

## Vernon Heath

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**Interview with Vernon Heath**

**Interviewed by Professor Clarke A. Chambers  
University of Minnesota**

**Interviewed on October 19, 1995**

Vernon Heath - VH  
Clarke A. Chambers - CAC

CAC: This is Clarke Chambers. I'm interviewing this morning Vernon Heath who received his degree from the University of Minnesota some years ago and, then—we'll come to the story in detail—became active through the Minnesota Foundation and other connections with the university. I hope we can trace out that connection and relationship and what they meant. It is the morning of October 19, 1995. I'm doing the interview in the office Rosemount Office Systems.

Mr. Heath, before we turned this machine on, I suggested that we could start with a bit of autobiography. I know you were a graduate of the University of Minnesota. Maybe, you want to say something about your family. You say you were born on a farm in northern Minnesota?

VH: I was born in northern Minnesota. My father, grandfather, great grandfather had all farmed the sand around Princeton, Minnesota. It was a case of when these immigrants came, they settled and they stayed. This really was some of the poorer farmland in Minnesota but they never moved to some of the better areas.

CAC: What immigrant group were you from?

VH: [laughter] My father was Irish/Scot and some other things and my mother was 100 percent Norwegian; so, we had kind of a Heinz 57 actually. The farm life, in some ways, during the 1930s was a hard life.

CAC: Ohhh.

VH: Things weren't automated and things like; but there was a real richness in the culture of the neighborhoods, if you will, because people helped each other in times of harvesting, or cutting wood, or butchering, or any kind of a hardship. They worked together. Everybody was somewhat in the same economic level, which was not much; but it was very rich and I have warm feelings. I think it had an impact on my later career of wanting to develop teamwork and people helping each other.

CAC: Was it a large family?

VH: I was the oldest of eight.

CAC: Oh, my.

VH: So, it was a large family. In 1937, I had polio. This was practically unknown at this point in time.

CAC: How old were you then?

VH: Eight years old.

CAC: Oh, my.

VH: In the long run, it turned out to be a blessing. I didn't maybe recognize it at the time. I would probably have been trying to farm that sand around there. None of my family went on to any higher education. It was clear that I had to do something different because I just couldn't do the physical labor.

CAC: None of your siblings went on?

VH: Two of them became nurses and a couple went part way and so forth; but, by and large, they stopped after high school. We didn't have any money so I had to find a lot of ways to get to the university. I started in 1947. I always remember my first day at the university. This country kid that was coming from way out in the country to this big city . . .

CAC: Right into the GI bulge. There were just tens of thousands.

VH: Finding housing was almost impossible.

CAC: I'm sure.

VH: I was so late in getting my money lined up that I was one of the very last to register and get in. Actually, in my first year, they converted the upper floors of Memorial Stadium to barracks for students.

CAC: Good heavens!

VH: For eight dollars a month, I had . . .

CAC: [laughter]

VH: . . . one of these big rooms where you had either an upper or lower bunk. Studying was a challenge because there was a card game any hour of the morning and night. Of course, the average student was a GI. I thought they had all the money in the world . . . whatever it was, \$80 or \$120 . . . I can't remember exactly. Still it was a tremendous experience. Beside the academic learning, just meeting the people and sort of beginning to understand the world. I started out this first year going to be a History major because I was always interested in history but the world was a little different. After I completed my first year, my adviser told me that she just didn't think I could handle that teaching because it would be too physically demanding.

CAC: Ohhh.

VH: She suggested I look at something else. I, also, had liked some parts of math and I had taken some bookkeeping; so, I moved over and majored in Accounting.

CAC: In what was then the Business School.

VH: What was then the Business School in Vincent Hall. It's an interesting thing, again, how the world has changed. At the end of my junior year in Accounting, you could either go into industrial or private company accounting or you could go on to be a CPA [Certified Public Account] in public accounting. Once again, my adviser said, "That CPA business is very demanding. You have to travel a lot. You're out of the office. I think you better go into industrial." I did that and thought that was great. I can tell you later on in my life, I think I have some 2 million air miles because we . . .

CAC: [laughter]

VH: . . . ended up having thirty companies or so around the world. But people were genuinely trying to help me. They were not being negative or anything else. They were just trying to be practical. If you keep your persistence and keep going on, you'll find a way.

CAC: The accounting you were learning was pre-computer?

VH: Oh, gee! We had cranks. You didn't have any of those . . .

CAC: You had to teach yourself this later?

VH: Yes. There was a blessing in that though. You just had to know almost [snap of the fingers] instantly your multiplication and division. To this day, I can almost do those things in my head faster than most people, even at my age. We just practiced it so much. The first adding machine, when I went to work, had a handle. You pushed the numbers in and you pulled the handle down. Through a couple summers, I worked at the University of Minnesota garage operation. I was a part time bookkeeper and, once in awhile, garage attendant there while I was going to school, which was a good job and I needed money. It was very important to me so I did that. I graduated in December of 1950 with this Accounting degree. I did have a short job with a hearing aid company for about a year.

CAC: Before we go into that, could you say a bit more about . . . were there some professors or some courses that were particularly useful or exciting?

VH: There was. A couple of teachers that I remember particularly . . . Mrs. [Audrey] Parish taught Humanities. Again, you can't believe how naive a country boy in those times was about those world.

CAC: I can believe that, sure.

VH: Since I was majoring in History, I had these three quarters of Humanities. Tolstoy, Zola, the French Revolution . . .

CAC: Those were great courses.

VH: They were great courses and I just learned so much.

CAC: Who was the person you suggested . . . ?

VH: Mrs. Parish. She just died a few years ago. I think it was Mary but I can't remember for sure. She and the course were very instrumental. I hadn't really developed my math to the capability I had; so, when I started taking some math in the second year, there was a Miss [Helmer] Johnson that was a fabulous math teacher. I had two quarters of math with her. She just plain got on me and said, "You can learn this stuff. You can actually sell in it." At first, she thought I'd better go back and take dumb-dumb math. [laughter]

CAC: [laughter]

VH: So, we got by that. It was a great benefit to me and worked out very well. There are always people at the university who want to help you . . .

CAC: At its best, that's true.

VH: . . . if you don't have your mind closed or if you recognize you don't know everything yourself.

CAC: I'm guessing that most of your instructors in the School of Business were male? The two persons you suggest that really cared about you and the subject were females.

VH: That's exactly right. When I did get into Business School, Harry Heilmann was head of the Accounting Department, and he certainly was very helpful, and a Mr. [Reuel] Lund. This year, 1995, I did the commencement speech for the School of Management.

CAC: Oh, good.

VH: One of my marketing instructors was still teaching part time. She taught marketing and she was very memorable to me. I actually recognized her in my commencement speech because she was still teaching there . . . Mrs. Lillian Warner. There were always certain instructors . . . not only were they helpful but the fact is they hit the things you were interested in or recognized that you needed. Many, many more were very, very helpful; but I think of someone as being helpful in hitting your particular area of interest, maybe that you didn't even realize you had.

CAC: As an instructor on the other side of the lectern—I'm not bragging about myself—the best teachers are able to divine what that interest is in individuals and at a large university, that's not easy. I'm glad that you had this experience.

VH: [E.W.] Ziebarth in the History Department . . .

CAC: He was their dean but he was Speech Communications, I think.

VH: Yes. I can't remember who taught the freshman . . . three History Courses that I took. One was European history and so forth. Those were very important.

CAC: I hope it was John Wolf. No?

VH: Not John Wolf. I should remember that.

CAC: He was one of our really great teachers.

VH: I sort of think that too often when you go into the professional specialities, like Accounting or Engineering, you don't get a lot of the liberal arts thing.

CAC: Yes.

VH: I really am thankful for the Humanities year I had and all the History I had. They were things that I was naturally in.

CAC: Did you ever get to take Economic History from [Herbert] Heaton.

VH: I think I took one course from him, right. My first professor of Private Government Finance was Walter Heller.

CAC: Oh, well!

VH: You'd never forget Walter. [laughter] Walter was extremely bright. He might have been wrong but he was never in doubt.

CAC: [laughter]

VH: Of course, an economist, I think, has to be that way.

CAC: Right.

VH: He was just memorable. I thought we could go on borrowing money forever. [laughter]

CAC: [laughter] You had a good experience as an undergraduate.

VH: Yes, I did. I have to tell you, it was a culture shock for me coming from this farm community, which was rich in all kinds of wonderful things. Going into this higher education where I was really the trailblazer, if you will, for my family, I had no role model that had ever been there before. The first year was really a challenge for me.

CAC: I'm going to say something for posterity here because I think at the university in that generation, let us say 1930 to 1970, so many of our students were the first of their generation to go to higher education . . . so many of them. I knew that as a student of education and a person who kind of hung around and listened at the university. In my interviews, what really has surprised me are the number of professors who were the first of their family to go on, and went on all the way to the Ph.D., and then into higher education. I'm guessing, 40 percent. I always thought that we were mostly professional families. A large number of them . . .

VH: And particularly with that GI Bill there . . .

CAC: Yes!

VH: . . . was such a demand [unclear] new students. Another interesting experience during my time at the university as a student . . . With this polio, I had crutches all my life and the winters around Minnesota are sometimes filled with ice and everything else . . .

CAC: Indeed!

VH: . . . there were blocks to walk and sometimes very treacherous. I think I found more tunnels underneath the university than the maintenance people knew. [laughter]

CAC: [laughter]

VH: I even got into a dead end one time. Having been in the garages, I knew a few of them then.

CAC: The physical facilities were not as friendly then as they have come to be now.

VH: When I was at Vincent Hall . . .

CAC: You had to go up steps.

VH: Yes, there was the basement and there were three floors there. As we think back on history, it probably seems to me like it was twelve floors but I'm sure it was only . . . [laughter]

CAC: Four.

VH: . . . the basement and three others. They didn't have elevators.

CAC: The office I came into with Social Science, Ford Hall on the Mall, you couldn't get into it without going down a flight of stairs or up.

VH: Yes, that's the way architecture was in those days. Things have come a long ways. I was extremely fortunate to be able to go to the university and the university has been awfully important to my education level. Then, after graduating, I worked for about a year for the hearing aid manufacturer but it was a very narrow focus job. I responded to an ad from the university at the Rosemount Aeronautical Research Laboratory at Rosemount, Minnesota. Jet aircraft were new and there were all kinds of things we didn't know about jet aircraft in those days. John Ackermann, who was the head of the Institute of Aerospace—I think he founded it, if I remember right—had gotten the land out at Rosemount and was getting government contracts. He had a wonderful program where he recruited very talented people to do a combination of things and get their master's or doctor's degrees while carrying on R&D [Research and Development] projects for various government projects, mainly relative to jet aircraft but also some of the beginning things of aeronautics that went into the space programs later on. That was a wonderfully successful combination. I went out there as the business manager in . . .

CAC: At that tender age.

VH: Yes . . . September of 1951. I was twenty-two. [laughter]

CAC: Boy!

VH: Fortunately, I didn't know what I didn't know. [laughter]

CAC: [laughter]

VH: It would have been hard to have gotten as broad a job as I did without having gone to the university. They had over 100 people and I don't know how many Ph.D.s. They were making great contributions. One of the Ph.D. engineers was a man named Frank Werner, who was a leading aerodynamicist. He was a great inventor. He had developed measuring devices for jet aircraft . . . outside air temperature. . . on an air force contract. When he finished the contract sometime in early 1955, the Air Force wanted someone to manufacture it. They sent the thing around to various air companies and no one was interested in it; so, they came back to Frank and asked him if he wanted to start a company and manufacture it. By the fall of 1955, he had decided that he wanted to and he got permission from the University of Minnesota to start this company as a part time activity while continuing his position as project engineer at the university. I always say he did recognize that he needed some kind of a business person and since I was the only one out there at Rosemount, Minnesota, I was the one he came to. I and another man named Bob Keppel joined him in his part time activity, which we started in January of 1956. For, roughly, eighteen months, we continued doing our regular jobs at the university in the regular daytime hours and then on evenings and weekends . . .

CAC: Ahhh.

VH: . . . we were building these at, at that time, the Rosemount Engineering Company. The university was tremendously supportive.

CAC: That was one of the first efforts the university made in what we now call technology transfer.

VH: Yes, I don't think back in those days we ever even thought of the term technology transfer to be perfectly honest.

CAC: It wasn't used.

VH: The university was really a leader. The Medical School was world renowned for the things they were doing at that time. The Aeronautical Engineering Department had some of the leading aerodynamicists. In the Mechanical Engineering, Dr. [Ernest] Eckert was one of the leading heat transfer people in the world.

CAC: Yes.

VH: It was kind of a natural area. Besides just creating a lot of technology and, actually, for us being the foundation of starting a company, it was educating a lot of very talented people, of getting advanced degrees, in a way that they, perhaps, would not have been able to do otherwise because the university hired them with the understanding they were going to work part time, take courses part time. That was about a thirty mile drive then to go to a class, too. We didn't have remote TVs and all that sort of thing in those days.

CAC: It runs against the culture, as it was at that time within the university, where to be engaged in a major way in a business enterprise was not well thought of by faculty and by the culture.

VH: Right. I had kind of a dotted line responsibility to Morrill Hall, to the university management.

CAC: I see. The university didn't have any money, any capital in this? They were just giving a green light to these individuals to do this?

VH: I don't remember the exact details of that. John Akerman supposedly went and bought that land out at Rosemount, which turned out to be the Ag land and the . . . for one dollar—that's the story that I heard—and brought it back into the university. I think there was some university money put in those facilities and things out there. I'm more familiar with the aero side and I think most of that was paid for by government contract. I'm certain in developing the Ag area, the university had to have put quite a bit of money into that at that point in time. That was some of the very best land in Minnesota out there at Rosemount.

We reached a time where we had to go full time . . . just the demands of time. We hadn't been drawing any money. None of us had any money to speak of; so, we were starting this company without any money.

CAC: You had severed your ties with the other company? You're still working for the . . .

VH: We worked for the university for this first eighteen months, full time for the university and started the company. This was all agreed to with the university. We did it evenings and weekends. Werner had some money . . . his was the most seed money.

CAC: Was it moonlighting for you or were you having a full time job during the day also?

VH: No, I had a full time job at the university. All three of us had full time jobs with the university . . .

CAC: All right.

VH: . . . with their blessing and consent. We had rented a converted chicken hatchery in Rosemount; so, we left the university facilities, went into the town of Rosemount to this converted chicken hatchery, which had just been converted in some apartment units which we took. Then, we were, probably most of the time, working another eight hours there, plus weekends.

CAC: You were a busy young man.

VH: We were busy young men; but we were driven by an unusual opportunity. We continued that moonlighting, if you want, plus the work at the university, for about eighteen months. Then, we went full time into our new venture, Rosemount Engineering Company. The first building we built was in Bloomington here, one of the early small buildings. Just to say a few words about Rosemount Engineering . . . it went on to be a leader in space technology. Every space program and things that went up had Rosemount technology on it. When Neil Armstrong went to the moon, he had three Rosemount instruments in his space suit that were all vital to his survival. We, then, took the space technology and applied it into the industrial world of process control. Anytime in a process like refining, or chemical plants, or power where measuring of certain parameters like temperature pressure and so forth were very important, we had a superior measurement instrument. Consequently, we really became a Rosemount [unclear] and became primarily industrial measurement control instrument . . . Today, every commercial plane that you fly on, practically every one in the world, has got Rosemount measurement air, temperature, pressure, altitude measurements. Frank Werner was the first CEO [Chief Executive Officer] from 1956 to 1968 and I was the CEO from 1968 until 1991 when I became chairman for three years. Then, I retired in early 1994. I un-retired in the fall of 1994 when I bought the . . . We had this relatively small division, Rosemount Office Systems, Inc., which makes these office systems, these panels, and so forth, kind of a common way now that are used in offices.

CAC: Gives you more versatility?

VH: Right, flexibility. You can change them overnight. You can change the desk top levels and do a lot of things with them.

CAC: In the meantime, you had to learn something about technology as well as about business.

VH: [laughter] If you ask my wife, she'll say that I'm one of the poorest technologist she's ever seen. I think that my secret on that was that I understood people well enough. If you learn to just watch who did what, and how they did it, and how the progress went along, and how it came out, in a general way, you could sort out who was the best technologists. I was actually quite successful at that even though I'm a lousy technologist but I can recognize people that are blowing smoke or know what they're talking about.

CAC: You mentioned earlier that you brought to your managerial strategies or philosophy the experience as a young boy in northern Minnesota of cooperation. Could you say a bit more about that in managerial style?

VH: Sure. As I said, Clarke, earlier, in farming communities, almost by necessity but it was kind of joy, a social thing, the farm neighbors got together to do things. Like a threshing machine was a major piece of equipment so not everybody had it. When harvesting time came, they were all helping each other. When you butchered, you butchered first and, then, it was a social occasion. You'd cut wood and, then, it was a social occasion. I saw people working together, and enjoying each other, and so forth. I was always strongly believed that first of all you need teamwork and second, people are a lot happier if they like each other and like working together. You can't mandate or guarantee people are going to like each other but if they know that they're working on some common objective together and they recognize they're moving towards it . . . We had an all-employee profit sharing every year . . .

CAC: Right from the beginning?

VH: It was in 1962, almost at the beginning. Every employee shared in the profits right from the janitor on up. Everybody would agree it's nice to have teamwork and do things together but when they get to share in the rewards of what they accomplished, it has much more meaning. I think there's equity to it, too. I always thought they deserved to share in the performance of the company, of the profits they helped to generate.

CAC: The company came to have how many employees then?

VH: It got awfully mixed up because there were acquisitions and so forth. When I retired as CEO in 1991, I actually, with a certain number of acquisitions, had responsibility for 10,000 people.

CAC: That's some business starting from three guys.

VH: Yes. In 1976, Werner had left and he had been the majority owner. We got bought out in 1976 by Emerson Electric. Emerson Electric left me to kind of run the company like it was pretty close to . . .

CAC: Semi-autonomous.

VH: It was quite autonomous and it was very successful then because we really started to grow. We were just starting to grow. We had a lot of people trying to acquire us. One of them—not Emerson—who I would call kind of a bad guy, wanted to acquire us; so with Emerson, we reached kind of an agreement, which I thought would be good for the employees and good for the company and we could go on without being destroyed. With a lot of these acquisitions, the acquirer simply destroys the company. Rosemount, at that time, was doing about \$40 million

in sales. I'd say that if we took just the acquisitions away, by the time I retired the Rosemount part was probably doing \$650 million or something like that in sales. We had twenty-five or thirty companies around the world. You and I have been talking about the value of culture. We built a lot of international companies and I think that when you are going to these countries, it's very important to understand the culture of that country. You only had to go a couple hundred miles in Europe before you went from one culture to another.

CAC: You bet.

VH: They work very hard at maintaining that culture difference. This challenge of being a united Europe is very difficult because the Germans and the French are going to be different than the . . .

CAC: To say nothing about the poor Yugoslavs, right?

VH: Oh, geez! there is a horrible example. I remember we were selling to Yugoslavia when they were still held together by the Tito regime. When he was gone, it started unraveling.

CAC: Did you manufacture abroad or was this largely sales?

VH: We actually manufactured. We sort of always said, "We kind of made the [unclear] here in Minnesota." We had some added manufacturing in England and Germany, particularly, and later in Singapore, and Canada, and Japan. We weren't tremendously successful in Japan but everywhere else, we were very, very successful. When I retired, we were doing over 50 percent of our sales outside the United States.

CAC: Heavens.

VH: We had a really good international organization.

CAC: In the meantime, you continue an interest in the university?

VH: Oh, yes, I've been active in several things in the university. Back some years ago, probably the early 1970s, I was chairman of . . . they call it now the Board of Overseers. They didn't call it that then. I've forgotten what they called it. That was for a couple years at the School of Management that I did that. Since, roughly, 1986 or 1987, I've been on the Foundation Board of Trustees and in about the last seven years, I've been chairman of the Investment Committee of the assets that are invested, endowments and so forth, of the University of Minnesota Foundation. The individual that really sort of launched this fund raising ability for the Foundation was Mr. Bob Odegard who also happened to come from Princeton where I came from.

CAC: Ah!

VH: He also made quite a contribution to this.

CAC: I've interviewed him and that's an engaging story. He had so many different careers. You've defined a number of contacts at the university—I'm going to back up—for example, the advisory committee, or whatever you called it, to the, then, School of Business.

VH: Board of Overseers.

CAC: How did that function? How did the dean use that group? What things did he want from the group? How were you able to strengthen the program?

VH: It was somewhat like a Board of Directors except they didn't really have the budget responsibilities or all those sort of things.

CAC: Excuse me. Who was the dean at the time you came into it?

VH: When I first started the Business School, it was [Richard] Kozelka?

CAC: Probably.

VH: In 1990, it was right before David Lilly . . . Once upon a time I was so very good with names and they seem to escape me.

CAC: Well, welcome aboard.

VH: [laughter]

CAC: Even though that's my business, I have a hard time with it. Did you go on with David Lilly, too?

VH: Yes. I wasn't the chairman there. I was chairman when David Lilly became the dean.

CAC: Okay.

VH: I came on when whoever preceded him . . .

CAC: He was really one of the first persons from outside the academic community.

VH: Yes, and I think he made really quite an impact on the School of Management and, then, he went on to be really the . . .

CAC: Vice-president, yes.

VH: I always thought that that position was close to a chief operating officer, if you will, being officer of the administrative and financial kind of things. A president of the university, in my mind is . . . We, the world, have such unreal expectations of all the things that he's supposed to be instantly expert on that I don't hardly know how one human can do that. We need to have more people that the outside world looks to. It is an extremely difficult, challenging position. President [Nils] Hasselmo attends most of the executive meetings of the University of Minnesota Foundation; so, we have regular things with him. He has certain committees . . . I've been on one of his search committees and done other things with him.

CAC: What search committee?

VH: I suppose by the time this gets . . . it doesn't matter. I'm on the search committee for the new senior vice-president and chief financial officer to replace Robert Erickson.

CAC: I see, good. How many vice-presidents and how many presidents have you worked with, have you known well?

VH: The presidents that I've known somewhat reasonably well are Nils, and Peter Magrath, and in between . . .

CAC: Ken Keller?

VH: Ken Keller. I knew those three reasonably well.

CAC: Could you say something about your perception as a business man of their managerial skills or styles?

VH: It's difficult. I felt in a lot of ways that some of the things that happened to Ken Keller were unfortunate. I think he was a very, very gifted person. I think this whole thing that developed at his house somehow administratively went awry. The buildings facilities people of the university really take care of those kinds of things. It's not like you and I building a home where we are modifying it where we might get our own quotes and things. I think he was kind of depending on other things. He contributed to it somewhat, I think, too. I think it was a tragedy because I think he was a very, very gifted man. It turned out to a little period of discontinuity.

CAC: He and Lilly were the persons who really started this \$350 million fund raising?

VH: Yes, right. I was part of that fund raising. I can't remember what position I had, to tell you the truth.

CAC: When you're a member of a committee like that from the outside how often do you touch the university? Do you do it through the president and the vice-president for Finance?

VH: A good share of my work has been done through the University Foundation, which was Bob Odegard and . . .

CAC: Now, Gerry Fischer.

VH: Right, now Gerry Fischer. They are sort of the conduit to the university. Hasselmo is really the one that I've gotten to know the best, I guess, because I've been more . . .

CAC: You had no sense of Magrath's administrative managerial style?

VH: I can't tell.

CAC: That's fine. Could you say something about Mr. Hasselmo then?

VH: I think Nils Hasselmo is an absolutely outstanding person and a president. We live in a time where what the public and the world expects our leaders to know, and do, and be perfect in every respect is just unbelievable. Nils does an outstanding job in that area in my mind. I'll go to two parts. First on the public relations with the alumni and the various interested groups of the university, he's a gem. He has a just a wonderful human manner and way of doing things. He just communicates on any level and with any person. He's quick to be in sync with the group that he's with. In one sense, what we're going to lose when he retires in 1997 more than anything else is . . . I have a feeling that he relates more with his constituents than practically any president could.

CAC: He has to relate to the legislature, and the faculty, and the community . . .

VH: And the newspaper.

CAC: . . . and the Board of Regents!

VH: Yes, and the Board of Regents. I think it's a task that's almost . . .

CAC: It's more difficult than the task that you had in the private sector?

VH: Oh, yes, absolutely. Absolutely. It's looked on strictly as a public institution. In one sense, that's correct; but, we're down to where only about 29 percent of the revenue is provided by the government, the state, which is obviously very important. In some sense, I feel the legislature is a little bit too heavy-handed at looking at the university, if you will, when you recognize that roughly two-thirds of the income and the support of the university comes from elsewhere.

CAC: [unclear], sure . . . tuition and government grants.

VH: Tuition, and government grants, and the fund raising. These endowments, and the assets, and things that have been built up over the years is a very important part as well.

CAC: You knew this clearly when you came in to work with the Minnesota Foundation, how important that segment would come to be?

VH: When I came in, I didn't realize it that clearly. I've been there nearly ten years, I guess. In that ten years, there's been great change. We live in a society where any leader is under a microscopic examination almost from the time they get up in the morning till they are retired for the day.

CAC: Even after they're retired. [laughter]

VH: [laughter] Yes, you're right. I would like to comment on Pat Hasselmo, who is just a wonderful person. I'd say, "Thank God for her." Nils has to have someone supporting him. I'm always impressed how even he is . . .

CAC: Ah, yes.

VH: . . . even when people are coming at him. Frankly, anybody that's doing a lot of things, it's easy to criticize. If you want to find something to criticize him for this afternoon, you and I could probably go out and find something we didn't exactly like.

CAC: You say that it's changed over the last ten years. Can you specify in what ways?

VH: I think it's the society that has changed. Let me give you an example. As I told you, I had this polio when I was a kid and one of the inspirations to me was the fact that everybody knew that Franklin Roosevelt had polio; but, one of the things that they never showed was a picture of him on crutches or in a wheel chair. He was attacked by newspapers for positions he took and everything else; but, they did not try to picture and attack what was clearly his weakness at that point. I admire, being in that similar [unclear], him flying around that world in those old planes they had. It's remarkable. Today, where—quote—everybody must know everything, they would never have left him alone. They'd have probably pictured someone helping him into bed or something. My whole message is that over this last fifty, sixty years, the deep analysis of every aspect and minutia of a person . . .

CAC: Makes it more hard for all institutions to function.

VH: At least in my history. I've never met a perfect person. I suspect you haven't either. [laughter]

CAC: I'm an historian. I can even go back farther . . . to those who are dead. [laughter]

VH: [laughter]

[End of Tape 1, Side 1]

[Tape 1, Side 2]

CAC: We're talking about the change in the larger community, in the larger culture, and how that has made the task much more difficult for persons who are in the public limelight, as a president of a university necessarily is. I'm curious also . . . The raising of large sums of money really begins in early Keller with David Lilly, not that Bob Odegard wasn't doing it and the Alumni Association; but, the real break came in the 1980s and you were part of that?

VH: There was a step up in that thing. I can't over emphasize the work Bob Odegard did because he established a kind of network and a base. Even though we hadn't gone to those particular numbers, he had established a process, and somewhat of an organization, and a number of people had been cultivated. I would not overlook or diminish the importance of Bob Odegard in that regard.

CAC: Good.

VH: I think he was very important. When we took that big step up to the \$300 million, it wasn't starting right from scratch. Odegard's work beforehand was very important. The second part, a very important part, was to have a major leader. Of course, obviously, Curt Carlson stepped up to the plate. Those two ingredients were all important. The third thing is that, just like me, there are thousands and thousands of people that have a very soft feeling in their hearts for the University of Minnesota due to the fact they were undergraduates here or they've had some association . . . A lot of the community leaders in Minnesota here are not University of Minnesota graduates but they have become part of that family just by their number of years here and related activities.

CAC: This comes to be a major commitment on the part of the business community in the 1970s but particularly the 1980s?

VH: Yes, right.

CAC: You have many colleagues in the business world, many of whom were not alumni, an alumnus as you are? They've been around for fifty years. It strikes me that there is a concerted recognition of the importance of the university. I'm wondering where that came from, how it was cultivated . . . not alone by the alumni, I'm sure.

VH: I'll go back to the Rosemount . . . One of the really important roles the university played—I should have said this earlier—is when we were in the late 1950s, when we were just starting our company, we were going into technology that had never been developed, or never

heard of, or just wasn't available before. What we did, rather than going out looking for some experienced engineers that had their expertise in another field, was we went to the university and we hired the talented young people that we could find. We had people one year out of Engineering School that were project leaders on parts of the space program, for example.

CAC: [laughter]

VH: They'd certainly had a great education. There's certain of these Engineering Schools over here that are just superb, as you know. The Chemical Engineering usually rates number one and two in the country and Mechanical Engineering usually rates about number five. We, particularly, hired a lot of mechanical engineers. Early on, we were more mechanical than electrical. Electrical came a little bit later.

CAC: And Warren Ibele becomes dean of the Graduate School about this time . . .

VH: Yes, right.

CAC: . . . who is a mechanical engineer.

VH: Right.

CAC: Was he part of any of these projects? I know he was in heat transfer among other things.

VH: He was part of it in the sense that one of the things . . . Since we were doing a lot of temperature measurements, very sophisticated temperature measurement, we were after these young people that had heat transfer training and expertise from an academic point of view.

CAC: He was helping to train them along with Eckert?

VH: Right. Frank Werner, who got his master's and Ph.D. from the University of Minnesota, was really an expert in this heat transfer and he was a great teacher to bring these people along.

CAC: So, you found a reservoir of talent at the university?

VH: Oh, yes, and that went on forever and I suspect it's still going on even after my leaving. One of the things we used a lot was this intern program that the Department of Mechanical Engineering had.

CAC: I don't know that. Say something about that.

VH: The intern program the Department of Mechanical Engineering had was that in the last two years of a student's academic career, they would go to school one quarter, work one quarter. Then, they had like a buddy system that the student, the quarter they were back in school, their

buddy was working in Rosemount. When the buddy went back to school, they came to work at Rosemount. I can think of three officers out of Rosemount that came up through that intern program and went forward.

CAC: Your colleagues and associates in other businesses would have a different story but it would be similar in the sense that one is beginning to tap, in a major way, the intellectual resources of the university?

VH: This will sound egotistical but I thought we tapped that program better than most that I was aware of.

CAC: Medtronic would be another.

VH: I'm on the Board of Directors of Medtronic and Medtronic has tapped them as well. We brought them into significant projects. They weren't coming in to, in essence if you will, sit on the bench for three years before they started to play. They'd come out of there with some great talent or academic training to be developed. Frank Werner and I were both farm boys and we always thought if we could find some of these farmer kids that were mechanical engineers, that had done all these things back on the farm, they would be just a step ahead of some city kid that hadn't had the opportunity of fixing things with baling wire, or repairing a tractor, or whatever back on the farm. We had a good mixture of these kinds of students. I'll tell you what, we would have never become the company that we did without the University of Minnesota talent pool that we had here and the expertise in our particular areas.

CAC: I'm from the liberal arts . . .

VH: Sure.

CAC: . . . and what I you're describing is an entree, and an understandable one, and a very productive one, rewarding one, largely from the professional schools: the Institute of Technology, the Health Sciences, applied Agriculture, Law, for example. There's not the same entree and use of the reservoir in what we would think of as liberal studies. That's meant to be a question for you to respond to.

VH: It's a good question. I didn't always recognize it but particularly in the last dozen years or so, I recognize the advantage someone has if they have a liberal arts foundation that they build their specific on top of. I think it just provides a kind of background. I know that the professional schools have required now a little more liberal arts. In some ways, my own career, as I said my first year, in [unclear] was actually a liberal arts education. Then, I went into, what a lot of people would have called, the staid world of numbers, and figures, and spreadsheets. I always felt that that year I had, sort of more understanding the world and understanding people, was just absolutely a great part of my foundation. I love to see someone who's got a liberal arts undergraduate and has gone on and done something else in a specific.

CAC: Let me ask the question in a slightly different way. The persons with whom you associate at Minnesota Foundation—this has been pretty well networked at the top, I would guess—have a large number of places that they can act to raise funds and strengthen the community. I mean, there is the United Way, there is the Minnesota Orchestra, the museums. There are all kinds of philanthropic outlets. People must specialize or maybe that's not right. Maybe people are on the boards of a large number of different cultural, and educational, and health groups. In your experience on the Minnesota Foundation, what kinds of persons make that commitment to the university in a primary way rather than to all these other demands on raising of capital funds? Is that too awkward a question?

VH: No, it's a good question. There is something about this community—I think it's been written—and the amounts of money contributed to this community relative to other communities is quite remarkable. I don't know if I can answer that question but, broadly speaking, there's something culturally about this area that leads people to support more of these projects.

CAC: All of them.

VH: They support all of them. In some ways, I think, one part of it goes back to the big agriculture base that we had that really spawned the Pillsburys and the Cargills. They all kind of [unclear] of course. Then, we get blessed with companies like 3M, which was Minnesota people. Even the railroad, the James J. Hill railroad . . . the people that made a lot of money on that have created foundations which were probably the foundation of giving.

CAC: Ah. Pillsbury, McKnight, etcetera.

VH: Yes, that's right. The Ordways, the McKnights, all of those families that were early settlers and what they did here . . . it was just a wonderful . . . they left a great legacy here in Minnesota.

CAC: And Dayton starts the 5 percent idea.

VH: Right.

CAC: I think I'm crediting that correctly.

VH: Dave Koch of Grayco, who wasn't as big, was one of the big ones going in that 5 percent situation, too.

CAC: But, why do they choose the university? Or are they active in all these others?

VH: All these other groups, yes. The Bush Foundation is another one. Elmer Andersen was the chairman of Board of Regents for quite awhile and he was also chairman of the Bush

Foundation. There have been a few leaders like that. When Elmer Andersen calls me and wants to have lunch . . .

CAC: [laughter]

VH: . . . I don't think it's to discuss . . . the weather. I don't mean that to be . . .

CAC: I understand. I had a long interview with him the other day. He's eighty-six. My gracious! he is more in command of things . . .

VH: Yes, he just talked me into making a contribution to this area library at Princeton . . . in fact, just two weeks ago. I'm amazed. He was a leader of that. He bought the newspaper out in that area up there. He put it all together really to get this area library which is sitting there on the Rum River, which is just beautiful. There are people like him that certainly inspire others.

CAC: Many of your colleagues—I'm going to press you again—don't have a student relationship with the university. They've been educated in the East but somehow they get into the university also?

VH: Yes, they do. I think predominately though, they are people that have had some connection with the university either themselves as a student or their children are students. In general, it's a little harder to get some of the Eastern educated involved in the university but you certainly do get a number of them as big supporters of the university. Most of these big companies around here . . . only a small percentage of them are led by University of Minnesota graduates, as kind of happens in the world because people get different experience in career and not all of them are exactly the right person to head up some of these companies so you do get some from other schools. Sure, one of the common things is they get this flow of students out of there, which is a big factor. Some of the university leaders are really good about getting these . . . Dave Kidwell, lordy me! he's got that Board of Overseers now. If you aren't on the Board of Overseers at the School of Management, you probably just aren't anybody in the community. [laughter] I don't want to mean that exactly that way but he certainly has collected a group of them.

CAC: I perceive there's kind of a hierarchy of boards that carry prestige, right? I've always imagined that to be on the Minnesota Orchestra Board was pretty high up. Maybe, the Minnesota Foundation would be another one?

VH: I think the people that want to belong to a board *to belong to a board*, I think they would choose the orchestra. If they're driven to be part of a name board, I think they'd rather be part of the orchestra board. I'm being a little unfair because there are certainly people that—the orchestra needs a lot of help, no question about it—are on the orchestra board that are on our University of Minnesota Foundation Board as well.

CAC: I have a sense also, being a citizen of the community but also as I listen to lots of things, that in the last ten or fifteen years, there's been a trend within the business community of acquisition of corporations—you spoke of that early—and that a lot of these families . . . as in the *Minneapolis Star Tribune*, for example, the Cowles family is out. The Dayton family is largely out and the Pillsburys, the same story. You get a lot of people from the outside who don't have this history.

VH: Right.

CAC: Could you comment on that . . . how long it takes them to commit themselves to the Minnesota idea?

VH: I can't answer that question with absolute certainty. I think it works both ways. Some of them that are acquired, then start out because it's been done before, and they don't want to shake anything up, and they continue to support the university. As time goes on, they fade away to wherever their headquarters are. Then, you've got the other kind that come in and just become part of that university and support it. I think it works both ways.

CAC: With the latter group, that would sustain that commitment to the university and other community agencies, what is operating in their lives or in their corporate structure? Can you distinguish between these two groups, the ones that fade and those who persist?

VH: I guess, it's basically the ones that join the local community and the ones that don't join the local community, if you will, in heart and mind. We're in this trend toward bigness. Everything is getting bigger.

CAC: Yes, including the university.

VH: Including the university. It's not the key people anymore, so often, at a subsidiary plant for example. In Minnesota here, if some foreign company—I mean foreign to Minneapolis—acquired a company and vice versa, if General Mills has acquired somebody, their support for the local may even be a little stronger because they take part of the monies from wherever they're company . . . I'm just using General Mills as an example. I think the acquirer location benefits more from the acquisition than the one that is acquired and owned elsewhere. Although, I want to say in my own case, after being acquired and spending seventeen years with Emerson, between us, we endowed a chair in the School of Management, the Vernon H. Heath Chair of Organization, Innovation, and Change.

CAC: Ah!

VH: That was \$500,000 they put here so that was pretty significant.

CAC: Maybe, I could persuade you to go back to your freshman year and think about History, too. [laughter] That's not why I'm here. I just throw that in.

VH: I want to tell you one thing though . . . with just the present size and the challenges that face the university in today's world . . . We're going through an unbelievable technology change in the advent of computers and these personal computers are becoming such use of storage and conveyor of information. A lot of the restructuring that is going on out in the private sector about costs, getting down things, is trying to eliminate a lot of levels where people, in essence, are information or data handlers. I'm not putting that down . . . to say not that they aren't doing something important with that but that one of the changes happening in the outside world is this restructuring and downsizing that's going on. We're just starting to hit that in the universities around the country. I think that challenge . . . I know Nils in his last two years wants to lead . . . that there needs to be some restructuring. He doesn't want to just sort of rest in the rocking chair for his last two years.

CAC: You bet, yes.

VH: It's a very tough challenge. It's not just the University of Minnesota in education. This is happening all over. [sigh] It's kind of frightening in a way.

CAC: You see, the university runs against tenure and then right away that constituency is uneasy.

VH: In a lot of the manufacturing plants, there's all kinds of things they can automate, too. You can do some automating of education. There are certain things you can do with tapes and VCRs. It's clearly not as easy as automating a manufacturing process.

CAC: You bet.

VH: All I'm really saying is the challenge facing the University of Minnesota and all of education in this next decade is . . . in some ways, I view it kind of frightening. When I go back and talk about the help I got from teachers, I don't think there's going to be quite the time for those teachers to be able to do that in the future. That's kind of sad.

[break in the interview]

CAC: When I decided this spring to go outside the university to the community and all the agencies that have an interest, I went to Gerry Fischer and said, "I can't talk with fifty people." So, we spent about four hours with Bob Odegard going down; and we got a list of twenty and, then, it came down to six. That's doable and you're one of the six. Now, that I've interviewed several, I realized—that they didn't do this on purpose—the six are all Minnesota boys . . . men. They all start out that way. I hadn't realized that and I don't think Gerry did either.

VH: I've been thinking since we talked about it earlier, these people coming in from the East. By an large, the Foundation people—I hope I don't misstate this—it seems to me, most of them have had this Minnesota connection.

CAC: We are a provincial institution.

VH: Right.

CAC: And a great one. My loyalty is pretty intense.

VH: I can remember when as an eight, nine, ten year old boy, my interest in the university was getting my ear down to this old battery radio up there in the country and listening to . . .

CAC: [whisper unclear]

VH: . . . Gophers and Bruce Smith . . .

CAC: You bet.

VH: . . . and the University of Minnesota. [laughter]

CAC: My memory of that down in Blue Earth was listening to Pug Lund, and big Ed Widseth, and Bernie Bierman.

VH: Oh, yes. Bernie Bierman was great. Of course, he came back to coach when I came back to school here. I don't think the university gave up on him too quick; it was a difficult time. We had all these veterans coming back now that were older and with Bernie, football is a discipline game and regimented. I think a lot of these GIs coming back weren't ready to be under that kind of coach.

CAC: It's not long thereafter that one has to look for football talent at least out of the state.

VH: Yes.

CAC: The boys from the [Iron] Range are not as central as they used to be.

VH: No. We simply don't develop the speed. There is something in that climate. You really have to go to warm climate somewhere.

CAC: Maybe that's it.

VH: [laughter] There aren't too many sprinters here in Minnesota; so, the weather's got to have something to do with it.

CAC: We're good for the long run.

VH: That's right.

CAC: Are there other things that we should touch upon? This has been very useful. I've certainly been rewarded by your observations.

VH: I'll say that someone asked me today if I was going to start over again building a company, how would I do it. I said, "What I would do is I would go comb that university for technology and opportunity because I'm sure it's there." It takes initiative, and some money, and luck, and everything else to find it; but, I think it's there to be tapped and used again. They do some magnificent things over there that just are not recognized.

CAC: I hate to end on a down note but when one thinks of . . . You've not been close to the Health Sciences but we're all aware of that.

VH: Yes.

CAC: I wonder if you have any sense as a citizen of the university and of the community where those troubles came from?

VH: First of all, I certainly want to say, it's tragic. My early days going to this university, the Medical School was just absolutely one of the top in the world. I think one of the problems that happens—there are personal tragedies involved that I think just happen to good people . . . sometimes bad things happen to good people—is . . . if you take IBM [International Business Machines] for a moment, ten years ago, or certainly fifteen, twenty years ago, if there was one company I thought would be forever, everything, a leader in this world, it was IBM. Almost more difficult than dealing with adversity is dealing with success.

CAC: Ahhh.

VH: We're human and we become very comfortable with our success. It isn't complacency exactly. We did so many wonderful things in those early days of the school that I think part of it was, how do we challenge ourself to change? It goes like to our country . . . being history . . . you look at our history, we cycle, you know. We hit the bottom in the Depression there and for many years we were motivated, by coming out of that Depression, to do things. My view of history is that we usually respond to some kind of a . . .

CAC: Challenge.

VH: . . . challenge, a catastrophe. We become too comfortable, complacent with success. I don't want to talk philosophically because I'm not close enough to know; but I suspect maybe we

just became too satisfied or we didn't recognize that we not only had to do the good things we did in the past but we had to change as well.

CAC: Certainly, your career had been a career of responding to change and opportunities.

VH: Yes.

CAC: And your work with the university the same thing.

VH: I did that and I've had somewhat of a lack of complete comfort with status quo, not that I'm at the radical end of that at all. Part of it is as a child being absolutely one day away from being without food. Somehow, you just are driven by that early thing, I just have to keep . . .

CAC: And not being able to participate in athletics, for example.

VH: Yes, that's right. I just had to find ways of using my mind better than my mind was really meant to use, I think. [laughter]

CAC: [laughter]

VH: I know success is hard to deal with. There's just all kinds of opportunities around for it. There's another thing and I'm a poor example to say this. Some people have said that people in organizations shouldn't be led by the same person more than, at the most, ten years. I led mine for twenty-one years and successfully because we grew and were very healthy. In some ways, I maybe stayed three or four years too long. I think it would have been better if I had . . .

CAC: Think of the tenure of university presidents now. It's five or six years and Nils has been here seven now and going eight.

VH: You need more than three years, for sure, to accomplish something. I think you need a minimum of five . . . I think you need that seven, eight, ten years. I don't know, we make it so difficult for our leaders to succeed nowadays.

CAC: Yes, in all rounds. I hate to end on a note of difficulty but that's the way life is; so why not?

VH: As I said, that's the time when challenge is accepted and comes forward.

CAC: We have enough challenges and we're grateful that many of you in the community responded to the challenges at the university in the 1980s.

VH: You can see from a student, from employment, from the opportunities to start a company, from the flow of talent, the university has been extremely important to me.

CAC: Bravo!

[End of Tape 1, Side 2]

[End of the Interview]

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