

Embargoed until June 16 2010, 4.30 p.m.

**Introductory Address**

**Annual Forum 2010: People. Planet. Profit.**

**Lars-Hendrik Röller**

**President**

**ESMT European School of Management and Technology**

**June 16, 2010**

## Part I: Introduction

Good evening and welcome to the Third Annual Forum “People. Planet. Profit.” I am Lars-Hendrik Röller and president of the European School of Management and Technology ESMT. It is an honor and privilege to welcome each of you to be with us.

To our ESMT Board of Trustees, the ESMT Supervisory Board and the ESMT Academic Board; Your Excellencies, Dear Colleagues, ladies and gentlemen:

The ongoing financial crisis has tested limits. It has questioned received wisdom. And it has shaken our very socio-economic foundations.

But for those individuals and organizations who support sustainable business and economic practices, the crisis has taken on an added dimension. It has been a confirmation of ideas – ideas that have not always been popular in recent decades.

That is what we have seen at ESMT. While many foundations were being shaken, the crisis has validated a Business School based in Berlin, Germany. The ESMT founders’ foresight continues to sustain our mission: to develop entrepreneurial leaders who think globally, act responsibly, and who respect the individual. Our heritage is rooted in European values and the potential of technology. We develop and impart new knowledge (PAUSE) to foster *sustainable* economic growth.

## Part II: People. Planet. Profit.

“People. Planet. Profit.” These are not three separate concepts. They are a three-part equation for sustainability.

- "People" stands for human capital. It is about fair business and labor practices that benefit all stakeholders in the communities where

companies do business. But it also is it a about *incentives* and *moral hazard*.

- “Planet” refers to natural capital. It encourages sustainable environmental practices.
- And finally, “Profit” is the economic value created by the organization. Not just in accounting profits, but the real economic benefit to society as a whole.

One of the great lessons of this financial crisis is what happens when people, planet and profit get out of balance. And how tightly interconnected each of these factors is on a global scale. I am looking forward to 2 days of intensive and challenging discussions at our Annual Forum looking at these topics from different perspectives and discussing them with various stakeholders. This is one of the reasons why ESMT was founded - to turn it into a truly interdisciplinary platform between members of the academic, business and political community with an international reach and located in Berlin.

### Part III: European Integration

This growing interconnectedness between people, planet and profit poses challenges for us today. It transcends established geo-political boundaries. It tests our strongly held notions of national sovereignty. Nowhere is this more evident than in the current economic crisis in Europe.

The EU just passed an unprecedented financial safety net: 750 billion euros to protect the euro. The Greek debt crisis has demanded an unprecedented, coordinated effort at the European level. It is requiring greater cooperation, and it also requires individual countries to delegate more power to Brussels. In the end, it shows just how much Europe needs better crisis prevention, but also crisis management. And how much it needs better regulation (not more regulation). And that is why we need more Europe, not less, if we want Europe to be a viable partner on the world scene.

But why would European countries delegate more power to Brussels? Especially in times when Brussels is very unpopular with many European citizens? The first answer is the traditional argument for more European integration. We need better coordination to cope with externalities like environment, trade, macroeconomic stimulus, and financial regulation. The heart of this argument is that Europe is not a zero-sum game.

The second reason why Europe must grow in strength has to do with domestic politics and the timing of unpopular decisions. If policy makers cannot be ***pro-active*** at the European level, they are condemned to being ***re-active*** at the local level. And then it is too late to do anything except spend taxpayers' money.

That is why the alternative is to give more power to Europe. This delegates unpopular domestic decisions to an independent outside body. It shields decision making from domestic pressure. And it prevents inefficient behavior from happening in the first place.

**We need a strong Europe, yes. And maybe the time is ripe to think and dream about a fresh approach to the United States of Europe.**

#### Part IV: The German Business Education Model

But we not only need better regulation, but also entrepreneurship and business leadership.

ESMT is an international business school based in Berlin, Germany. Since the late 1940s, Germany's social market economy has successfully combined the best of both worlds: private enterprise and state support. This model has thrived – even during the current crisis. In a co-coordinated effort of government, businesses and union Germany job market has been quite resilient and it is still the world's number two exporter after China.

This why we believe that we need to educate future leaders to develop a holistic view of society:

- To see the interrelationships between business and politics.
- To share a common understanding of each stakeholders' perspective.
- To seek out technology-driven solutions with non-zero-sum outcomes.

## Conclusion

ESMT is still regarded as one of the “new kids on the block.” And that is a label we wear proudly. The time has come for those unencumbered by the baggage of the past to make significant contribution.

It is in this sense that I am looking forward to this year’s ESMT Annual Forum.

And now I would like to invite Michael Diekmann, chairman of the ESMT Foundation Board of Trustees Executive Committee, to the stage

Thank you.