



One on One with Susie Gharib

One On One With John Chambers, CEO of Cisco Systems

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SUSIE GHARIB: Some star performers rang the opening bell here at the New York Stock Exchange this morning. But these stars were judged on a different type of performance. They were all being honored for excellence in corporate philanthropy. Cisco Systems, Home Depot, (INAUDIBLE) Corporation and (INAUDIBLE) were all singled out by the Committee to Encourage Corporate Philanthropy. All the firms have innovative programs that inspire their employees to volunteer for thousands of hours of community service. I talked with Cisco's president and CEO John Chambers right after the opening bell and began by asking him why corporate philanthropy is so important for him and for Cisco.

JOHN CHAMBERS, PRESIDENT & CEO, CISCO SYSTEMS: Cisco's in a unique spot to really make a difference and I've always believed the most successful companies should be the best at giving back. It's the right thing to do ethically, but it's also just plain good business.

GHARIB: John, we've seen more and more large companies be more generous in handing out money to charitable organizations. But still, it's a very small percentage of overall corporate profits. When you talk to CEOs, what's your business case for giving?

CHAMBERS: I think it starts with it creates the right attitude in your company in terms of transparency, openness, caring about your employees, caring about your communities. But secondly, it's just plain good business.

GHARIB: So you're saying that giving back is good for business.

CHAMBERS: Yes I am.

GHARIB: Tell us how that works.

CHAMBERS: What it does is, it creates an environment for you to attract the best and brightest employees. We're probably the number five best place to work in America according to surveys by "Fortune", et cetera, the large companies. Giving back creates an environment where your customers, be they private customers or the public customers look at you with the confidence to make a difference. In Katrina, where the terrible disaster hit our country, we said let's not just build schools like they were before; let's build a 21st century education system. Public and private partnerships making a difference but it also has a direct correlation to your business long term in my opinion. I didn't believe that perhaps 10 years ago, but I hear from the government leaders all the time.

GHARIB: I understand that when Cisco was celebrating its 20th anniversary last year, that the company encouraged its employees to volunteer in their communities. What is your approach to corporate citizenship?

CHAMBERS: Well, I think you shouldn't just spend your shareholders' money, you should treat it like it's your own and say, how does the shareholder win? How does your employees win, your customers and your partners. On our 20th anniversary, we actually gave 265,000 hours of give back (ph) work if you will. I went and painted a homeless shelter on one day. It was interesting, one of the little young people running around said you're not bad for a CEO. I said thank you. He said don't give up your day job however. But it is the right thing to do. It creates the environment that you're proud for your company. It's the right image for a shareholder to have in terms of your organization. Our stock is up 54,000 percent since we went public 15 years ago. So I think there's a direct correlation between how good you give back and how well you run your company. It's just one of the elements.

GHARIB: What do you look at in determining where you`re going to spend your philanthropic dollars?

CHAMBERS: We looked at in the terms of basic needs, where you can make a difference, for example, in hunger or in education or health care and work force preparedness.

GHARIB: Some people would say that corporate philanthropy is really just another form of public relations and it`s not genuine charitable giving. What are your thoughts on that?

CHAMBERS: We just don`t give money and time. We give of our own resources throughout all of our employees. It really makes a difference in creating the right works environment and the right success overall. So I think if you talk to customers and you talk to government leaders, they want to do business with companies that really make a difference, that not only take but also give back.

GHARIB: But what I`m saying is, there are probably some cynics out there.

CHAMBERS: The majority of people do not believe in it. You`ve got to do it religiously. It`s like giving at church. I`ll take those that give at church because they really feel they`ll make a difference. We`ll also accept those that perhaps give because of a bit of peer pressure. So if my CEO counterparts are out there, I encourage you to get involved as well. We can make a difference. We can change the world and we should. The most successful should always be the best at giving back.

GHARIB: So what does charitable giving ultimately mean for shareholders?

CHAMBERS: I`m customer driven, I listen to what my customers say. They say if you`re involved and you give back, you`ll be more successful. Secondly it`s the right thing to do. I think our shareholders trust us to do the right balance.

GHARIB: John, thank you very much and congratulations on your award.

CHAMBERS: Susie, it`s an honor, thank you very much for having us on your show as always.

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