



Terry Duffy Remarks  
“What’s Really Important?”  
University of Illinois College of Business  
Foellinger Great Hall, Krannert Center for the Performing Arts  
Urbana-Champaign, Illinois  
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Thank you, Dean Ghosh, for that warm introduction. And let me begin by saying congratulations to all you graduates, and also to your family and friends.

This is my second visit to the campus this year. And what I remember most from my last visit was not my speech, but the discussions I had with some of the students. I was so impressed by the dialogue we had.

I have to tell you, I really feel good about the next generation of business leaders.

I also want to tell you how impressed I was with Dean Ghosh and the vision he has for the College of Business. He has done a tremendous job in transforming the mission of the College. The high quality of the faculty and students makes it one of the best academic institutions in America.

I’m a big fan of U of I, so it is my pleasure to be here today.

I’m well aware of how important your education is, given the challenges and complexities of today’s business world. At the same time, I am convinced that success in business and in life does not come through mere book-learning. Success is determined by who you are as a person – based on your upbringing, your experiences, and your core values.

These are the factors, more than any others, which have a vital impact on your ability to be a leader.

And that’s what I would like to discuss today: What are the keys to effective leadership?

I will share with you what I believe are the most important ones, based on my experience as chairman of Chicago Mercantile Exchange, but more important, as a husband and a parent.

***Leaders value their core values.***

More than any other single factor, solid values are the key to success for individuals as well as the institutions they work for.

The media is full of examples of people who mistake what is genuinely important and whose values are skewed. They may think that they can gain wealth or power, or position, without legitimately earning them or by using questionable methods. But that never succeeds long term.

Don’t let my title fool you. I come from a very modest background. When I was young, I never imagined that I would become chairman of a public company that today is worth in excess of \$12 billion. But I did have a strong work ethic, instilled by my parents and honed through many part-time jobs all through school.

I started on the trading floor of CME at age 22. As I progressed, the ideas of what I could achieve and accomplish expanded. Little did I know that this would eventually lead me from the trading pits to a key leadership role. In this role, I've helped transform our organization into the world's leading electronic exchange.

Our goal at CME is to help customers around the globe manage risk in a world of increasing economic and geopolitical change. The foundation of CME's success has been our ability to continually innovate & successfully execute new ideas.

First and foremost, these ideas have benefited customers. But they also have fundamentally advanced the global futures and options industry. One of our principle values is to be completely transparent.

We're all aware of once-revered companies – such as Enron, Tyco and WorldCom – that have been damaged or destroyed by failures in corporate leadership. CME is a relatively new public company, but I'm happy to report that we've established the most rigorous corporate governance standards.

It's been said that *leadership is doing the right thing when no one else is watching*.

And the failures of business leaders cannot be explained simply as poor controls or inadequate oversight. The foundation of leadership has to be based on personal ethics and solid values. You need to have a moral compass that will guide you to do what is right – even when no one is watching.

***Leaders don't neglect faith or family.***

My upbringing also gave me a reverence for faith and family. In our materialistic world, faith and family can give us an ethical framework on which to build careers of great usefulness without neglecting what's truly most important.

It has been said so many times before; at the end of the road you don't look back and say, "I wish I'd spent more time at the office." But you may wish you'd spent more time with your family.

Remember, a lost opportunity is the greatest of losses. Don't lose the opportunity to connect with the people who mean most to you. It is a high priority of mine to take time out to spend with my wife and my two young sons, despite the demands of my position, as well as my hectic travel schedule.

In terms of faith, I've been active in the Newman Center at the University of Illinois at Chicago for many years. It has given me a real sense of who I am.

My advice is, don't let the demands of your career overshadow your commitment to your faith or your family. Instead, let your commitment to faith and family be the foundation of your career.

The fact is, we often find in business that the people who are happiest in their personal lives make the best employees and most effective leaders.

***Leaders embrace change.***

To be a leader today means being a change manager.

I can speak from personal experience. When I became chairman in 2002, our organization and industry were at a crossroads. Like many American industries, we were facing increasing competition from global competitors who planned to enter our markets.

And we are all well aware of the fates of companies that didn't adapt to competitive threats.

Think of the automobile and steel industries, for example. To stay ahead, we needed to break out of our historic mold, become more nimble and competitive and think differently. In short, we had to change.

Even though we had a track record of innovation – especially in developing new products – one of my biggest challenges was to rally the membership and gain consensus for radical change. I had intense meetings with members, officers and directors, both hearing them and then, explaining my vision.

I think one of the biggest problems is when the leadership doesn't effectively communicate with its constituency.

After months of wide-ranging debate, we agreed to embrace a new paradigm essential for CME's progress and success in the 21<sup>st</sup> Century. In 2002, we became the first financial exchange in the United States to go public, through our initial public offering.

Our conversion from a membership organization to a publicly traded company fundamentally transformed our organization. It has allowed us to better serve the needs of our global customers and has created significant value for our shareholders.

Today CME is the largest futures exchange in the world and our stock price has increased 10-fold in just three years – from \$35 a share to more than \$350 a share today.

Even more important, our new business model is also transforming the entire industry. Exchanges such as the Chicago Board of Trade and New York Stock Exchange are following in our footsteps by becoming public companies.

***Leaders have vision.***

As a leader, if you don't know where you're going, it's hard to get other people to follow. Regardless of your view of his politics, former President Ronald Reagan had a vision of a world freed from the threat of communism.

And he had a strategy for achieving that vision. He was widely ridiculed at first, but his courage in standing up to the Soviets led to the fall of the Berlin wall and the collapse of the Soviet empire.

Our own vision for progress may not play out on the world stage, but it is one of the most important factors in motivating ourselves and our colleagues – whether in business or any other endeavor.

Leaders should have a vision of where they want to take an organization and a plan for getting there.

And that leads me to my next point.

***Leaders are strategic.***

I can't stress this enough. It always amazes me how many corporations – even large, sophisticated ones – do not have a clearly defined strategy or the discipline to follow one. A strategy that an investor can find spelled out in an annual report, and that employees can understand and implement.

At CME, we pride ourselves on having a simple growth strategy that drives our decision-making and supports everything we do. And I think it's a strategy that you can apply as well:

First, reach out: We're expanding our customer base through programs that will extend the global reach of our products. For you, regardless of where you work, it's important to broaden your connections beyond your office and stay plugged into your professional groups and other networking opportunities. That's how you bring fresh ideas and approaches to the table, and also, you can learn a tremendous amount just by listening.

Second, expand your technology:

More than 70 percent of the trades at CME are done electronically, and nearly half of our workforce is dedicated to technology in support of our business. Likewise, as future leaders, you need to use the technology available to you so you can improve your productivity and leverage your effectiveness as a leader.

Third, maintain innovation: We developed the concept of financial futures in 1972 which revolutionized our industry. And we continue to innovate new products. As a business leader, you need to push yourself to expand into new areas and continually learn new skills.

If you get stuck in the middle of the road you'll get run over. Use your creativity to get into the passing lane and succeed. Your degree from the University of Illinois will help release your potential to become a leader and accomplish great things whatever direction you take.

Each of you should have a game plan for your organization and for yourself. Whether in your personal or business life, it's absolutely essential to look to the future and never become complacent in your current situation. They say that even the longest journey begins with a single step. So look ahead, be disciplined, and start by taking that first step.

Thank you for inviting me here today.....