to keep your ear to the ground and understand where – to be able to follow where the consumer is going.

01:42:11 JEFF IMMELT  
You know what I would say is, if you study energy, it's a demand driven phenomenon, unlike the 70s when it was supply driven. China and India growth is just going to make energy short for a long time. And so that's first. But I think the real answer for you Jeff, in my case, is we plant five seeds. We plant environmental technology, emerging markets, infrastructure, demographics and owning the digital space. All five of them aren't going to work. If three of them work, you'll write a book about me some day maybe. If none of them work, I'm going to be fired –

01:42:50 JEFF GREENFIELD  
No, that's a better book. (laughing)

02:53:52 JEFF IMMELT  
If five work (laughing) if five work, you know, I will have done something that's never been, you know, so you're not going to bet a thousand in this world. What's important is, you never lose your courage to take a swing. I can't understand why people would pay to go to Tuck and then join a company and be afraid to take a swing. And you know, what I would say is, really I can't remember one gosh darned thing I learned in business school. I really can't. (laughing)  
You know, I really can't. But it gave me a sense of confidence that I could go out and take a swing and that sense of confidence is the same thing that the two of us have today, which is, you know, they don't all work. I'm going to be wrong on at least one of them.

01:43:37 JEFF GREENFIELD  
In terms of the public images of your companies, you know, I guess I'm thinking about it in GE's case, at what point do the things that you referenced earlier the endless fight over PCB dumping in the Hudson River and the super fund issues, which caused you a lot of grief from an environment stand – what point do you think that's overtaken, if it ever is by going green?

01:44:05 JEFF IMMELT  
You know again, I think, if you're a big company like either one – like Kraft is a big company, GE is a big company, you're always going to have people that don't like everything you're doing. And public reputation is important. What I've decided is, I'm not going to let those people define us. In other words, I'm not going to sit back and take it. We're going to define ourselves. We're going to have our own initiatives. We're going to have our own campaigns. These people won't stop, whether there are PCBs in the Hudson, you get paid too much, you know, all companies are bad. You're big, you know? All this other stuff. Now they want to say, hey, you're doing

Ecoimagination. You're a hypocrite. I say, look, I'm doing Ecoimagination because it's good for business, and I'm not going to do something stupid. If I don't think it's in the best interest both for our customers and the environment, and the company.

JEFF GREENFIELD

01:44:59 What about in the area that we talked about. The Mayor of New York has essentially said to the food purveyors, the retailers, you're not selling trans fat anymore in your grocery stores. It's the same kind of thing. I mean at what point do you say, look, I'm sorry, you know, we're going to make some of these products, and you may not like all of them, and that's too bad?

IRENE ROSENFELD

01:45:17 Well, I think it starts with being science based and being true to your principals. What are the right areas of focus for us in food safety, in health and wellness and in so many other areas, with respect to the environment.

01:45:31 At the end of the day, though, we do serve consumers and constituencies around the world. And so we are sensitive to local feelings and local concerns.

JEFF GREENFIELD

01:45:41 Both of you have obviously major investments, major stakes and there was something that happened in China that really interested me when you talked about. You went to the Rail Ministry to cut a deal and it was Sunday, and they were open. And you said, I love this quote. "I believe in quality of work life and all that stuff, but there's the competition." I mean are you saying in some sense that you know if there is a world out there where people are working six and seven day weeks, therefore what?

JEFF IMMELT

01:46:12 You know, Jeff, my point is, is that's our future both in terms of our markets and the competition. I'm not saying we have to do it the same way they're doing it, but I think, in our people, we need to have a world to compete. Going back to this locomotive example, we manufacture locomotives in Erie, PA and we pay hourly workers \$60,000 a year, twice what a school teacher makes and we export to all over the world. China, India, every place else and we do it because we are hyper competitive. In technology we can make – we used to make a locomotive in 45 days, now we make it in 10. But we motivate our people to do that, by showing them a picture of what the future is. And the future is not good old Kansas City, you know? Big rail yard with

lots of stuff. The future is selling that locomotive in India at a price that is a third lower than anything they ever thought they could do.

JEFF GREENFIELD

01:47:04 But it isn't your workers come in and work on Sunday?

JEFF IMMELT

01:47:06 No, but you gotta work smarter. Protection is fashionable again today, and that's terrible for companies like ours. Like Kraft and GE. I don't worry about my ability to compete, I worry about somebody not letting me compete, either in our country or some place else. So it's important to me that we make our people competitive.

IRENE ROSENFELD

01:47:26 But I'd also say this is not about requiring that our employees work 7 days a week. It's about other schedules that allow us to have production and coverage 7 days a week. The way to get there is that we've got new models of work. We've got four day, 12 hour shifts instead of five day 8 hour shifts for example.

JEFF GREENFIELD

01:47:56 Your work week, however, is famous. You talk about 100 hour work week, and somebody did the math and decided that's 7 a.m. to 9 p.m. 7 days a week, you were still two hours short. Isn't there some diminishing returns from say hour 92 to 99?

JEFF IMMELT

01:48:00 I think that was a little bit overly dramatized (laughing). What I would say is, that in my case, there's an infinite amount of work to do and you know, I never go home at night with a briefcase saying, "God, you know, I feel so great, all my work is done." You know? (laughing) So I mean I have a great wife, and I have a daughter and I have things I like to do. I got great friends and I've other things to do, but, you know, I can't tell you how many times a year, the phone rings at 10 o'clock on Sunday night and it's not good. Never good. Right. (laughing) Now what do I get in return for that? I get a company I love and the best job in the world.

JEFF GREENFIELD

01:48:45 Is there a point at which you say, at some point, okay for the next three hours, unless every Kraft plant burns to the ground, I'm not to be disturbed. I am reading. I am going for a walk. I am listening to music, whatever it is. Do you build that into your life? Can you?

IRENE ROSENFELD

01:49:02 I can, I do, but the reality is, these are fairly full time jobs. But the first thing I tell people when you think about what you're going to do is pursue your passion, and the reason for that is because you will spend a lot of time doing your jobs, regardless of whether or not you're running the company, and you want to love what you do and I truly do love what I do.

JEFF GREENFIELD

01:49:26 We're going to the audience for a final time.

FROM THE AUDIENCE

01:49:32 My name is Andrew Smith and I'm a second year here at Tuck School of Business at Dartmouth. Related to the last question, we hear a lot about the high level strategy of large companies, but seldom get to know the details of those daily routines that the people at the top of the companies go through. What are some of the strategies and rules of thumb that you use?

IRENE ROSENFELD

01:49:48 Focus on what matters. Figure out what matters and spend your time there. There are so many distractions that will get in the way, come across the desk and one of the key aspects of my job, and I'm sure it's true of Jeff as well, is figuring out what's important and making sure you're spending your time on the right stuff.

JEFF IMMELT

01:50:09 I would echo that. I control my time. Every Saturday morning I kind of go back over the week, collect you know, my thoughts on what I did that week and how it aligned with the objectives I had. So it's really alignment between time and mission is what you have to do. The other thing I would say early in your career, the real trick is to do a 100% of your job in 80% of the time..

JEFF GREENFIELD

01:50:35 I'm not a CEO, but I would advise you to do what I accidentally did a few days ago. Break your Blackberry. (laughing)

JEFF IMMELT

01:50:40 That's great.

JEFF GREENFIELD

01:50:41 It's the best. And you know what? Nothing urgent has happened. (laughing). Just a little tip from a liberal arts major here. Okay before we close, we're going to turn to what we call the lightning round. These are short questions and they would be best with short answers.

What's on your iPod or whatever your music pleasure is, what do you listen to?

- 01:50:59 IRENE ROSENFELD  
Things I can sing to. John Denver, Simon & Garfunkel, the Beatles.
- 01:51:04 JEFF IMMELT  
Marshall Tucker and Allman Bros. (applause)
- 01:51:09 JEFF GREENFIELD  
Not counting family, a person living or dead you'd like to sit down to a leisurely dinner with where you could just talk the night away?
- 01:51:19 JEFF IMMELT  
Ronald Reagan.
- 01:51:21 IRENE ROSENFELD  
Angela Lansbury. (laughing)
- 01:51:24 JEFF GREENFIELD  
Okay. Why? Why Reagan?
- 01:51:27 JEFF IMMELT  
When I was their age, was a transformative figure and I just believed so much of leadership is making people feeling confident. And I -- that's what I saw in him.
- 01:51:44 IRENE ROSENFELD  
She's had a phenomenal life. She's an incredible woman. She's in her 80s now and she's actually just about to go back and do another Broadway revival. You just follow her history and the challenging upbringing she had, it's just remarkable what she's accomplished.
- 01:51:59 JEFF GREENFIELD  
What would you be eating?
- 01:52:01 JEFF IMMELT  
Steak and (laughter) french fries (applause), milk shake and everything that Irene makes. Oreos and –
- 01:52:14 JEFF GREENFIELD  
Okay now leaving out the Kraft and even Frito-Lay, what is a meal that you want to see set before you that you go oh boy?
- IRENE ROSENFELD

01:52:22 I'm a big cheeseburger fan so that would be just perfect. Cheeseburger and fries.

JEFF GREENFIELD

01:52:27 A place anywhere in the world that you've been to, that really has stayed with you. The most memorable place that you visited?

IRENE ROSENFELD

01:52:35 I was in Berlin when the Wall came down and it was just staggering to me that time had stood still in that city. The bullet holes were still in the walls, other than a few car signs and car billboards, there was just no signs of modernity. And to go back to that city now is quite staggering.

JEFF IMMELT

01:52:58 I was in Puna, India in 1991 when Rajiv Ghandi was assassinated. And just always has stayed with me.

JEFF GREENFIELD

01:53:12 Outside of work, this has nothing to do with work traits. What are you really good at? Tennis I guess is one thing right?

IRENE ROSENFELD

01:53:19 Pretty good rollerblader. (laughing)

JEFF IMMELT

01:53:24 I'm a pretty good golfer. I'd say that just may be it. (laughing)

JEFF GREENFIELD

01:53:32 And besides sports are you good at – is there anything else that you put on the table?

IRENE ROSENFELD

01:53:36 I play the piano. I find it relaxing. I'm not that good at it, but I just love it.

JEFF IMMELT

01:53:41 I am an insatiable reader. I read 40 journals a week and probably 70 books a year. And I actually read them.

JEFF GREENFIELD

01:53:54 Okay now you're not getting off the hook this easily, because I've asked you outside of work what you're really good at. You must be anticipating this question. What are you really bad at? Something your loved ones say, look please stay away from this because you just don't know what you're doing?

01:54:06 IRENE ROSENFELD  
Most mechanical things would qualify.

01:54:09 JEFF IMMELT  
I'm a terrible dancer, I would say. (laughter) You know when your wife says, can we sit down now? You know (laughter) you're - you know it's a pretty good clue, right?

01:54:20 JEFF GREENFIELD  
Well, we're out of time. I think we can go on for another couple of hours, but you know, not in the 100 or even 85 hour week, so to Irene Rosenfeld and Jeff Immelt, of Kraft and GE respectively, my deep thanks for joining us here at Dartmouth. Thanks both of you. And if this meeting of the minds has maybe contributed to the world's marketplace of ideas, that's the business of this show, CEO Exchange. I'm Jeff Greenfield. Thanks so much for being with us and thanks for watching.

#### APPLAUSE

To learn more about the CEOs featured on this program, and other leading CEOs, visit [PBS.org](http://PBS.org). To order this episode of CEO Exchange on DVD, call PBS Home Video at 1-800-PLAYPBS.

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