

Interview with Jarden's James E. Lillie

The Boyden Leadership Series is a continuing publication that highlights the views of well-known business leaders on issues relevant to leadership, management and talent acquisition. The editors of this series conduct interviews with heads of corporations and other key organizations across the globe to further growth and idea exchange.



*James E. Lillie —
President and Chief Operating Officer at
Jarden Corporation.*

We are particularly excited by this new issue of *The Boyden Leadership Series*, as it includes an interview that Boyden conducted with **James E. Lillie**, President and Chief Operating Officer at **Jarden Corporation** (NYSE:JAH).

Jarden is a leading provider of niche consumer products used in and around the home. Jarden's brands include First Alert®, Mr. Coffee®, Oster®, Coleman®, K2®, Rawling®, Marker® and other brands many of us use every day. Jarden has over 20,000 people worldwide and its products are sold in over 100 countries.

The interview with Jim centers on Jarden's unique strategy and how the company balances more than 100 category-leading brands, while continuing to show positive results in what has been a challenging macroeconomic environment. Jim discusses Jarden's approach to leadership and how the company nurtures talent in diverse markets, including the Americas, Europe and Asia/Pacific. We hope you enjoy the conversation and please visit Boyden.com for new issues of our *Leadership Series*.

About James E. Lillie

Jim is President and Chief Operating Officer of Jarden Corporation. Jim joined the Company in August 2003 as Chief Operating Officer and assumed the additional title and responsibilities of President effective January 2004. From 2000 to 2003, Jim served as Executive Vice President of Operations at Moore Corporation, Limited, a diversified commercial printing and business communications company. From 1999

to 2000, Jim served as Executive Vice President of Operations at Walter Industries, Inc., a Kohlberg, Kravis, Roberts & Company ("KKR") portfolio company. From 1990 to 1999, Jim held a succession of senior level human resources, manufacturing, finance, and operations positions at World Color, Inc., another KKR portfolio company.

Interview with Jim Lillie

Boyden: *Jarden was formed in 2001. 2009 is the eighth year operating under the Jarden DNA corporate strategy. With consecutive years of delivering record sales and earnings, how do you look ahead to Jarden's future?*

Lillie: We look ahead at the business in what we call a three plus two basis, meaning that we look out three years realistically, and for modeling purposes we add two years onto that. Strategically we ask individual businesses and brands to forecast the channels they are going to develop, new products they may be creating, and new geographical territories in which they want to focus.

We then put a road map together that takes us out three years. We use that as a template so that we can measure our progress, support the businesses, make the proper investments, and ensure that expectations are managed appropriately.

Interview with Jarden's James E. Lillie *(con't)*

Boyden: *There was a recent Wall Street Journal article about Jarden's strategy of having more than 100 recognizable brands has really started to pay off.*

Lillie: *Martin Franklin, our Chairman, is the one who created the Jarden macro-strategy of having market-leading brands in niche markets. We are extremely well diversified and that diversification allows the company to perform well in what is a challenging global economy. But brands and businesses are like your children, and not all your kids are healthy on a given day. By having the diversification that we have, it allows us to face challenges that might occur in the macroeconomic environment.*

For instance, some of our legacy products such as Ball and Kerr canning jars for fresh preserving are doing extremely well. In an environment where a year ago gas prices were up, grain prices were up, the cost of food was up, people started planting gardens which grew demand for canning jars. It also dovetailed nicely into growth in organics and sustainability as we also saw people looking to make baby food at home. Thus, on the eve of Ball's 125th anniversary, this business which until two years ago was growing at a GDP rate, and which a lot of companies would have thought about spinning off, we took the time to nurture it. Last year Ball sales were up 25% and I would suspect that sales would be up at least 20% again this year.

Conversely, our winter sports business, which represents about 5% of our revenue, will probably be down this year because its products are relatively higher ticket items and can be more of a discretionary purchase.

Boyden: *How do you look ahead for Coleman? Are you seeing its response more along the lines of the canning business in that it's a valued family activity?*

Lillie: *Our strategy is to be the number one brand in essentially every category we participate in. People purchase brands that they know and trust and ones that have delivered what the customer has expected over history. Coleman is a brand that people know and trust and it, like many of our other brands, is taking market share. Coleman benefits from so-called "staycations" where families may not take their kids on vacations this summer but they'll take the family camping in a nearby park and spend more time in and around the home. This is where Jarden really excels.*

Boyden: *So, powerful brands are leading the way?*

Lillie: *The reality is that solid brands with solid reputations and solid performance are going to pull people into stores more than private label brands that are less trusted and unknown. We're having a very good year relative to the macro-economy because people trust our brands — and those brands are taking market share as we continue to invest in new products.*

Boyden: *And in a down market they'll take what they can trust?*

Lillie: *I think that what you'll see is that we'll get organic growth as reorders start matching POS (point of sale) activity and you'll get a bit of a slingshot effect because we'll also get orders associated with the market share that we have taken.*

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Boyden: *Where do you see areas for opportunity for growth on a global basis? Where are Jarden's target markets in Europe, Middle East, Asia Pacific, and Latin America?*

Lillie: *Latin America is a tremendous opportunity for all of Jarden. We're very strong across that region, particularly in Venezuela, driven by the strength of our Consumer Solutions in our small kitchen electronics business. Depending on the variables in given countries we think that's an excellent opportunity to grow, particularly in the Outdoor Solutions segment of the business.*

In Eastern Europe there's a very good opportunity for both our Outdoor Solutions products as well as the branded consumable products such as the First Alert smoke and CO detectors. In China there's increased consumerism and that means increased opportunity for a variety of our products. As an example, our fishing business has operated out of China for about five years and has pretty healthy sales.

As we enter new markets, we use one business and their success and a foundation so we can leverage the back office and let the other businesses really just focus on sales and marketing to a size that's needed.

Boyden: *What are your leadership requirements as you move into a new market?*

Lillie: *We're a company that invests in seasoned professionals who know the local region and culture and who can build a locally-based team that really understands the environment and the culture in which they're going to operate.*

Boyden: *Do you change your product mix or modify your product?*

Lillie: *Absolutely. There are certain products that make sense in certain parts of the world and there are products that don't make sense. We act as a global company with a local market focus.*

Boyden: *And how is that working for you? Is each market different from India to China to Eastern Europe?*

Lillie: *We recognize what the consumer wants and needs. We look at the right product for the right geographic region. For example, First Alert smoke and CO detectors – with the construction boom, people upgrading their houses, changes in legislation – are great products we have been extending across Europe and Japan.*

Boyden: *Where do you see the best opportunities for growing the company's resources with your broad array of brands and categories of business beyond the regions?*

Lillie: *I think we can do more things with our current group of customers while expanding geographically. We certainly have been executing from the standpoints of quality, on-time delivery, and innovation. What's unique about us relative to our competitors — our continued investment in innovation.*

We will have spent over \$225 million this year on R & D and new product development.

Many companies have pulled back on investment spending. We really view this as an opportunity to keep the historic level of investments higher. It helps us improve quality, execution, and that level of

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innovation and new product development that are really going to solidify endearment to our brands. For our retailers, it's pulling people into their stores.

It creates channel expansion opportunities and, more importantly, it keeps the partnerships we have with the retailers much stronger. Others seem to be cutting their investment levels and weakening their partnerships.

Boyden: *For many companies in this recession the US is considered a mature market, and growth expectations have been scaled back for a lot of our emerging markets. Do you believe multinationals are underestimating the potential for US growth?*

Lillie: *If Martin Franklin (Jarden's chairman and CEO) were here, he would say there are no tired brands, there are tired brand managers. And there isn't one product we have that couldn't be better or couldn't be more important or couldn't have a more strategic role with any one of our customers — that's why we have not sold off a single asset in the seven years of today's Jarden.*

Boyden: *It's interesting how patient Jarden is, given that a lot of companies buy and sell off brands for a quick profit. Jarden is clearly a patient company.*

Lillie: *We're not asset shufflers. From a Wall Street perspective, analysts and investors do not appreciate people who are making their P & L difficult to follow. In fact we're trying to simplify the way the Street looks at our company. This will be the last year after a series of acquisitions that we will take restructuring charges, and if we have any restructuring we'll take it straight to the P & L. We really are extensively*

engaged in how our businesses perform and have a culture of preemptive and proactive action rather than being put in a position where we have to react to things that are changing in the economy.

Boyden: *What do you consider are Jarden's best assets for growth? And what do you think in general, are consumer companies' best assets for growth?*

Lillie: *We believe our employees are our best assets. And by having the people we have and giving them multiple hats to wear, we best position them to be engaged in the business. That gives people tremendous opportunities to excel and be creative. And by keeping their jobs diversified, we keep people very interested in not only how we compensate them but intellectually how they go about their life within Jarden.*

Boyden: *Having over 100 brands allows you to give people the opportunity to move from appliances to sporting goods to other areas so they can continue to grow and almost change careers within the company.*

Lillie: *Exactly. When I joined the company in 2003, our revenues were \$350 million. Last year it was \$5.4 billion, so as the company has grown, so have the opportunities. And because we pride ourselves that we're not "corprocrats." We want to have a lean and nimble organization and we don't want to have management committee upon management committee.*

If we're going to do an acquisition, we talk about the acquisition with the business. We investigate that business by ourselves and we'll make the decision and stand by that decision rather than outsourcing that work to someone who doesn't really understand our culture. Where Boyden has

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come in well as an outside player is that it understands our value system, our culture, and our DNA.

There are a lot of candidates that we looked at that may have been the smartest men and women in their fields, but if they don't fit in from an alchemy standpoint, they're never going to be successful, nor will the team around them.

Boyden: *So all the way down to the entry level, employees appreciate decisions being made organically and they feel a part of it, versus an outside group coming in and making decisions on the brands and the direction?*

Lillie: *We're a very down-to-earth organization. We're all in this together and we either win together or we fail together. And so it's important for me to spend time with our staff, whether it is just talking to someone on a factory floor or seeing a senior manager who happens to be in town for another event. Some of the best information that I get is by spending time with people.*

Boyden: *Many observers today cite the commoditization of brands. Given Jarden's history of new product innovation and investment, how is the company delivering on the brand and also trying to fight commoditization?*

Lillie: *Well, I think you can let your brands become commoditized or you can go out and try to make them special, create new messaging for consumers and create a new value proposition for them and for retailers. It's important that we constantly innovate.*

Boyden: *These days there's a lot of pressure too for earnings, and that's also got to be a challenge?*

Lillie: *We're the stewards of the company and we have to make the right decisions. You have to be respectful of investors and their input, but at the end of the day it's our responsibility to manage the company. We are focused on executing for investors, customers and employees.*

Boyden: *You were talking about making sure to manage for the long term. How would you describe your leadership style and how did your early career mold your approach?*

Lillie: *(Laughs) Going back to the analogy of one's children, I recognize that not all your children are healthy on a given day. So I try to anticipate which of our brands or companies is going to need that extra level of support in the coming months, and adjust my priorities accordingly. Others will have been nurtured back to health, as others need more attention for one reason or another. I think that by maintaining a level of organization, maintaining good control over information, having people not be afraid to deliver challenging information and keeping an open mind, we've put ourselves in a position to be successful.*

I started out in human resources and evolved into legal and also took on IT. I think because I had flexible thinking, I evolved into plant management, got involved with some special acquisition/integration projects, became immersed in operations, took on investor relations and its those building blocks that I think have built a strong foundation for me personally.

Boyden: *You also have rich family DNA in super brands...*

Lillie: *My father was president of Oscar Mayer Europe in the 70's so he's been around the Oscar Mayer family. I used to*

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shovel Oscar Mayer's driveway as a child for five bucks. The interesting thing is my father was in sales and marketing, my brothers were all in sales and marketing so I went into HR.

Boyden: *You also spent some time in Spain?*

Lillie: *My parents lived in Valencia [and because of] my parents' views on immersion, they literally threw me into an all-boys Spanish speaking school in eighth grade. Later I went to boarding school. In my junior year my parents moved to Chicago but let me stay in Spain for the balance of high school. That foundation made me incredibly independent and resilient.*

Boyden: *What do you think has been the biggest turning point?*

Lillie: *I do think that Spain was a really good foundation, because it created flexibility and an understanding for other cultures and the need to be adaptable. So to me, it didn't really matter what the job was, I just viewed everything as an opportunity and I always wanted to maintain a generalist view because I thought it offered me the most flexibility in my career.*

As I worked for companies and companies were acquired, it created opportunities to get into different businesses, be exposed to different [types of] thinking, and learn from those people that I worked with without ever really having to leave.

Jarden has given me the most opportunity to learn. Martin Franklin has been an incredible mentor and instructor. Learning from him is a debt I cannot hope to repay.

Boyden: *What helped you smooth the transitions?*

Lillie: *You can't take yourself too seriously. And I've always been very respectful of the people around me and the fact that they have families and they have commitments. The people who work with me are important to me. I don't particularly care if they come to the office or don't come to the office, they're all available to me 24/7, and they're all at the same level of dedication and commitment.*

I want them to have the flexibility they need for their own lives. I think by having a culture where you're imparting those values to people, much like the Jarden DNA mantra, you get that paid back in spades, plus you just have a happier work force.

Boyden: *What do you think was the biggest challenge in your career?*

Lillie: *Knowing that there are 20,000 plus people who are reliant on our decisions as the executive leadership of Jarden is an awesome responsibility and it's a great honor. We need to make sure that we are doing the right things for our people, our products, and the communities in which we operate.*

Boyden: *With that, what are Jarden's strategies for attracting and retaining talent on a global basis?*

Lillie: *Jarden offers a good and healthy environment. We like the alchemy of our organization and I think people who interview with us sense that. We pay people well: we don't necessarily like to hire superstars...we like to create*

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superstars.

We give people a lot of opportunities, we're not afraid of making the tough decisions when those opportunities aren't acted on. But I think that we're regarded as a fair organization that is very creative, that is very thoughtful, that is market-leading in many ways and you know, we pay for performance and there's a lot of opportunity for wealth creation in our organization, both with the individual and with the corporation.

Boyden: *It sounds like a very fair environment that motivates people. What are the most important signs you look for when you're interviewing executives? And what are the critical skill-sets that you look for in hiring or promoting people?*

Lillie: *We really look for a good values system. You have to believe that people's track records are their track records. You want people who can create a creative environment, who can motivate the people underneath them, who can make the tough decisions when those decisions need to be made. We also look for people who do what they say they are going to do and execute on a daily basis.*

Boyden: *Given that your standards are high and probably higher than most companies, how important is alignment with your entrepreneurial and pay-for-performance culture? How does it all align?*

Lillie: *To get people who have the mindset of the opportunity for upside, rather than people who don't want to take a piece of the action and would rather have the safety of a higher-based pay package. We want people to share in the upside of the organization.*

Even though we're a \$5.4 billion corporation, it's really a series of niche entrepreneurial companies that are benefiting from the overall organization and the value-add that we can provide on processes, controls, insight into the organization, the investments we have made on IT systems, and things of that nature. And so people either get it and want to be a part of it, or are nervous about it.

Boyden: *So it's pretty clear, it's a certain type of individual and they know that going in and they're attracted to that culture?*

Lillie: *We have a reputation for that. We're not a bureaucracy or a "corpocracy."*

Boyden: *So when Jarden has acquired brands, how did it process the decisions to acquire?*

Lillie: *We would rather take a chance on a product with a management team with the right value system, the right attitude and the right thoughtfulness which are all aligned to our culture, compared to a sure thing product but a management team that is not aligned.*

Boyden: *So your due diligence being all internal, that's a requirement.*

Lillie: *For every company we have acquired, Martin and Ian (Martin Franklin, Jarden's CEO, and Ian Ashken, Jarden's Vice Chairman and CFO) and I personally visited every facility.*

We want to talk to everybody, we don't want to rely on outsiders, and we have walked away from acquisitions where we just didn't think there was cultural

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alignment.

Boyden: *And thus it's not just about the numbers of a P & L opportunity?*

Lillie: *That's right. The best intelligence is your own intelligence.*

Boyden: *Do you think the "War for Talent" is still relevant today and what do you see as the most competitive areas for talent?*

Lillie: *I don't agree with that phrase. There is a constant challenge inside every organization to make sure that as the organization grows you have the right talent. The hardest decision you have to make is when you've got good people who*

haven't grown with the organization, and the organization passes them by. If you don't have the right opportunity, you are forced to make the ultimate decision about a person.

One of our biggest challenges is to constantly evaluate the organization to make sure that our people are prepared for the next step and if they're not prepared for the next step, we make sure that the company is prepared for the next step. We continually go out and meet with people even when we don't have opportunities. We will interview people that Boyden may know or others may know, because we would rather have met them before we have a need, than when we have a need. It goes back to our preemptive, proactive approach.

About Jarden Corporation

Jarden Corporation is a leading provider of niche consumer products. Jarden operates in three primary business segments through a number of well recognized brands, including:

Outdoor Solutions:

Abu Garcia®, Berkley®, Campingaz® and Coleman®, Fenwick®, Gulp!®, JT®, K2®, Marker®, Marmot®, Mitchell®, Penn®, Rawlings®, Shakespeare®, Stearns(R), Stren®, Trilene®, Volk®, and Zoot®

Consumer Solutions:

Bionaire®, Crock-Pot®, FoodSaver®, Health o meter®, Holmes®, Mr. Coffee®, Oster®, Pat-ton®, Rival®, Seal-a-Meal(R), Sunbeam®, VillaWare®, and White Mountain®

Branded Consumables:

Ball®, Bee®, Bicycle®, Crawford®, Diamond®, Dicon®, First Alert®, Forster®, Hoyle®, Kerr®, Lehigh(R), Leslie-Locke®, Loew Cornell®, and Pine Mountain.

Headquartered in Rye, N.Y., Jarden has over 20,000 employees worldwide. For more information, please visit www.jarden.com.