Being a Visionary Leader

Gloria C. Duffy

Commencement Address

Masagung Graduate School of Business
Graduate School of Arts and Sciences
University of San Francisco
May 19, 2006

Good evening, graduates and families; President Privett, Chairman Geschke, members of the Board; faculty, students, and friends. Thank you for allowing me to share in your graduation ceremony. We celebrate your accomplishments.

In this exciting time of an expanding economy and breakthroughs in so many fields, the professional world is full of opportunity. With the knowledge and skills your education has provided, you will have successful careers.

But you are not just any graduates. The University of San Francisco prepares its students for ethical leadership and responsible citizenship. Because of the special nature of USF, and your unique qualities as graduates, you have the capacity to be much more than successful. You can be visionary leaders.

The global challenges we face today are enormous. After 9/11, the threats of terrorism and the spread of weapons of mass destruction loom over us. Global warming has far-reaching consequences we are just starting to understand. Pandemics of SARS, Avian Flu and AIDS threaten millions of lives around the globe.

There is a deep need for farsighted leadership today, to provide effective strategies for solving these problems. With your graduate training, you are among the 10% most highly educated people in the world, and that makes you capable of the long-term vision and action we need.

Short-term thinking of the past has created or worsened many of the problems we face. We only need to look at the energy situation today to see the price of our past short-sightedness.

In 1973, when the OPEC countries raised oil prices, and then again in '79 when the Iranian revolution disrupted oil production, we experienced sharp increases in the price of petroleum. These energy price spikes profoundly affected our way of life in the 70s. There were lines at gas stations, lost hours at work and at home, an increase in the cost of doing business, high unemployment, 20% interest rates. One of the striking images of the time was President Jimmy Carter, in his cardigan sweater in the White House, asking Americans to turn down their thermostats to save energy. It was a time of frustration and reduced expectations.

Galvanized by the oil shocks of the 70s, we vowed "never again," and the US set out to pursue fuel efficiency and energy independence. The federal government funded research on solar, wind, geothermal and other renewable energy sources. We reduced the national speed limit to 55 mph to save energy. Tax credits were offered for installing solar panels on homes and businesses. States passed air quality laws pushing automakers

to build fuel-efficient cars. Public transit got a boost, and Congress set up corridors across the nation for bullet trains like those in Japan, Europe and Asia. For the first time, we were a nation with a coherent, prudent, long-range energy strategy.

Let's fast-forward thirty years. Here we are with gas above $3 a gallon. Polls show that the high cost of gas and home heating energy is causing economic hardship for most Americans. US oil consumption has increased by 12% since 1973. 60% of the oil we use is still foreign oil. 86% of our energy still comes from fossil fuels. Renewable sources still provide just 6%. Those statistics are almost exactly the same as they were in 1973.

Now that the price of oil is above $70 a barrel, where do we turn for alternatives? The options are not very good. Most research on renewable energy stopped in the 1980s. General Motors recalled the electric cars they produced, crushed them and threw them in landfills. The Japanese have developed high-mileage hybrid cars, but no US automaker is yet offering one. The nuclear power industry has been frozen since the Three Mile Island accident in 1979. The 55 mph speed limit was repealed in 1995, and states have replaced it with their own, higher limits. Ground has not been broken on a single high-speed railway in the US, while ten other countries have started or expanded their systems.

Now, we could drill for oil in the Arctic National Wildlife Refuge. But even if we started today, and accepted the environmental impact, this source would only start producing oil in 15 years, and then just enough for a six-month supply. Nuclear power is

an option, but the lead-time for a new nuclear plant is ten years, not to mention the safety issues.

We set out in the 1970s to develop energy alternatives, but 30 years later, we really don't have any. Now we are faced with the same kind of energy crunch we experienced in the 1970s. What happened?

Well, as soon as oil prices dropped in the 1980s, we quickly reverted to the least expensive alternative for the short-run, which was petroleum. And yet, the underlying situation had not changed – oil is a finite commodity, controlled by countries that are not always friendly to the US. The handwriting was on the wall in the 1970s that dependence on oil, particularly foreign oil, was foolish. Had we stayed on the path we were on in the 70s, we might all be driving hybrid or electric cars today, we probably would not be struggling with the cost of fuel, and we would not face the challenges of global warming to the same degree.

Quick fixes like we opted for after the oil shocks of the 70s often don't work because they fail to consider the long-term outcomes. I sometimes think about an example of this in my own family. My great grandparents sold their Pennsylvania farm in the 1890s to a coal company and moved to California. A few years later, they moved back to Pennsylvania to find their home on the edge of an open-pit coal mine, and the land destroyed. It's interesting to stand on the porch of our family's empty house today, and to look back on those decisions from the perspective of 120 years later. My ancestors did not consider all the ramifications of the decisions they made.

Looking back from the vantage point of the future is one of the key elements of long-term thinking. Here are some of the other ingredients. Visionary leaders integrate many kinds of information to form a judgment. They collect information thoroughly, ask rigorous questions, fully analyze their decisions, and avoid basing judgments on best-case scenarios or wishful thinking. Visionary leaders project themselves onto that porch a century in the future and look back at how their choices play out.

With your advanced education, you understand history and have a sense of the patterns that tend to occur. You can look at the underlying realities of a situation. You have a grasp of cause and effect, drawn from science, social science and your own experience. You understand how economic forces work, and the behavior of people in groups. You are now ideally equipped to practice long-range thinking.

Let me tell you about one visionary leader I admire. Denis Hayes was a student at Stanford in 1970 when he organized the first Earth Day. Then he became director of the Solar Energy Research Institute, our first national lab on renewable energy. As a Silicon Valley lawyer in the 1980s he founded Green Seal, the first organization to certify that products, from coffee filters to air conditioners, meet environmental standards so people can take this into account in their purchasing decisions. Now he is the President of the Bullitt Foundation in Seattle, which funds conservation work. Through Earth Day, Denis brought the need for environmental protection into the popular consciousness. Green Seal is used by stores like Whole Foods and Office Depot to certify the environmental standards of their products. Denis is an innovator who has literally changed the way Americans relate to the environment.

We have had many opportunities for long-term thinking in past years, just as we did in the case of the energy situation. Pressures for the most immediate and least costly solutions caused us to abandon the prudent energy measures we adopted in the 70s. And these kinds of pressures continue push leaders and institutions towards decisions that reflect short-range interests rather than long-term wisdom.

For example, our elected officials operate in a context shaped by the way political campaigns are financed, which makes it difficult for them to be effective visionary leaders. Jesse Unruh, the late Speaker of the California State Assembly, said "money is the mother's milk of politics." That is especially true today. Public officials depend on large donors to get elected. The 2004 Presidential and Congressional elections cost almost $4 billion. It takes $6 million to run for mayor of San Francisco, $2.5 million to run for Congress from the Bay Area, $15 million to run for the US Senate from California, and spending in the current Gubernatorial primary will top $50 million.

The groups able to donate at these levels to elect officials in the US are those interested in near-term economic benefits. Industry groups have the money to support candidates, while few advocates of energy independence or alternative fueled vehicles can do so. Our electoral system is weighted against new directions that promise longer-term solutions.

Two states, Maine and Arizona, have eliminated this system, instituting full public financing of political campaigns from Governor on down and releasing state

officials from this pressure of big-time fundraising. I look forward to the day when such a Clean Money system could be implemented in California and nationwide, since it would help to liberate our elected official to be better leaders.

Beyond our political system, our economy is also structured for short-term profits. Sometimes this is good – as in bringing new technologies to market. But in cases where a longer time horizon is needed, it's counterproductive. The development of hydrogen fuel cell technology, for example, is a long-term process, and the demand for high quarterly profits can kill a company that sets a goal of developing a new product like this over time. That's one reason we're still a decade away from having fuel cell vehicles on our highways.

We are surrounded by situations where visionary thinking is required to find lasting solutions. Dealing with the energy situation to permanently change our dependence on oil is just one of these. Restructuring our healthcare system to provide better care. Improving K-12 education. Dealing with illegal immigration. Preventing the further spread of weapons of mass destruction. Finding cures for cancer, Parkinsons, Alzheimers, diabetes and the other most challenging diseases. Preventing further loss of the ozone layer. Preventing future pandemics.

To address these situations effectively, our time horizon must be longer than this quarter or this year. We need leaders who can take a long-term view and work effectively over time to implement it.

And you are those leaders. I repeat - you are now among the most highly educated people in the world. If YOU do not make decisions with the long-term future in mind, no one will. Yes, there will be barriers in the political system and the economy. But there are ways around those barriers, for those, like my friend Denis Hayes, and I hope like you, who are smart and creative. It takes courage to stick to a long-term vision – often you are swimming against the tide. But if you take the long view, analyze thoroughly and are patient enough, you will help to achieve better, more lasting solutions.

Thank you.