

## Nurturing Tomorrow's Leaders

Friday, September 28th, 2007

Editors Desk

Eye on The Markets

by *Guest Editor* Dr Helena Barton

How do you nurture leadership potential in young people to create a better world community? One way is to bring a diverse group of them together in an international education program that offers leaders of tomorrow the opportunity to learn from leaders of today. Given the global challenges our world faces today – and will continue to face into the foreseeable future – it is reassuring to see a growing range of international training programs for young leaders that emphasize cross-cultural interaction. But some of them pull away from the pack.

The Goldman Sachs Global Leaders Program (GLP) is one of those programs. Since it was launched in 2001, it has given more than 600 hand-picked young people the opportunity to strengthen their leadership skills through an annual week-long curriculum on topics such as global development, international finance and social entrepreneurship. Even more have received US\$3000 awards for academic excellence and community work.

The program was created by the Goldman Sachs Foundation and the Institute of International Education, IIE (see text boxes). The two came together to explore how Goldman Sachs could best leverage its leadership skills and values into a

The Goldman Sachs Foundation is a global philanthropic organization funded by The Goldman Sachs Group, Inc. The Foundation's mission is to promote excellence and innovation in education and improve the academic performance and lifelong productivity of young people worldwide. It achieves this mission through a combination of strategic partnerships, grants, loans, and the deployment of professional talent from Goldman Sachs. Funded in 1999, the Foundation has awarded grants in excess of \$94 million since its inception, providing opportunities for young people in more than 20 countries. For more information on the Foundation, visit [www2.goldmansachs.com/foundation](http://www2.goldmansachs.com/foundation)

strategic philanthropic venture that would make a difference to individual students and to broader society.

The Institute of International Education is the world leader in the international exchange of people and ideas. Its expertise enables institutions and individuals to build capacity in their home countries and regions. IIE designs and implements over 200 programs of study and training for students, educators, young professionals and trainees from all sectors with funding from government and private sources. These programs include the Fulbright Student and Scholar programs and the Humphrey Fellowships, administered for the Department of State, and the People, Energy, and Development project administered for the U.S. Agency for International Development, as well as corporate training and scholarship programs. IIE also conducts policy research and provides advice and counseling on international educational opportunities abroad. The Institute of International Education has a network of 22 offices worldwide, over 800 college and university members, and more than 5,000 volunteers. To see the impact of IIE's work around the world, visit [www.iie.org/impact](http://www.iie.org/impact).

The global focus was a given from the beginning; with global operations come global responsibility towards building global networks and understanding. “Many global companies don’t have global philanthropy”, says Allan Goodman, president of IIE. “This program is designed around a global vision and reaches people from all over the world. That makes it very attractive to us as a partner and as a manager of the program”.

The next idea was to tap into a narrow age group: students in the second year of a university undergraduate degree program (usually 19-20 years old). With one year of study under their belt, they have transitioned from secondary to higher education but may not yet have chosen a career direction. The program aims to help them pursue the rest of their education with a greater sense of responsibility and leadership. “These students are young enough to still be at the formative stages of their own college experience and professional development planning”, explains Stephanie Bell-Rose, founding president of the Goldman Sachs Foundation. “We want to influence their direction and raise their aspirations.”

For Goodman, this is where Goldman Sachs differentiates itself from many other companies. “A lot of corporate philanthropy can be strategic without being courageous. But Goldman Sachs says ‘we can find leaders around the world, in diverse societies, and we can find them at very young age, and if we invest in them now they’ll be leaders for the rest of their lives’. It would have been very safe for the Goldman Sachs Foundation to pick leaders who are

nearing 60, but this program focuses on people who are only in their late teens, and that makes a big difference”.

The narrow age focus helps differentiate the GSGLP from others that target ‘young people’ of an older age; for example, the Aspen Institute pursues ‘young men and women between the ages of 30 and 45’, the One World Foundation’s Young Leaders Program is for 19-30 year-olds, and the UN’s Global Youth Leadership Summit is for 18-30 year-olds.

For the Goldman Sachs GLP, the IIE draws on its partnerships with universities around the world to conduct an annual competition to identify and reward 150 of the most accomplished second-year students from all disciplines. Follow-up interviews select 75 of these students to represent the whole group at the annual Goldman Sachs Global

Leadership Institute in New York City in July. At the Institute, students participate in seminars on current international affairs, business, education, development work, and other global issues, and hear from a broad range of highly recognized speakers that have included UN leaders, former prime ministers, corporate executives, civic leaders and media representatives. The students attending the Institute are responsible for communicating their experience back to the other 75 Global Leaders.

Nikhil Pai, a former Goldman Sachs Global Leader, calls the week-long institute a “crash course in global leadership” and “one of the most influential experiences of my entire life [...] I know I can always look back upon that experience as a source of motivation to achieve my own life's goals”. He is now pursuing a career in international health.

All the students also have access to on-line training in leadership development. This was created for Goldman Sachs by Harvard Business School and covers a range of modules on e.g. team development and time management – skills that are important for success in the Goldman Sachs environment but also highly useful for young people aspiring to leadership.

With ongoing networking being a key objective of the program, IIE hosts a series of other regular events, such as alumni reunions. Mary McBride of IIE has most recently organized a series of speakers at such events on campuses in South Africa and Brazil. “We reach out to current or prospective and alumni students in many different ways, helping them stay connected through an online network and updating them with information on conferences and scholarships they might be interested in”.

So far the Global Leaders Program is accessible in 19 countries, through approximately 90 universities that have been selected by IIE. However, the program is expanding, primarily – and perhaps not surprisingly – in Asia.

Across so many different countries, how does the program ensure consistent application of the criteria by which students are selected (which include students ‘distinguishing themselves as leaders in their community or school’ as well as academically)? While the program operates through regional selection processes, run by people familiar with local contexts, IIE works to ensure that each local and regional selection committee understands the vision and aims of the program. “Once we get them to buy into the vision that it’s not only about good grades or top grades but also about signs of leadership already showing through commitment to social responsibility or community development, then we all have the same vision and the selection becomes much easier”, says Goodman. “Initially they might have been afraid to pick people who weren’t in the top 4 students, but now they understand that we look for other credentials as well. For example, the ability to work together, which is what leaders have to do. So we’re able to lift out from the grades and the local situation the students’ ability to relate to another human being and to an international perspective”.

In fact, the high level of qualifications of Goldman Sachs Global Leaders turned out to be a nice surprise. “Some of these young people have encountered incredible obstacles and overcome and excelled at the highest levels”, says Bell-Rose. “Some of them have the kind

of skill sets you don't expect to find in a single individual, multiple skills sets that have distinguished them within their local and now global environments, as they move through the program. They're mainly 19-year-olds and they've done some very interesting things. It's phenomenal to see".

It seems like an obvious talent pool for Goldman Sachs to recruit from, but there is no direct link between the program and Goldman Sachs' recruitment or human capital development departments. "This is not a recruiting program", says Bell-Rose. "That's not to say that some of the students don't find their way through to Goldman Sachs, but we don't track that kind of measure".

No doubt the Goldman Sachs brand lends a certain gravitas to the program. "Even young students recognize the value of a highly professional organization such as Goldman Sachs and its commitment to excellence and leadership", observes Bell-Rose, "so we like to think there's a positive dimension associated with the firm's brand being a big part of this program".

Aside from the branding and funding, Goldman Sachs brings to the partnership a strong network expertise that complements IIE's own network and educational expertise. The two partners have merged their networks of experienced, successful leaders and their goal of combining academic knowledge and practical experience to create a classroom that is an incubator of socially responsible leadership and achievement.

But how does the program actually define the complex, multi-faceted concept of leadership? Beyond elements such as talent, promise, drive, vision, ethics and courage, the definition is somewhat flexible, catering to high potential youth with varied backgrounds, interests, fields of study and expertise.

"We don't seek to prescribe a leadership model to the students," explains Bell-Rose. "The students are given a set of selective inputs to stimulate their thinking around their own evolving definition of leadership and success, and their own capacity for leadership. These young adults are then provided opportunities to be agents of positive change, in many cases helping solve important societal problems. Clearly, it is not solely about teaching the students to be leaders, but increasingly about nurturing their potential for leadership. We want to stimulate their self-examination around which values and contributions can have an overall positive impact on the world."

The word 'impact' is vital to the program, not only in terms of conceptualizing the curriculum but also in measuring its success in the longer term. "The students leave the program really pumped up and saying, OK, how can I make a difference? How can I have an impact?", says Goodman. "That's critical to leadership: creating value by having an impact. This program finds young leaders who really will make a difference in the next 10 or 15 years and gives them a voice and a platform".

Some of the students are helped along the way through the program's Social Entrepreneurship Fund, launched in 2002. This provides seed funding for a social initiative

that the students want to create or develop further. “The fund is the real measure of impact”, says Goodman. Projects that have been awarded funding include the creation of a community school in rural India, an anti-malaria program in Nigeria, a business-start-up program to help Macedonian women at risk of poverty, and a scholarship program for children orphaned by AIDS in Thailand.

It is an elite group of students from top universities who become Goldman Sachs Global Leaders. The eligibility criteria necessarily exclude other 19-20 year-olds who are active in their local communities and international networks and who display strong leadership potential but who do not attend university. However, by keeping the GSGLP within the remit of IIE’s network of higher education institutions, IIE and the Goldman Sachs Foundation believe they can best leverage their individual competencies to achieve the program’s mission.

“There’s a growing need for enlightened leaders who can operate across cultural differences and geographic boundaries. Creating leadership in the next generation has to happen across the globe. We can’t just focus on western countries. We want to help build ties across the next generation of leaders, so that their own understanding and appreciation of circumstances in countries outside of their own will enrich their ability to lead on global scale”, says Bell-Rose.

If the function of leadership is to produce tomorrow’s leaders, rather than more followers, then the IIE and Goldman Sachs appear to have come up with a good formula.

*Dr Helena Barton is the founder and CEO of Corporate Context, a consultancy specializing in strategic analysis and communication of companies’ intangible value. [www.corporatecontext.com](http://www.corporatecontext.com)*

*For more information on the Goldman Sachs Global Leader Program, please visit [www.iie.org/global\\_leaders](http://www.iie.org/global_leaders)*

The list below sets out Goldman Sachs' nine leadership principles.

**1. Act with a Profound Sense of Integrity and Fairness.** The daily stewardship and embodiment of these values--as highlighted in our Business Principles--is the primary responsibility of all leaders at Goldman Sachs. Integrity and fairness lie at the core of our firm's heritage, our services to our clients and our cultural strength. Leaders at all levels of the firm must uphold these values in their daily decisions and actions and instill them in their people as well.

**2. Deliver Business Results Through Commercial Excellence and People Development.** Commercial excellence is the lifeblood of the firm and a key source of leadership credibility. Outstanding leaders create profitability not only through business development and client service but also through recruiting, coaching, developing and retaining the best people. Leaders develop leaders, and leadership demands consistent and purposeful investment of time with our people.

**3. Build Strong Client and Other External Relationships.** The success of our firm depends on the quality of our relationships with a broad group of influential clients and leaders around the world. Our best leaders successfully develop long-term relationships across multiple cultures. They succeed through outstanding client service as well as playing leadership roles in external business and community groups.

**4. Drive Teamwork Within and Between Businesses.** Teamwork and dedication to the firm's greatest good are competitive advantages. Leaders maintain a strong network of relationships across the firm. They cross-market the firm's products and services and actively share ideas and talent across divisional, departmental, regional, and hierarchical boundaries.

**5. Foster Learning, Innovation, and Change.** Leaders welcome and drive change. They constantly extract the learning from their own failures and successes as well as those of others--both internal and external to Goldman Sachs. They build on our past success but also take the entrepreneurial risks necessary to innovate and grow our business.

**6. Debate Freely, Decide Swiftly, and Commit.** Leaders challenge the status quo and have the courage to express and allow disagreement. However, they drive issues toward decisions, and embrace decisions once they have been made.

**7. Promote Meritocracy by Welcoming and Leveraging Differences.** Our clients and employees comprise a heterogeneous group of successful, influential men and women from all cultures, races and ethnicities. Leaders create meritocracies that recognize and reward the diverse people and talents the firm requires to succeed around the world. They ensure that all employees have opportunities, free from artificial barriers, to rapidly advance to the utmost of their abilities.

**8. Develop Strategy and Execute.** Leaders develop and articulate a clear vision and strategy for their business and set concrete goals toward realizing their strategy. They move quickly, make tough decisions and show excellent judgement. Finally, they are relentless in prioritizing actions and executing to the highest standards.

**9. Create Trust and Credibility Through Honest Communication.** Our best leaders communicate fully, directly and candidly, and they follow with action. They are also good listeners. Above all, they recognize that the power of their personal example is greater than the power of their words.

**SOURCE: 'Leading Organizational Learning: Harnessing the Power of Knowledge' (2004) Marshall Goldsmith, Howard Morgan and Alexander J. Ogg (eds), USA: Jossey-Bass**