

## INTERVIEW - MR. PAUL OSTEGUARD

**NARRATOR:** MR. PAUL OSTEGUARD, CEO  
JUNIOR ACHIEVEMENT INTERNATIONAL.  
Student achiever in the company program, business  
volunteer, CEO GE Foundation, CEO Citigroup  
Foundation, Member JA New York Board of Directors,  
Member National JA Board of Directors, CEO JA  
International

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**LOCATION:** GLOBAL LEADERSHIP CONFERENCE  
ATLANTA, GA

**INTERVIEWER:** TERI HUFF, JA NATIONAL STAFF MEMBER

**ABBREVIATIONS USED:** OSTEGUARD - PAUL OSTEGUARD  
HUFF - TERI HUFF  
JA - JUNIORACHIEVEMENT  
NAJAC - NATIONAL JUNIOR ACHIEVEMENT  
CONFERENCE

**HUFF: What is your name and how and when did you first become involved with Junior Achievement?**

**OSTEGUARD:** My name is Paul Osteguard. I first became involved with Junior Achievement as a student. I was a Junior Achievement kid where I grew up in Ohio and then lost touch with Junior Achievement until I was president of the General Electric Foundation in the 1980's. At that time Junior Achievement Inc. was headquartered in Stamford, CT, just down the road from GE's headquarters in Fairfield, CT. Karl Flemke (CEO Junior Achievement Inc) came to see me to ask for some support. While it didn't really fit with the GE Foundation priorities, I had a fondness for Junior Achievement so I let Karl invite me down to the headquarters to look at the materials and talk to some of the people. I concluded that the Foundation should give some support to Junior Achievement. Later, when I moved

on to Citigroup, I went on the JA New York board. Citigroup does business in more than a hundred countries and I got very interested in what Junior Achievement was doing outside the United States. That involvement ended up with Junior Achievement becoming a part of Citigroup's priorities on financial literacy. In fact, we told our businesses in the various countries that because Junior Achievement was a Citigroup Foundation pre-approved program, if they got involved with the local JA and provided volunteers, the Foundation would look favorably on making a grant to support them. That led me to go on to the JA International board around 1993-1994.

**HUFF: How long were you on the JA International board?**

**OSTEGUARD:** I stayed on the board until 2000, when I retired from Citigroup but then returned to the board when I returned to Citigroup as CEO.

**HUFF: Were you ever on the national board?**

**OSTEGUARD:** Yes, I am on the national board now. I've been on the national board since 2000.

**HUFF: Who brought Junior Achievement to your attention when you started out as an Achiever?**

**OSTEGUARD:** The years have dimmed my memory, but it has to have been a neighborhood volunteer in the after-school program.

**HUFF: Can you remember the product that you had?**

**OSTEGUARD:** Yes! We had one of the first versions of what we think of today as foil wrap. It was new at that time—we were quite successful in our little company, selling foil wrap.

**HUFF: You remember what the company name was?**

**OSTEGUARD:** No.

**HUFF: You mentioned that Karl [Flemke]-approached you. Was that the beginning of your involvement?**

**OSTEGUARD:** My reinvolvement...

**HUFF: How were you approached by the JA New York office to serve on their board?**

**OSTEGUARD:** Citigroup is headquartered in New York and even before I became the CEO of the Citigroup Foundation, we had been supporting JA New York with bowl-a-thons, etc. Several people approached me and suggested that I become involved with JA New York so I did. I liked Doug [Schallau, President of JA New York] and he and I struck up a friendship. He invited me to join the board. I was quite happy to do so. The reason I got involved with the New York board was because of my experience at GE -- we were very heavily invested in turning around inner-city schools and that was also about the time that JA had made the shift toward more at-risk students -- so I saw it as being very consistent with my experience in the school reform movement.

**HUFF: Let's talk more about your company program days. What were your first impressions of Junior Achievement?**

**OSTEGUARD:** I was always interested as a kid in how the business world worked. From an early age when we would play in the neighborhood one of us would set up a bank and we were always trying to act out what adults were doing. The way we saw the world as they did. So, I was very interested in the notion of forming a company. I think we thought we would make some money doing this. Money was hard to come by for kids and of course we thought we could sell this stuff to everybody. We lived in a neighborhood -- this was right after World War II -- we lived in a neighborhood that was all new houses and so they were all

young families with lots of children and people were very neighborly and close and so forth. They would always help out neighborhood kids. So, we sold a lot of aluminum foil.  
(laughter)

**HUFF: And did your company make money?**

**OSTEGUARD:** Yes, we did make some money.

**OSTEGUARD:** I want to put a little postscript on that comment. When I first met Karl Flemke, my immediate connection with him-was to tell him of my experience as a kid in the company program. It was then that I found out that Junior Achievement wasn't implementing the Company Program much in the United States which was a surprise to me. That was especially interesting to me because outside the United States we do the Company Program probably more than any other program. I was in London last week when they did the Student Company Competition with eleven finalists from eleven countries. They had submitted-their financials to the judges along with their paper reports. They had trade fair booths for the judges and guests to visit. On the final day they each had about eight minutes to present the story of their company and their product. The kids really stretched to win using sound effects and visuals to act out pieces. They used humor and singing to draw attention to their product and their company and its success. Anyone who has ever been a kid in the company program, would love to see a competition like this. It would remind them of how much fun it was to be a part of the Company Program. Even though, some Americans see the Company Program as expensive and labor intensive, especially because of the volunteer involvement, I still think there is enormous satisfaction received from both the advisors and the students in the Company Program. It has a beginning and an end. It encourages kids to work in teams and think like a team., It is hard to teach such skills like that sitting at a computer but when kids have to actually do it, that shows the mission of Junior Achievement – to “learn by doing”. The Company Program is a great way to learn by doing.

**HUFF: Do you think such training has a greater impact on the students?**

**OSTEGUARD:** Yes, much greater because of the quality of the experience. If you are a kid whose Company makes it into the finals in your country, you are never going to forget that experience. I watched those kids; the way they joined together; their team spirit; the way they jumped and screamed and yelled and so forth for each other's success. There is something magical in that.

**HUFF: Did you ever attend NAJAC?**

**OSTEGUARD:** No.

**HUFF: So, you didn't have a youth experience?**

**OSTEGUARD:** No but I have I heard a lot about NAJAC and when I hear people talking about it, it reminds me of experiences I've had in Europe.

**HUFF: You obviously feel strongly about the impact of the Company Program on students' lives. What is your impression of the impact of the Company Program on teachers and staff? Do you have any impressions of that level of impact?**

**OSTEGUARD:** It's an interesting proposition with teachers. I think it is fair to say that many teachers do not have a strong, favorable impression of the business world. Maybe one contributing reason is that in the U.S. the teacher's union is now the largest union in the country. When I was growing up it would have been the steel workers, the railway workers, the auto workers and so forth. So, there is an attitude, perhaps, that has formed in some circles about a union mentality. I think anytime you can bring favorable business experiences into the classroom, it is good for both students and teachers. I'm on the board of an organization based in San Francisco called the Foundation for Teaching Economics; they are in the business of teaching economics to teachers. It is difficult for teachers when they are assigned to teach economics but they have not had sufficient instructional training to be successful. Not many teachers, it is fair to say, have majored in economics in college--There

are interesting ways to teach economics and when teachers get excited, their excitement spills over to the students. I've had the experience of my own nephews and nieces graduating from very good secondary schools without a clue as to how do a budget, how to manage their money, how to balance a checkbook -well no one balances a checkbook anymore, everyone does it electronically [laughter].

**OSTEGUARD:** ... I think it is almost criminal in a way for -- students to finish secondary school in the United States, if that is a terminal degree for a student, and not understand the basics of how the society works economically. That's a very important missing piece and, I can't say that you are sending students into the world equipped. I've taught the middle school program, The Economics of Staying in School, and I've taught it in New York City. And, you start out with the kids and you say, let's assume tomorrow you are graduating from high school and you want to start your life in New York City -- How much are you going to need for an apartment? And the kids would say, well I need a one bedroom in Manhattan. So, there is \$2000. Then you start talking about much you are going to need for entertainment. Oh, a lot for entertainment! So, you build a big number in there and very little for food and then suddenly every kid says, I'm going to have to have a car. And you say, in New York, you need a car? Oh yeah. You put down the cost of a car, you put down the insurance, the garaging in New York which is a princely sum and you come up with this enormous monthly budget to live. Then you talk with the kids and say, now what kind of jobs are you likely to get out of high school? Let's take a look at a news paper and what they pay per hour and let's do the math. And there is a big oops! And, of course, the point being the longer you stay in school, the greater your earning power will be. That's a big oops for a lot of kids and a big eye opener. So, that's why I think JA is filling a niche which is very, very much missed in the public education system.

**HUFF:** As you look back, what was your most memorable experience with Junior Achievement or JA International?

**OSTEGUARD:** I would pick any events that centered around students. That is how I get my battery charged; by talking to students; Finding out what their dreams, ambitions, plans are. I

will put myself out on a limb by saying that in many of our countries, outside the United States, we get a higher caliber youngster involved in Junior Achievement. And, it's for a lot of reasons. In some cases, we purposefully start in a good, private school in a particular-city, with the assumption that if kids at the best school in the city find this to be exciting, that other kids in other schools will want to be a part of it and its kind of trickles down. We have extraordinary students involved in Junior Achievement in Europe, in the Middle East, in Africa, and in Asia. These are really the top kids. And the way I know this is every year we do something called the *Global Trade Institute* in which we bring seventy-five kids from around the world, sent by their JA's, for a week at the Illinois Institute of Technology with courses taught by professors there. These are high school kids. For most, English is a second language but you wouldn't know it. Their English is that good. The professors have told us that they are just astounded at how good these kids are. And I keep saying to my U.S. colleagues in Junior Achievement that the Junior Achievement kids in the United States should see what their competition is in the world. These are the kids who are going to be running global businesses in other countries, and trading with the United States and so forth. And they ought to see how excited these kids are about their futures and where they see themselves fitting into the world of business and their community. The *Global Trade Institute* has been a real, real eye-opener for me.

**HUFF: Who were the people in Junior Achievement or JA International, who had the greatest influence on your career?**

**OSTEGUARD: I would have to say Karl** Flemke because he got me reinterested in Junior Achievement after a long gap. And, I would say that Doug Schallau in JA New York-because I saw a really good Junior Achievement working in a city like New York. I would say Mark [Suwyn], the chairman of our JA International board. He was a JA kid also and has devoted an enormous amount of his time to this organization. I would say fellow board members like J.B. Fuqua who has given us \$4 Million and more. He is a real believer in what we do.

**HUFF: What type of challenges have you had, both successes or disappointments, in dealing with Junior Achievement?**

**OSTEGUARD:** There has been an on-going jockeying, between Junior Achievement Inc in the United States and JA International. This has been going on for some time. The history of it is that JA International was originally a creature of Junior Achievement Inc. It was a department of Junior Achievement Then in 1994 it became a franchisee of Junior Achievement Inc and then in 1997 or 1998, a memorandum of understanding between the two organizations was signed, whereby Junior Achievement Inc was to become a member nation of JA International. By this time, JA International had grown remarkably to more than a hundred nations. Last December, there was a disagreement over the MOU and the two organizations have since been trying to cobble something together to rationalize the relationship between the two and make clear what we're doing. We're, very close to reaching an agreement on that. We've been close in the past, but I think that we are now closer than ever been before. So, the future will tell. It's a difficult organizational problem because Junior Achievement in the United States is the oldest, largest, richest, Junior Achievement in the world and deserves a certain stature and should have a certain influence on the Junior Achievement movement. At the same time, we're living in an era when Americans exercising those kinds of characteristics are causing reactions from others; so, there are sensitivities there that have to be observed.

**HUFF: What do you think the greatest failures or successes of JA International have been?**

**OSTEGUARD:** The phenomenal growth of the organization in the 1990's from a mere handful of countries to over hundred. Since that time, we been focusing on a more professional management of the organization including the development of behavior - including the rights and responsibilities of membership. Member nations are now beginning to see that a very weak member nation can undermine the brand if they perform poorly with a multi-national corporation. It sours the relationship for everyone else. So, everyone has a common interest now in seeing that standards are maintained and our member nations are not franchisees of International, unlike the U.S. model; They are member nations. One member, one vote. As a consequence, we don't have a franchise agreement with them like (JA) Inc. does where we can just move in and shut down an organization that is performing badly. We

have other ways to it. And we've had to, over the last two years take away the operating agreements with certain member nations. And add new ones. So whenever you say how many member nations do you have, it depends on the day of the week we are talking about because one day it's a one hundred and eight and the next day it's one hundred and twelve and then maybe under one hundred, because we are constantly evaluating the quality of the work that is going on in those countries. This is a delicate thing to do because each of the boards of directors in those countries are made up of nationals of those countries -- business people and educators. They have a certain ownership. They want to do the right thing and yet, you know, an organization, any kind of organization, can go through a cycle of less than satisfactory performance. And, so we move very quickly on that.

**HUFF: If you had it to do it over again, would there be anything that you would do differently?**

**OSTEGUARD:** Yes, I would have moved more quickly to make a rapprochement with JA US. We should never have grown apart. We are seen as competing for resources and that shouldn't be. There was a time, I think, when the CEO of JA Inc. and I could have done that but it did not happen. And now the boards have taken that on. I would have liked to have moved faster on that.

**HUFF: What challenges will Junior Achievement and Junior Achievement International face in the near and distance future, and how should they be addressed?**

**OSTEGUARD:** Well, I think first, we should all get ready for the fact that the largest Junior Achievement will no longer be in the United States but rather in China, India, maybe Russia. Second, we've got to get used to the fact that countries want to develop their own programs so the idea that all programs will be created in Colorado Springs isn't likely in the future. Already the member nations are creating their own JA-like programs. So, I think that's a reality. Third, my guess is that we are going to see a board which is more representative of the way the world looks; not the way the United States looks. That's something that has already begun on the international board and I suspect that we'll reach some agreement with

the United States for one single board. I see these as all very healthy trends. I think it's in the interest of the United States that the rest of the world is operating on the same economic system and is playing by the same rules; I think that is a very healthy development. So, we Americans shouldn't think ever about trying to keep Junior Achievement as a comparative advantage for the United States. That's just silly in my mind. We saw it most, I think, with the collapse of communism; countries were very eager for their young people to understand how the market system worked. But it was very difficult for many of their older folks who lived thirty, forty, fifty years under communism, to make the change; It was a brutal situation for them. But, for the young people, they were so eager. If you saw the excitement that goes on in the classrooms such as in Hungary you these youngsters were eager for their country to take its place in the European Union someday; To be full trading partners with other major countries in the world. This is just incredible.

**HUFF: What is your most rewarding accomplishment in Junior Achievement?**

**OSTEGUARD:** On a day to day basis, I have to say that when we have enlisted a large multi-national company in the cause of Junior Achievement. It's a cause for celebration because without the intellectual power of those companies and the money that they provide to us, we couldn't do the things that we do. And the Hewlett Packard Global Business Challenge we do -- I mean without Hewlett Packard, I just can't imagine how we would do it. That is the way we spend our days. Finding the resources to keep this movement going. So, every time we are able to enlist a company like we did recently with Goldman Sachs, to do a pilot of a one--page business plan competition. If the pilot succeeds, we hope Goldman Sachs will take it into many more countries. So, that kind of growth of the movement is where we adults spend our time. And I have to say the creation of new programs is very exciting to me like some of our new high technology programs. This new technology platform that we are putting in place will allow our member nations to translate instantaneously in their own languages, in their own currencies, automatic currency conversions and all this. This is how we are going to bring down the per person costs and reach more students. That's very exciting.

**HUFF: What would you like to be remembered for?**

**OSTEGUARD:** I guess for not staying too long [chuckles]. I think that people tend to fall in love with not-for-profit organizations. I think there is a time for you to focus and do what you can in that organization and then leave it to others to pick up and take it to the next level and so forth. I would like to say that there was a time when there was a bit of a crisis for JA International that I had a chance to come in and fix things that needed fixing and put it on the course and set it for the next spurt of growth. And that's fine for me. [chuckles]

**HUFF: Is there anything else that you would like to mention?**

**OSTEGUARD:** I think that I would just say that for people who come out of the corporate world, as I did, and spent their entire life in the corporate world -- my former corporate colleagues -- would be astounded at the caliber of people who dedicate their lives to Junior Achievement. They are an extraordinary caliber of people. My staff at JA International is so smart and self-starters. They make the team work. The amount of leadership that I must give to them is minimal. I spend a lot of time hiring the right people and training the right people and that has paid off enormously. They are what makes the organization go. And I would stack them up against the best young people working in the best companies in the world. That they choose this and each person has said it to me in a different way, "this is what I want to do". And, so we're lucky, that while we can't pay people what they are worth, the psychic income they get from doing Junior Achievement work is so high that we get an extraordinary performance.

**HUFF: What do you see as your major role as being CEO of JA International?**

**OSTEGUARD:** It's to provide an array of membership services to those nations to help them grow their numbers of students. We'd like to have ten million students by the year 2006. We're on the way.

**HUFF:** I want to thank you for your time.

**OSTERGUARD:** Well, thank you. This has been enjoyable. This is a great project you're doing.

Editors: Nancy Brown, Jean Richcreek