Building Business in Emerging Markets

STEVEN FLUDDER ’83

Steven Fludder had a job most people would envy. As a corporate vice president, he ran GE’s high-profile Ecomagination initiative. His $18 billion portfolio included GE’s top clean energy technologies, which improve customer profits while reducing environmental impact. He was doing good while doing well.

Yet after 27 years at GE, Fludder left to become senior executive vice president at Samsung, the company’s first non-Korean corporate officer. Samsung recruited him to build its energy business. “Samsung’s goals are breathtaking,” he said. Fludder’s assignments took his family from Hong Kong to Jakarta to Shanghai and Beijing. He handled technologies as varied as aircraft engines, hydropower, and wind energy, building infrastructure at each stop. He is especially proud of his work in China between 2002 and 2006. Despite intense international competition, he grew GE’s energy business tenfold to more than $5 billion, executed joint ventures and acquisitions, and boosted local employment to 1,300 employees, from 150.

“My strategy was that winning in China meant winning with China. We couldn’t just import and grow. To win sustainably, we had to share the value chain with our partners. And guess what? Our market share expanded and we exported far more from the United States than we would have otherwise. It was a huge success.”

In 2006, GE elected Fludder a corporate officer and put him in charge of the company’s water business. Fludder took the dramatic step of moving his global headquarters to Dubai, the center of his fastest growing markets. “To succeed globally you need your best leaders where the action is. You can’t do it remotely. Their local paper needs to be the first one you read in the morning.”

His global experience in water and energy prepared Fludder to run Ecomagination, where he created paradigm-shifting partnerships between GE and venture capitalists Kleiner Perkins and Rockport Capital to fund promising technologies. Now he is bringing his vast experience to Samsung. “Samsung is compelling,” he said. “It equals 20 percent of the Korean economy and came from practically nowhere to become number one in electronics globally. We are ambitious, a successful Asian company becoming more global. I can make a difference here. This is a country that respects its engineers and honors its teachers,” Fludder said.

Uplifting a Community

JIM MCKEO WN ’05

Jim McKeown ’05 was excited. He had quit his investment banking job and was flying to South Africa to work on development projects. Then he boarded the airplane.

“Suddenly, I was more scared than I ever was before,” he said. “The movie on the plane was about hardcore criminals in South African slums. After seeing it, I couldn’t fall asleep.”

McKeown survived his bout of nerves to establish an educational organization, Masinyusane (isiXhosa for “Let us raise each other up”), in South Africa’s east coast city of Port Elizabeth. It is transforming one of the region’s worst-performing high schools into a success story.

McKeown had wanted to fight poverty since high school. Yet he studied operations research because he wanted the skill set.

“When it comes to uplifting a community, we live with uncertainties and constraints. Engineering helps me manage them. It also helps me get to the root of a problem, because I don’t want to spend time fighting fires that will never go out,” he said.

After graduation, McKeown planned to join his uncle, a Catholic priest in Nicaragua. When those plans fell through, he landed a job with Morgan Stanley. He loved investment banking, but after two and a half years, he realized he had to leave or he never would. His uncle’s colleagues, Father Jerry, invited him to Port Elizabeth.

At first, McKeown volunteered in the poor urban townships ringing the city. Although the townships’ unemployment rate was 70 percent, no one was addressing jobs. Jobs are linked to education. “Unless you passed the matric,” McKeown said, referring to high school certification, “you have no chance of getting a job. Even then, you really need a university degree.”

He started with Lwandlekazi High School, where pass rates were only 16 percent. Aided by local church members, he passed around flyers offering free tutoring on Saturday. Instead of the one or two students he expected, 15 showed up. There were 50 the next weekend and nearly 400 within four weeks. Some students had arisen at 5 a.m. to walk there.

Their educational gaps shocked McKeown. “They did not have the foundations in numeracy and literacy, plus English is not anyone’s first language,” he explained. Yet many learned fast. “They realize education is their way out of poverty. It’s humbling to see how hard they work when given the opportunity.”

McKeown lined up tutors from churches and universities. In six months, the pass rate rose to 31 percent. The next year, Masinyusane added more classes, home visits, meals, and extracurriculars. The pass rate reached 47 percent—despite a teacher strike that lowered pass rates at surrounding schools—and college enrollment jumped to 20 percent from none.

McKeown is now raising funds to help bring the program to other schools. While he talks data and metrics, he says a culture of success has to be seen and felt. “One Saturday, we had no classes, but the whole 12th grade was there with a gradu- ate who had gone to university. He had returned to help. Together, they want to uplift their school and the community. That’s what I’m most excited about.”