



# Ralph Smith “Unlock the Power of Global Thinking”



**KIWANIS CLUB OF BIRMINGHAM**  
SERVING THE CHILDREN OF THE WORLD®

October 7, 2014

**RALPH H. SMITH, II**

**Featured Speaker**

**KIWANIS CLUB OF BIRMINGHAM, ALABAMA**

**Tuesday, October 7, 2014**

**Introduction – Stewart Welch**

Well, I have been friends with Ralph Smith since our days at Mountain Brook High School, where he excelled in athletics, academics, and everything related to student leadership. He is our first Rhodes Scholar. He received his undergraduate degree from Washington and Lee. He received an MA from the University of Oxford and his law degree from Yale.

Upon graduation, he spent twenty-five years in the practice of law. A number of those years were in Washington, D.C. with a mega firm there before he came back home to Birmingham. In 2004, he became the General Counsel for the University of Alabama System, where he also served as Distinguished Lecturer of Law and was a member of the Chancellor's Senior Policy Staff. He also served as Special Advisor for the UA System for International Trade and Economic Development. During his time at the University, he led delegations to Asia, Europe, and South America.

In 2012, Ralph formed the Ralph Smith Group, a global management consulting company that focuses on businesses and higher education. And, through a team of worldwide experts, he is helping them “unlock the power of global thinking”, which he will discuss with us today. Ralph maintains leadership roles in the Association of American Rhodes Scholars, including currently serving as the Vice-President. And, what that means is that he is actually President-Elect of the Rhodes Scholar Program. He is also a member of their Executive

Committee. He is responsible for the selection process of Rhodes Scholars in the Southeastern United States.

In 2013, Ralph was appointed by Queen Elizabeth II to the Order of St. John, an Order of Chivalry of the British Crown, with roots dating back to the eleventh century. Now, for many of us, his most important career accomplishment was as General Counsel for the University of Alabama, where he was responsible for negotiating the employment contract of Nick Saban...

Please give Ralph Smith a huge Kiwanis welcome.



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**RALPH H. SMITH, II**

**President and CEO: Ralph Smith Group, LLC**

**Special Legal Counsel: Jones Walker, LLP**

Thank you Stewart... . Thank you Kiwanians. Yeah, the shine on that Nick Saban contract was a little brighter last week than it is this week [after the loss to Ole Miss]. What an honor it is to be here among so many old friends. I look out and see people that I went to elementary school with: Felix Drennen, Charlie Perry, Richard Yielding, and Stewart Welch, along with people that I have practiced law with including John Saxon here at the head table, and so many friends throughout the community. W&L with Russ...and Mike Waters, we were chosen as Rhodes Scholars in the same place, the same day, the same hour, the same minute; and we looked at each other in disbelief as they announced the winners, just imagining the incredible experience ahead of us--and incredible it was!

I am also very honored to be here at the Kiwanis Club on Justice Ralph Cook's inaugural meeting as club president. [Cook was the first African-American justice elected to the Alabama Supreme Court.] Ralph, you are someone I have admired for your professionalism and skill as a lawyer and for your many years of public service; it is an honor to be here with you.

Mark, [Mark Lester, candidate for US Congress] thank you for your willingness to enter the fray; you and Gary Palmer will be worthy adversaries in this upcoming election. It is the life blood of our democracy to have good people like you--and a fellow Oxonian-- offering himself for public service. What a wonderful thing!

Now, amidst the many, many people here I would recognize: my wife of forty years, Betsy, I love having you here with me. And my son Harrison, who in some respects has followed my own career path-- having started law practice in Washington and come back home to Birmingham—it is wonderful to have you here as well.

This is a unique opportunity for me to have in one room three former Chairmen of the Rhodes Scholarship Selection Committee. Neal Berte served as Chairman of our Alabama Selection Committee for a few years along with Mike Waters and me, when Neal was President of Birmingham-Southern College. Then there is Johnny Johns, a member of the Advisory Board for the Ralph Smith Group, but also is the newest person to serve as Chairman of our southeastern United States Rhodes Scholarship Selection Committee. Johnny, I thank you for your advice to my company and also for your service on my committee. And finally, Drayton Nabers, a Chief Justice of the Alabama Supreme Court and also on the Advisory Board of the Ralph Smith Group. (What a power packed club you Kiwanians have!) Drayton served with great distinction for a number of years as the Chairman of our District Rhodes Scholarship Selection Committee. We have had together the absolute joy, as well as sometimes the anguish,

of making very difficult decisions about wonderful young people who come before us for this life changing experience.

Charlotte [Goyer] it is super to have you here with your father. Charlotte and half a dozen other young men and women really made my experience at the University of Alabama. They worked as students in my Tuscaloosa office and essentially ran the Rhodes Scholarship Selection process. And they did it back before there was an online application. They would copy thousands of pieces of paper and collate them and send them off to the various Committee Members. It was so much fun and it kept me as an administrator, lawyer, and teacher anchored in the lifeblood of the University—the students—and in the young peoples’ culture. In fact, the young people at my office are the ones who introduced me to social media: Facebook, Twitter, things like that.

It is an honor for me to be here at Kiwanis because I too was a member of the Key Club, in fact the inaugural Key Club at Mountain Brook High School. We “distinguished” ourselves (in a certain way) by staging a commando raid on our rival Shades Valley High School in 1967, painting the face of their clock tower our school’s colors—green and gold--which touched off a series of retributions: I mean, this was like “Jihad” in the over the mountain area. Mike [Waters, the former President of Key Club International], I don’t know, but you perhaps should not have chartered us when you had your administrative responsibilities!

So, as my connections with Kiwanis go way back, your goal of “serving the world’s children” really resonates in my heart. What greater service could there possibly be than looking towards the next generation, helping to prepare a better world and giving them a start in life. That is really what we tried to do with a slightly older cohort at the University of Alabama System, where I was for a decade. That is why it was so exciting for me to have the opportunity

to be involved with young people: to help shape their minds, characters, and intellects, hopefully to be a positive influence on their lives—and on our future. I drew great deal of joy and satisfaction from that experience; and that is what you are doing here at the Kiwanis Club with the service you provide.

Now, Stewart mentioned and, it is true, I negotiated Nick Saban’s contract. But, there is a “rest of the story” as Paul Harvey used to say. We had first made a contract offer that was accepted in my office by Rich Rodriguez, the Coach of West Virginia. Well, for this reason, that reason, and no reason, that deal ended up not working out. He decided not to come and we were left in the lurch. We had always been interested in Saban but, he was in the pro-coaching ranks, the agents were telling us that he was very interested in the University of Alabama but, the agents will tell you anything, you cannot believe anything they say. We made a decision at that time that we were going to wait to the end of the pro season, still some weeks off. We went to see Saban at the end of the season and Mal Moore parked the university airplane and would not leave Miami until Saban agreed to a handshake deal and got on the plane with him to return to Tuscaloosa. Coach had been on campus for several months practicing and recruiting, but we did not have him under written contract. Finally the Chancellor came to me and said “Ralph, we gotta get down to brass tacks—and get this done.” So, Bob Witt who was then the President, Mal Moore, the Athletic Director, Nick Saban, Saban’s Agent, Jimmy Sexton, and I sat in a room together in the President’s suite. And this was my role: I had two critical things to do. First, I stood up and started the meeting with “Coach, what do you want?” He was kinda fired up and said this, that, and the other thing that he wanted. Then for my second critical contribution, I said “Ok coach, is there anything else we can do?” Pretty stiff “negotiating”. You know, one of my friends and mentors, John McMahon, he was President Pro Tem of the Board of the

University of Alabama System back then, told me one time “the surest way to go broke is to always hold out for top dollar.” I can assure you, we did not hold out-- we paid everything we could to get that deal done; sort of like the simplified IRS form: two lines, line one – “how much do you have?” Line two – “send it in.” But the result of that hire has been positive even beyond our high expectations.

I titled my talk today “Unlock the Power of Global Thinking” that is my company’s motto, but it also could be titled “Bringing the World to Alabama” because what I have done, as I look back over the years, is reach out from my home base--I grew up here, Crestline Elementary all the way through the public high school. I went away to Washington and Lee in 1969 and for thirteen years I was away in England and in New Haven, Connecticut and Washington, D.C., then came back to Birmingham. What I always sought to do was to broaden myself, expand my horizons, deepen my understanding of the issues in the country and gain an understanding of the issues in the world, and then come back here for the benefit of my community, because I always felt like this was home. I remember George Lynn telling me when we were talking, years ago, that he just could not get the red clay of Alabama off his feet, metaphorically speaking. He had gone away to Lawrenceville School, Princeton and UVa Law School and just wanted to come back home; and that is the way I felt and that is what I always advise young people. It is terrific to get away. I think it is very important, I will not say it is essential but, I think it is very important to get away, to experience things outside of your immediate comfort zone, to broaden your horizons, but then to come back and to be able to see your home with fresh eyes and to bring a new perspective on the issues, the problems, the challenges of the day, I think is very, very exciting.

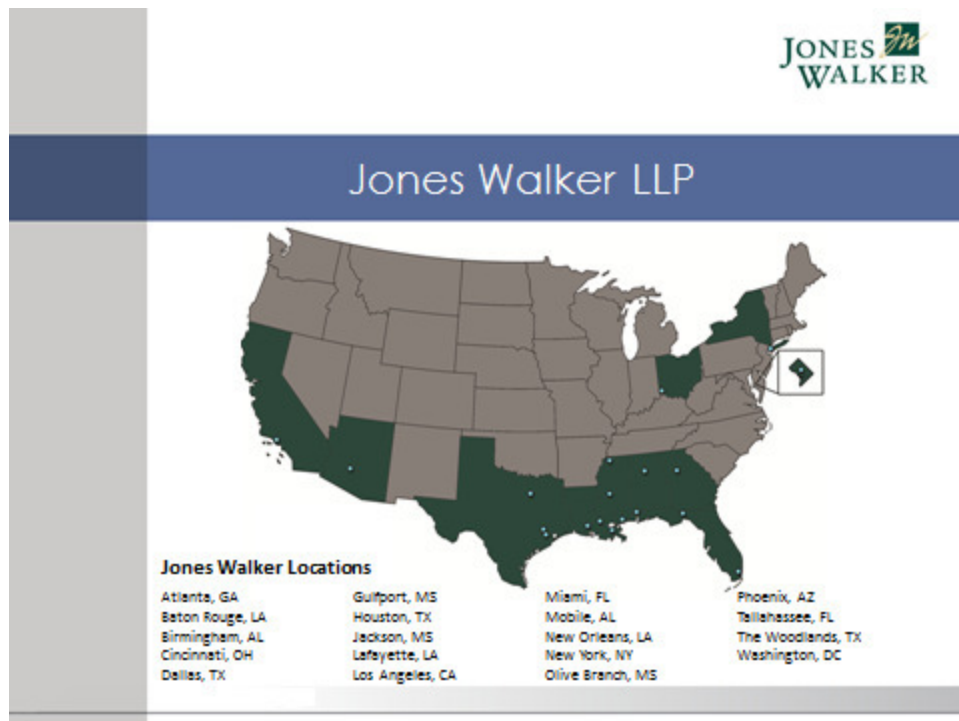


So, I practiced law for many years, and then had a wonderful decade at the University of Alabama System: UAB, the University of Alabama at Huntsville, University of Alabama—3 terrific institutions and a dynamite economic package-- a \$4 ½ billion dollar system with over twenty-three thousand employees and sixty thousand students. What a terrific opportunity to have an influence and an impact on the life of our state. We worked very closely with Auburn-- I am very good friends with Jay Gogue and with Lee Armstrong, the General Counsel of Auburn. But to have been involved in higher education for those years, I really count among my cardinal blessings to have had that experience, and it really planted the seeds that have grown in my post-university experience.

In the latter stages of my time with the University of Alabama I was given more and more responsibilities for international initiatives. At one point, the Chancellor asked me to help lead our first international initiative, a system-wide delegation to India. He said to me “Ralph, do you know anybody in India that could help open some doors for us?” and I said “Well, I don’t really know, but let me think about it.” After giving it some thought, I contacted my counterpart in the Rhodes Scholarship Administration in India, Dr. Virander Chauhan, a highly regarded research scientist in infectious diseases and the head of a UN research organization in New Delhi. He in turn introduced me to the Chairman of India’s Rhodes Scholarship Selection Committee, a gentleman named Ratan Tata who, at that time, was the CEO of the \$83 billion Tata Group, an automotive, steel, telecommunications, and hospitality conglomerate. You talk about a “first family” of India, the Tata family was it, and he was just incredible. He and Dr. Chauhan opened so many doors for us. My boss, colleague and friend, Chancellor Malcolm Portera, was very interested in the automotive industry because, in many respects, he is the father of the Alabama automotive industry. He brought to our state Mercedes Benz and then the others

that followed, in his role as the lead negotiator through the University of Alabama. He was just delighted because we ended up being able to pitch Alabama to the CEO of Tata Motors at a reception they sponsored for us at the Taj Mahal Palace Hotel, which they owned. Tata Motors manufactures, in addition to a range of small Asian cars, Land Rover and Jaguar. So, for us from Alabama to show what we could do on this world stage, thousands of miles away, was really very exciting. I remember, on the ride home in our cab from that presentation, I turned to Mack and said “You know, this is really fun! It is really exciting. I am using my contacts in ways that I have not done before. I might like to do this at the next stage of my own career.”

Well, fast forward a few short years and that is exactly what I did. I left the University of Alabama System in 2013 and started the Ralph Smith Group.



Mike Waters here, my good, good friend, invited me to locate my company in the Jones Walker law firm, a New Orleans based, business oriented law firm that is national in scope. That decision continues the theme that I want to build on today: “You spread out in order to

strengthen the core.” Jones Walker is a four hundred person law firm. I understand you had a speaker here recently from the Baker Donelson law firm. The number of law firms in Birmingham that are part of a regional or national network is a growing phenomenon. Maynard Cooper, Harrison’s firm, has just opened an office in San Francisco and there are a number of similar examples. Our firm has twenty locations around the country from California to New York City and, as you will see from this map, the heart of it is right here in the Gulf South region. That is our strength: shipping, oil and gas, banking, business-- all of the things that make our region strong and that make it appealing in the international area.

I am continuing the law practice that I have always had, mainly business, corporate and international transactions with the Jones Walker firm and, again, the great joy to me is bringing the benefits of those national connections right home to Alabama. We have 60 lawyers in Alabama in offices in Birmingham and in Mobile.

But the main focus of my efforts since leaving the University has been in the formation of the Ralph Smith Group, which, as Stewart says, is “a global management consulting company focusing on higher education and business”--and we are all over the world.



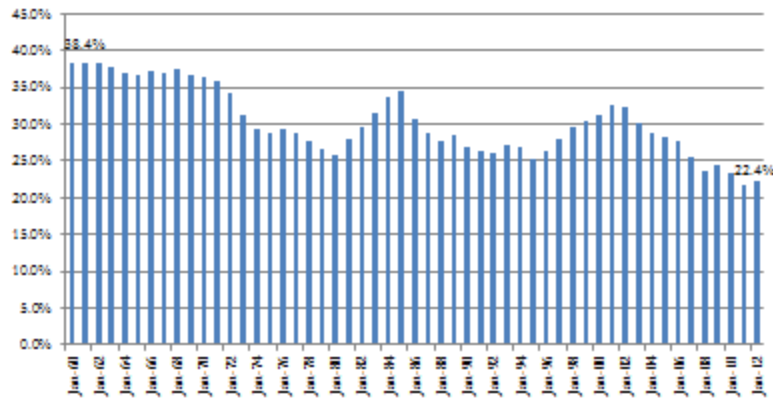
We have wonderful connections through Jones Walker with the twenty offices in the United States, but I have partners, clients, and advisors of the Ralph Smith Group in all parts of the globe. Through these world class business and academic experts, we bring cutting edge expertise in business as well as higher education.

Well, I guess the first question you might ask is “Okay, why “global?” Why is this of interest?” I have a couple of slides courtesy of Charlie Perry and Highland Associates’ Will Wykle that will, I think, illustrate why we have a global focus.



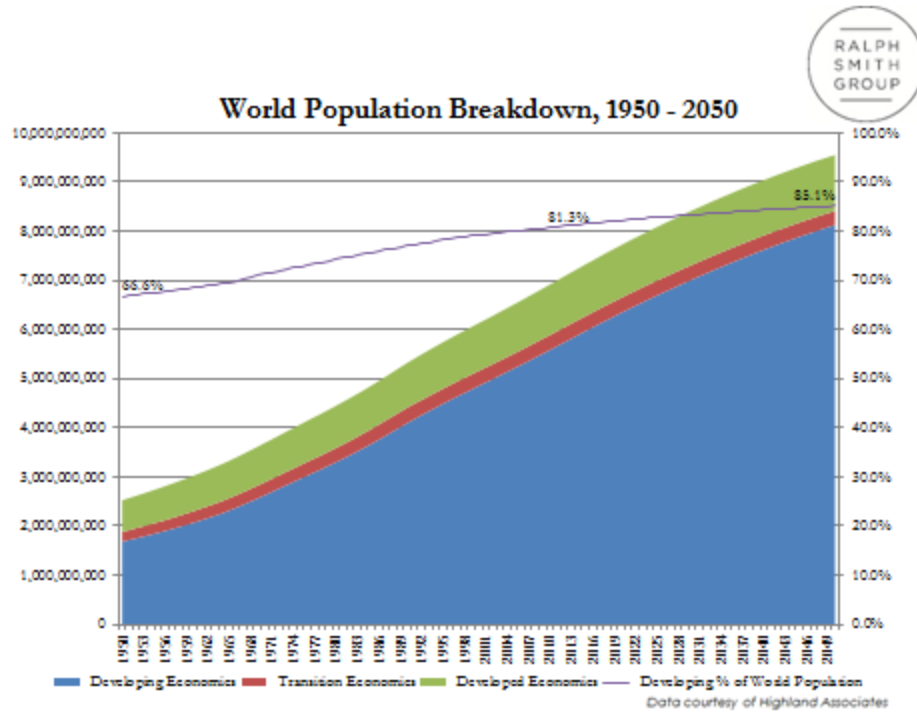
## Ralph Smith Group

### U.S. GDP as a Percentage of World GDP



Data Courtesy of Highland Associates

This slide shows that the United States' gross domestic product as a percentage of world GDP has gone from 38% in 1960 to 22% in January of 2012—about a 42% decline. In other words, as dominant as the United States' economy has been, it is a shrinking part of the world economy. If you went back further it would be an even bigger decline. One of the drivers of this change, shown on the next slide, is world population breakdown.



The developing market population as a percentage of the total world population has grown from 66% in 1950 to 81% in 2013 and is projected to go up to 85% by 2049. Again, what this means is our country’s portion of world economic activity is shrinking. Of course, the pie—so to speak—is growing very rapidly and that is the benefit. You might ask: “Is this good or is this bad?” The answer depends on whether you are plugged into the world community, if you can be innovative, if you can offer something that the world needs at a competitive price. If so, this rapidly growing world GDP is a tremendous benefit to you, your company or your academic institution.



The Ralph Smith Group provides traditional management consulting services for both businesses and higher education. By “traditional” I mean we help companies identify their goals, develop strategies to achieve those goals, and metrics to measure their performance so that they can have a realistic matrix of all of three. But, in addition to that, we focus on the fundamental elements of success: namely, assembling and structuring the collaborations that are the foundation stones of the modern economy. The modern economy, and America’s role in the modern economy, is going to be based on knowledge. A knowledge-based economy is going to drive the 21<sup>st</sup> Century, and it is our experience that there is a huge push driving both business and higher education together in a global rush towards innovation. That is why we have focused on business and higher education. There is a significant convergence of interest between those two, vitally important sectors in the modern world. I’ll tell you a little bit about what motivates this trend, and what we see.

There has been a dramatic decline in funding for higher education around the world over the last 6 years, since the beginning of the Great Recession. Our expectation is that public funding for education will be flat or declining for many years to come: that is true for, by way of example, the National Institutes of Health, research funding generally, and also for state appropriations. But our experiences at the University of Alabama System have given me a perspective on how you can succeed in that environment. Ten years ago, even before the recession and dramatic cuts in funding, we made an explicit decision not to wait for the State of Alabama to create success for us but to take responsibility for our own success: to be entrepreneurial, to be aggressive, to be strategic in our thinking, to develop auxiliary forms of revenue, to invest for excellence. I am very proud to say that when I left our state university system, well over 92% of our revenue was from non-state funds.

That is terrific! And it has given me a valuable perspective on what it takes to succeed, even in a challenging fiscal environment. Higher education, because of these funding cuts, is facing an imperative to be more strategic in its thinking, more business-like in its planning and execution, and to develop auxiliary forms of revenue. The licensing revenue for the University of Alabama, for example, is significant. The amount of revenue that can come from patents and other intellectual property in a major research institution like UAB is tremendous-- and to help institutions build a framework to develop resources to renew and replenish is a very important thing that we do with our national and international partners.

Now, at the same time, business is converging toward education. The old research and development model of Bell Labs-- company people sitting around trying to invent a better telephone-- that just does not exist much anymore. Modern research and development for companies is going on in the universities and related academic research centers, like Southern



Research Institute here in Birmingham. So building partnerships between universities and businesses in this global innovation drive is a key part of what I think successful institutions and successful economies will do.



Two years ago, to “put some flesh on the bones,” I co-founded something we called the Global Innovation Alliance-- a consortium of business, education, and governmental institutions to promote innovation and economic development worldwide. We wanted to identify the brightest minds in the world in some key areas. We focused largely on two areas: the application of advanced technology to healthcare and the application of advanced technology to manufacturing—so called “smart” manufacturing. We identified the smartest people and brought them together to stimulate further creativity and innovation, and then introduced entrepreneurial elements into the mix to try to capture the fruit of that innovation for economic development. Just last summer, we hosted thirty people right here in Birmingham, bringing the world to Alabama. Thirty people from Asia and some of our partners in North America. A few

examples: a Korean entrepreneur with a concept for developing disposable and affordable endoscopes, to address the problems of infection with repeated use. Smart technology for syringes. Today, if you want to biopsy an internal organ, often you have to pierce another organ to get to it. We have technology now, using memory alloys, that can curve a straight needle after it is inserted into the body on a predetermined path that will bypass a sensitive organ and get to the target for the biopsy. These are tremendous advances, and many others like it, that will make our lives better and will generate, we hope, revenue for the research institutions that we need to invest in to stay on the cutting edge. This very exciting, and we have done here right here in Alabama.

Now, we do not pretend that we have all of the answers here in the USA. We acknowledge that when we go into international discussions. We acknowledge that there are many contributions that our partners can make to us—valuable things we can learn from them. I just negotiated a framework for international research cooperation between the Argentinian Department of Science and Technology and UAB. Argentina has more Nobel laureates than the rest of South America combined: tremendous skill in the health sciences. We are going to be stronger by partnering together. When I was in Pune, India three years ago, we visited the Center for the Development of Advanced Computing. We were very proud of what we had, particularly at UAB, in terms of computing power. Talking and trading stories, we suddenly realized that in this little town, quite small for India, an hour and a half from Mumbai, they had more computing capacity in their Center than we had in the entire state of Alabama!

There are significant ways that our business and education institutions can partner with foreign companies: drug discovery, pharmaceutical research, manufacturing technologies, to name just a few. We have great strengths in basic sciences, for example. In India they have got

thousands of Ph.D. students that can work the permutations that underlie drug discovery. Partnering together with a business or university abroad-- building a stronger base for collaboration: that is the key to the future and is certainly something we are very excited to be doing.

The image is a promotional poster for a presentation. It features a dark blue horizontal bar at the top. In the top left corner, there is a circular logo for 'RALPH SMITH GROUP'. In the top right corner, there is the 'JONES WALKER' logo. The main title of the presentation is 'Ralph Smith "Unlock the Power of Global Thinking"', centered in a large, black, serif font. Below the title is the logo for the 'KIWANIS CLUB OF BIRMINGHAM', which includes a globe icon and the text 'SERVING THE CHILDREN OF THE WORLD'. The date 'October 7, 2014' is centered at the bottom of the poster. The background is white with a grey vertical bar on the left and a grey horizontal bar at the bottom.

I mentioned the framework for international research in South America, in part, to focus back on “unlocking the power.” There is latent potential in each of our business and education institutions that can be realized more fully, that can be multiplied, by partnering with others and thereby unlocking that latent power. We are bringing the world to Alabama. Whether it is bringing people to Alabama from around the country--as Drayton, Johnny, and Neil helped do-- to interview Rhodes scholars from a five state area or otherwise, we are going to shine a light on our home community, help make us an important player on a global stage; and I hope, at the end of the day, we will be able to say to ourselves that “We are helping to make, not only our community, but the world a better place.”

I am at a stage in my life where the most important things are to work with people that I like and respect, on projects that are interesting, and that have the capacity to make the world a better place. When I was in India three years ago, amidst its teeming mass of humanity, huge population, Tata Motors had just introduced to the market a \$2,000 car called the Tata Nano, a basic four passenger car that was really incredible. We got to ride in it. It was intended as a step up for a market population for whom the family vehicle was a motorcycle. And we saw plenty of those: families of four and five people on a motorcycle, with the father driving, the smallest child sitting on the handlebars, and the wife and older children hanging on the back. It really captured my imagination even just seeing, in that image, what the power of a good idea can do for the world: lift millions of people out of poverty, giving them a chance at a better life. That is what I am so proud to be at least trying to do.

That is what the Kiwanis Club of Birmingham, the world's largest—wow, how impressive is that!—is doing: helping to build a better future for not only the “children of the world” but for all of us. It is a real honor to be here with you today. Thank you so much.