

# **ROBERT DUTKOWSKY**

# **ORAL HISTORY**

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**COMPUTERWORLD HONORS  
FOUNDATION  
INTERNATIONAL ARCHIVES**

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**Transcript of a Video History Interview with Robert Dutkowsky  
Chairman, President and CEO of JD Edwards**

Location: Boston, Massachusetts

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Interviewer: Daniel S. Morrow (DSM)  
Executive Director, Computerworld Honors Foundation

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## Growing Up in Endicott

DSM: We're interviewing Robert Dutkowsky is the Chairman, President and CEO of JD Edwards. This interview is taking place in Boston, Massachusetts. This Oral History is made possible by a generous grant from Morgan Stanley and will become part of a collection of such video biographies of the leaders of the information technology revolution, begun in 1988-89 by the Smithsonian Institution's National Museum of American History, and now distributed annually to research collections in more than 140 museums, libraries, universities and research institutions in 46 countries on 6 continents around the world, and will of course be made available in excerpt form on the World Wide Web. Without objection, this interview will become part of the public record and available for scholarly and non-commercial use without special permission throughout the world. But that condition only applies after review and approval of the interview transcript by Mr. Dutkowsky himself. Until that time this conversation is private, and all or part of it may be embargoed for up to 25 years at the request of Mr. Dutkowsky. All persons in this room by their presence assume the professional and legal responsibilities and are honor bound to respect these terms. If all are in agreement, there not having been a mass exodus from the room, we shall assume that we are.

Tell us about when and where you were born, and a little about your parents.

RMD: I was born January 2, 1955 in Endicott, NY, a small town in upstate New York. My father tried to induce my mother to have me born prior to January 2, so he could get the tax advantage. He's held my mother accountable for not getting the job done ever since.

Both of my parents and all 4 sets of my grandparents immigrated to the U.S. My father's side came from Poland and my mother's side from Czechoslovakia/Poland. I come from a first generation American family, which I'm proud of and my parents are proud of.

DSM: When did they come? Before the war?

RMD: Yes, before the war. I wish I could give you more specifics. My wife has done all the family tree history. I think my grandparents both came to the U.S. in the early 1910s, the early 1900s. I was recently selected as one of the Ellis Island Medal of Honor winners. In order to get qualified for that, your blood-line had to immigrate through Ellis Island.

They have that induction right on the island, and my wife and I were able to find my grandparents' names on the wall. They engrave the name and we took the parchment paper and brought the names back because my parents had never been to Ellis Island. Their parents had gone through there, but they had never been there. It was a very, very interesting grounding exercise to realize this is how your life in the U.S. all started.

DSM: So yours is a classic American story from the Ellis Island point of view and from the IBM point of view because your Dad was at IBM for...

RMD: He was with IBM for forty-four years. Actually, Endicott was where IBM was founded by Thomas Watson. There was another company that he bought. He had a little small company that made scales and measuring technologies and he merged it with another company. A clock company, a time clock company, and that's how IBM got started. He had this idea that he would place IBM in little small communities where the whole community would become a company town kind of environment.

There was another company in Endicott called Endicott-Johnson, which was a shoe company. It had the same kind of culture of being a little small company. Endicott-Johnson built houses that people lived in. They had neighborhoods and row houses. In fact, my wife's parents live in an Endicott-Johnson house. Watson picked Endicott as a company town. If you look at where IBM emigrated over in the next forty years, places like Rochester, Minnesota, and Austin, Texas, these were places where there was nothing else at the time. His theory was that people would go there and they'd work there their whole careers, and IBM and the community would bond together and it would be a great place, great schools, great tax base. That's what Endicott was. Endicott was a young, vibrant, beginning of the technology revolution, long before the technology became anything apparent.

DSM: So you got the best of small town living.

RMD: Oh yes. I think Endicott was a town of about maybe 30,000 people. Probably 25,000 of them were connected to IBM somehow. The whole town grew up in that IBM culture. IBM had a tradition where Tom Watson the founder of the company, and later his son, when you had a child, Mr. Watson would give you a little spoon with your child's name it. My father got my spoon from Tom Watson Sr., and he has this little display in his house with my brother's and my spoon. The Watson's got out of the business by the time my younger brother and my little sister were born.

DSM: That was going to be my next question. An older brother—how much older is he?

RMD: He's three years older than I am, and another interesting character. He never worked at IBM, although he grew up in the same environment. He's an engineer by trade. He went to Clarkson, and he got his MBA from the University of Delaware. He worked for DuPont for about fifteen years and then he went to Asia Pacific. He lived in Taiwan; then he lived in Japan; then he lived in Singapore. Now he lives in Mexico. He hasn't lived in the U.S. for about fifteen years. I just saw him this past weekend and it was really interesting because if you've not lived in the U.S. for a long time, living internationally is a different experience.

DSM: Endicott sounds like Norman Rockwell's America. And you've got a brother who's about three years older than you. Tell about your growing up. You were all together through grammar school and high school in Endicott?

RMD: Yes. In fact, my parents still live in the same house that I grew up in.

DSM: So for graduate students 300 years from now, describe what it was like being a little kid in Endicott, with an older brother...

RMD: An older brother, who was very bright by the way. I was the lesser of the two brothers going through high school. We were just three years apart going through the education process. I was much more of a sports and cars and fun person. He was an engineering and math person. He was very much like my father, who was very analytical. The two thought the same, and here I was, a guy who wanted to play baseball and basketball all the time. Endicott, because it had this IBM tax base, had very, very strong schools. That was one of the appeals of growing up in a place like that, the quality of the education.

DSM: Tell me about starting school. Do you remember your first grade teachers, learning to read or anything like that?

RMD: I have faint recollections of my early, early teachers. What I remember about them is that their expectation of excellence was high even back then. That's my recollection. I struggled a bit in early years in school, and they were very compassionate, but passionate about learning. They forced kids like me to continue to come along.

It was a little tougher for me because my brother had done so well in school. So here I was, sort of in the wake of his boat. He was a bright kid and didn't struggle at all, and math and things like that were a little more difficult for me.

DSM: This is about 1960, 1961, the beginning of the Kennedy era. Were there a lot of kids in Endicott?

RMD: It was a real family town.

DSM: Is this where you learned to play baseball, pick-up games?

RMD: Yes. I didn't play Little League. I was sort of a unique character in a community like an Endicott. Things like Little League and Pop Warner football and all those sports were really prominent. My father didn't want me to play Little League. He thought summers were times you spent with the family and we would go off. We had a trailer and we would go away for the summer. My mother and my brother and I would go up to Lake Ontario, one of the Great Lakes, and my father would commute back and forth every weekend. I was gone all summer and that's when things like Little League baseball would take place, so I just never played. I learned how to play by pick-up things, not the organized sports that children play today.

DSM: Went to high school at Union Endicott High School. Do you remember anything about your early years in high school? Were there High school teachers that made a difference?

RMD: Yes, there was a math teacher I remember. My strength was not the sciences side. There was a 7<sup>th</sup> grade math teacher named Mrs. Padagoola. Don't ask me why I remember that name. She was a young teacher. I think I was in her class in maybe in the second year that she taught. I think I had a crush on her, probably. But I struggled with math and she offered to help me after school. And I would go after school for half an hour, literally every day and do my homework with her. Because she had that little special interest, or took the time, she jump-started me in math. Got me from struggling in math to doing okay in math. Then I did well in math the rest of my career. But if Mrs. Padagoola didn't say, "I'm going to help this guy over the hump," I'm not sure where I would have went with that.

The other thing is, I always wondered why my brother didn't help me. Here's my older brother who is really good in math and a couple years ahead. I think we had this little competitive thing going. He knew I could throw a baseball better than he could, but he could do math better than I could. So I don't know think he jumped in and helped me a whole lot.

I'll just go back to one other thing. I was just thinking about my days in elementary school. If I had to try and pick out a day in those years that I remember, it was November 22, 1963, the day Kennedy got shot. It's kind of a snapshot of my childhood. I was in probably 5<sup>th</sup> grade or somewhere in the middle of elementary school. I remember the intercom. In the schools, there was this speaker, an electronic big, brown box that was tacked up on the side of the wall. And that's how the office would communicate with us. I remember this crackly thing coming on around noontime, and a voice said, "We're calling off school. Go to your school bus, just like normal and we're all going to go home." I remember seeing all the teachers huddled in a corner all crying, but they never told us why we went home. If you think back to that, there was an idea that there was maybe some kind of threat of an attack. That's why they sent us home.

We hopped on the school buses and we went home. I remember coming home and my mother sitting on the front porch. We had a porch with a rocker on it. I remember my mother who was probably at the time in her early 40s, crying. I never saw my mother cry. My mother was always there at the end of the day when I came home from school. She was always there with a smile and chocolate chip cookies. That was life. I asked her what was wrong. She said, "You wouldn't understand." And then a few of my aunts and uncles collected on that porch all within fifteen minutes. They all sat there crying. All my cousins, who were kind of the extended family, all got together. We went out in the yard and started to play football. I remember playing football with all my family on the side crying, and I still didn't understand why. Finally my mother called us all over and said that President Kennedy was shot and that we needed to go to church immediately.

DSM: I was going to ask you if your family was Catholic.

RMD: They're a Roman Catholic family. My grandfather built the church that we attended. My father had pictures of him bringing his horses down to move the rocks and things out of the lot where the church was built. Anyway, the whole family, the whole extended family, cousins, nieces, nephews, aunts, all of us went to the church and we all just sat there and prayed.

DSM: Well, for them it was a double blow.

RMD: Oh yes. It was a terrible loss. Not only the loss of a President, but the loss of a Roman Catholic—the first Roman Catholic President. I try to think back toward those years. It's amazing, that's the one benchmark that exists. I guess today, if you talked to my kids, 9/11 would have the same kind of benchmark. That they know where they were, what they were doing on 9/11. I remember what I had for lunch that day. It kind of gets burned into your memory bank. Peanut Butter and Jelly and chocolate chip cookies, which by the way, was what I had every day because my mother packed it into a little brown bag, drew a little picture on the bag and sent me on my way.

DSM: Another question I like to ask about these times are very often there are best friends or rivals or a combinations of the two that made a difference either in grammar school or high school. Is there somebody like that in your life that you were always hanging out with or always competing against?

RMD: There were two best friends that I would talk about. One would be Rick Drankowski. Rick and I started in kindergarten together and went through kindergarten all the way through high school. We graduated together. We lived about five blocks apart. Our parents went to the same church. We both have Polish backgrounds. In a small community like that, there was no way that Rick and I weren't going to become good friends. We went to elementary school, middle school, high school, did all the church things you would do in a little community like that.

Rick went to Notre Dame. I went to Cornell. After a year, Rick decided to transfer to Cornell. So then he came back and although we weren't quite as close at Cornell, we were still friends. Then he went off and he got his masters degree at Cornell and he's at a law firm in New York where he's the head of HR at a very large law firm in New York. Unfortunately, his father just passed away last weekend, so it was a sad time. But we were almost like brothers, because we'd grown up with the same kind of lineage and history. So he'll be one guy.

And then two doors down from where I grew up, my other best friend was a guy named Chris Patrino. Chris is the exact opposite. Chris' parents were an Italian family. His parents had the same kind of background as mine. His parents immigrated into the U.S., so they were first generation Americans as well.

So you picture this Polish house and this Italian house, separated by one house. We would have breakfast at my mother's house and she would cook all this Polish stuff. Then we would go Chris's house and his mother always had a pot of sauce on the stove and fresh baked Italian bread. And you would have lunch there and then you'd go back to my house. It was hard to tell whose family you were really part of. Chris was an outstanding baseball player. We played teenage baseball, high school baseball, American Legion baseball, all kinds of this summer stuff. We were together on teams for probably six or seven years. Those are kind of my two best friends through life.

DSM: You also met a girl in high school.

RMD: Yes. I guess it was the summer before my sophomore year in high school. I'll never forget it. I was standing with some of my friends and this baton twirler walked by. She was the baton twirler in the high school band. You know how things catch your eye and you go like—well, there she went! So I met her a couple of weeks after that. We started to date in the summer of our sophomore year in high school. I'm still married to her. It'll be twenty-five years this summer.

DSM: This is Lorraine?

RMD: This is Lorraine, who also grew up in a first generation American family.

DSM: Do you remember the first time you met Lorraine's parents?

RMD: Oh yes, I remember very well. Now here's a perfect Endicott story for you. We were sixteen years old, and I had known her now for probably four or five months, and had had lunch with her at school kind of thing. I finally got gumption enough to ask her out on a date. We were going to go to a high school football game. How do you remember this stuff? We were going to go to a high school football game, and I'd mentioned it to her on Tuesday, and Wednesday, and the high school football game was Saturday night.

High school football in Upstate New York was a huge thing. We had lighted fields even back then. We were going to go to a high school football game and I told her several times, “Hey, could you go? Could you go?” And finally I called her at home on a Friday after school, and I said, “Let’s go to this game on Saturday night.” And she started to cry. And I said, “What’s wrong?” She said, “I can’t tell you, but I’m not allowed to go out on a date until I’m seventeen.” She was only sixteen. I said, “We’re not going to go on a date, we’re going to go to a football game.” And she said, “My father will not allow me to go out until I turn seventeen.” So we couldn’t go.

What happened was her father and my father went to the football game, and she and I went and we sat at a high school football game with our fathers. That’s what her father would allow. She was never allowed to wear jeans to high school. That was another of her father’s rules. And he’s not at all a strict guy. He’s the nicest guy in the world. A former Marine, so he kind of believes in regiment and procedure and process. But I couldn’t take her out until she turned seventeen and she could never wear jeans to school. That’s what I recall.

So now when my son and daughter are kind of doing their own thing, I remind them of where their mother came from. Her father worked at Endicott-Johnson, the shoe side of the business. She grew up in one of these Endicott-Johnson houses, which is in this little neighborhood. You have to picture the neighborhood. Today we would call it a development, but back then it was a neighborhood. There were three or four blocks of a little residential area, and literally you drive down the street and every house looks the same. They were cookie cutter houses. Endicott-Johnson would put up these houses, and if you came to work for Endicott-Johnson, one of the benefits was you got a house. Over the course of your career there, you’d pay off the house. Endicott-Johnson would front you the money. People would get home ownership and they would become real citizens of the infrastructure.

When people would come through Ellis Island, they would, in broken English, say, “Which way, E-J?” People would go from New York and head upstate and go to Endicott to work for Endicott-Johnson. It was a perfect environment. And again, that’s why the Watson’s picked that environment as a place where they wanted to get the businesses started because it had that family infrastructure.

So in this little town of Endicott, I grew up in an IBM family and my wife grew up in an Endicott-Johnson family. My wife's father ultimately left Endicott-Johnson and started an electrical contracting company. He was a small business owner whose biggest customer was IBM. It's a perfect example of how that town and that culture were all intertwined together.

DSM: You were in grammar school and high school in some pretty extraordinary times in history. The height of Vietnam—1969-1973—Watergate scandal and all that stuff. Did any of that really touch you at that early age in Endicott, or was it really sort of an isolated community.

RMD: Vietnam. I remember my brother had a draft number and that was a scary thing at the time. But I don't recall anyone in my childhood who went to Vietnam and didn't come back. I'm sure that happened in Endicott, but I don't remember that. Watergate, I remember the summer that Watergate exploded, my father forcing me to sit down in the living room and watch the Watergate press conferences with him. And I said, "Why am I watching this stuff?" He said, "Someday this will be important. Watch this. Watch this."

You have to picture this little black and white TV sitting in the corner with this kind of a rounded shape TV screen. It's nothing like what it is today, the high definition, flat screen, plasma things like my kids have today. This is almost like huddled around the radio a generation before that. The television was not real crisp and clear. He asked me to watch some of those programs with him, but he couldn't add any context to it, if I recall. Watch this because it was important, but he didn't say afterwards, "Now do you understand what you just saw?" Because I don't think he necessarily comprehended it. That generation didn't believe that the government could be anything other than the most honorable of people. So when Nixon kind of went off the track a little bit, I don't think people like my father believed that it was really as bad as what they heard it was.

DSM: I remember people really being in shock.

RMD: Yes, shock. One other thought. When I was a kid, I wanted to be an astronaut. You have to try to understand what it was like then, because if you'd even seen the Mercury capsules or the Gemini capsules, they were like little tiny tin cans that guys got strapped into and got fired into space. They're nothing like what when we think of Star Wars and space exploration today. It was nothing like that. It was really, purely experimental.

As I said earlier, I wasn't a math and science person, but the intrigue and the idea of bravery that those individuals had, I thought was fascinating. I used to clip all the newspaper articles about the Mercury shots and the Apollo shots, and I had these boxes of these newspaper clippings, with Freedom 7 and John Glenn. Somehow I found that you could write away to NASA, which is the U.S. space organization, and there were several different labs and rocket sites. And you could write away and they would send you books, almost like marketing brochures, about the Goddard Space Program and the Atlas rockets. So I had these boxes of space press clippings, and then I had these boxes of books. My mother used to say, "What are you doing with all this stuff?" I thought it was totally fascinating. I didn't have any idea how it all worked, or why it worked, but I really liked the idea of the bravery that those individuals showed.

DSM: The program was associated with John Kennedy, and you were in high school then. And you were just beginning high school, when the lunar module landed. You talk about astronauts as heroes. Are there movies or music that you particularly remember from back then?

RMD: I remember when I was very, very young, probably 7 or 8 years old, and my mother decided to take me to a movie one Saturday afternoon. She thought it was a cartoon and it turns out to be *The War of the Worlds*. It was the first movie rendition of the Orson Wells famous story. We went in, and we were in the movie probably fifteen minutes, and my mother said, "We have to leave," because I was petrified. She apologizes to this day how she's probably warped me against science fiction. I still hate science fiction things. I still have nightmares about *War of the Worlds*. She took me into the wrong movie.

I remember the first epic movie that I saw was *The Longest Day*, which was the remaking of D-Day. I remember Robert Mitchum, who looks and acts and talks like my father. My father and I went to see *The Longest Day*. Now my father is a World War II veteran, and after seeing the movie he said, "That's about what it was like." Recently there was a movie by Tom Hanks, *Saving Private Ryan*, which was supposedly what World War II was really like, and when my father saw it, he didn't want to talk about it afterward. So that was what it was really like. I'd be interested in renting *The Longest Day* and *Saving Private Ryan* and watch them back-to-back, because my recollection of *The Longest Day* was almost like an adventure movie. It didn't show the gruesomeness of war like *Saving Private Ryan* did. But I remember that movie in particular.

The first movie I remember with my wife was *The Graduate*, which was another famous movie that encapsulated the seventies. There was a famous scene in that movie where the hero was at a cocktail party. I think he had just graduated from college, and one of the guys took him aside and said, “I only have one word for you. Plastics!” You kind of had to be there to appreciate it, but if you think about it, that tells where something that is commonplace today as plastics was back then perceived to be where to put yourself. Today it might be the Internet, or TelCo, or biotech.

Also, the Beatles were huge back then and they had a tremendous influence on how we thought about things. Music was rock and roll and the Beatles.

DSM: Early books that you remember reading when you were really very little?

RMD: Nothing that jumps off the page. But my mother read to me every night. That’s what I remember about my mother. We didn’t have a lot of books, so she would read the same books over and over and over again. Some were even pre-nursery, or pre-kindergarten kind of stuff. And then there was a library right in the middle of town that was called the Johnson Library, funded by Endicott-Johnson’s, Mr. Johnson. I remember my mother took my brother and me to the library twice a week when we were younger. We had to take books out. Then we had to go home and read them. So that would be in my pre-teenage years. My parents really forced us to pay attention to things like that.

DSM: ...So many of the chairmen we’ve interviewed describe themselves as being average students. Do you think teachers just missed something? From what I read—and we’re going to get to Cornell in a minute—you say that you discovered yourself, or got discovered, at Cornell. What do you think was going on in these early years in regards to the teachers?

RMD: I had good teachers and a product of good educational infrastructure. I was just an average student in high school, and I had to work to be average. That’s my recollection. I don’t remember my SAT scores for example, but they were not great. In New York State, there’s a thing called the Regents exam and all kids had to take standardized testing. And I just did okay on the Regents exam. I wasn’t the best and I wasn’t the worst.

DSM: Was going into the Regents a real terror?

RMD: Oh yes. In fact, I remember biology. You would take the course all year long and then you would take the Regents exam for biology, which was a standard test on that. Your final grade would be your full year average and your Regents exam averaged together. I didn't do very on the Regents exam. I passed it, but I took biology again in summer school so I would get another shot at the Regents exam just to try and get my average higher. I remember sitting down with my father and saying, "Look, I passed. So I don't need to do this. But I want to go take biology again and I won't be able to have a summer job." You would go to school all day long, eight hours a day, for just summer time. But I want to do this. And he said, "Fine. Go do that." Back then, you went to school during the school year and had a summer job in the summertime and you helped out. So school to me was not an easy thing. It was something I had to pay attention to all the time.

## **Baseball or College?**

DSM: Is it true that you thinking about not going to college?

RMD: Yes, I wanted to be a baseball player.

DSM: Tell that story. How good were you?

RMD: I was great! I was an okay baseball player. Growing up in Upstate New York, you couldn't play year round. There were a lot of really good baseball players playing baseball in California and Texas and Florida, and they play all year round. Baseball in New York was just a couple of months kind of occupation. I was a pretty good baseball player and I probably thought I was better than what I really was. I wanted to try and play professional baseball. You have to understand, my father who never went to college said his kids were going to go to college. Something like not going to college after high school was not an option. I remember my father telling me, "You're going to go to college. You can play baseball in college if you want, but you're going to go to college and see what happens after that."

DSM: Were you and your brother the first two members of your family to go to college?"

RMD: Yes. I think my father's older brother's son was the first one to go to college. He's a principal in a high school.

My father's brother's second son is an orthopedic surgeon. We're the first generation who made the investment in college. Our parents didn't really understand what they were asking us to go do, but they understood that everyone around them who seemed to be successful in moving forward in life took this step called college. My father said, "You're going to go to college and I'll help you find a good college, but that's what you're going to go do."

My father and I went to Cornell on a recruiting visit and my father didn't add a lot of value as I recall. He was just looking at the character of the people he was going to pass his son on to the next four years. I remember once we visited Cornell and we were driving back, and he said, "You're going to go to Cornell." I said, "What about my vote?" He said, "No, that's going to be a good place. You're going to go there."

DSM: You lost. Cornell won. What other places did you look at?

RMD: I looked at some southern baseball schools. Again, I thought I was probably better than what I really was. But I remember the final two choices for me were Cornell and a small Catholic school called LaMoyne College in Syracuse. Both had very strong baseball programs for northeastern kind of schools. And both had a background in industrial and labor relations, that kind of like HR backgrounds, which is what I thought I wanted to do. It came down to those two programs. My father visited both schools and said "Cornell is better than LaMoyne and we'll figure out how we're going to pay for it, but you're going to go over there." It's probably the greatest thing that ever happened to me is to get associated with Cornell.

DSM: Actually I looked at the baseball records at Cornell. And in your first two years, there were two losing seasons—in 1974 and 1975. But in 1976 and 1977, there was a real turnaround. Tell us the story about the baseball coach.

RMD: My baseball coach was an absolute character named Ted Thorn. Ted's claim to fame is he's the winningest coach in Ivy League history of any sport. Think about it. They only play eight football games, but you play forty baseball games. And he was the Cornell baseball coach, I'm going to say, for thirty years. He coached the most games, so therefore had the most opportunity to win the most games. But he probably has the most losses, too, of anybody in any Ivy League sport. He was a few years older than my father, but he came from the same environment. He grew up in a mining family in Pennsylvania and his parents were immigrants.

I don't know if Ted went to college or not. Maybe he did. But he and my father were able to connect. That recruiting visit, I remember him saying to my father, "I'll take care of your son. You send him here. I'll take care of him. He'll graduate from college and he'll have a good experience while he is here." That was the hook.

I don't think my father could judge the quality of the academics or the other things you get by attending Cornell. The kind of eye-opening experiences like cultural diversity, a whole bunch of things that I never saw in little Endicott, New York. My father had confidence in Ted Thorn and so that's why I think that he agreed that that's where I should go.

On the other hand, Ted had never won a championship all those years. Never had a championship team. And from my class, he was able to recruit about six or seven baseball players who were really good baseball players. So we came in together. You weren't allowed to play varsity sports as a freshman in the Ivy League back then and that's why those first couple of years we didn't have a good team, because all these players were down on the Freshman team. You kind of develop and then you move up. The first year, which is the second year you talked about, we were in way over our heads.

DSM: Yes, 6 and 8.

RMD: And the last two years, we really kind of fell into our own. Our senior year we were ranked, about twentieth in the country. Here is little old Cornell in Division I Championship race. And we won the Ivy League and we won the Eastern League Championship and we went on to what today is the NCAA College World Series. We almost got there. We lost in the elimination rounds. But we gave Ted, which continues to be his only championship season.

He took care of me in college, but I feel like I sort of helped sort of helped him out. I was captain of the team my senior year, which was a great championship season. That was one of those experiences where you look back on it as the first time you had an opportunity to really display any level of leadership or being able to mobilize people to do things the way you want them done. I think it was probably that particular environment in baseball.

When I think back to Cornell, my best friends back there today are all baseball players that I played with, competed with and traveled with. Ted had a huge impact on the way I think about things.

The other piece about Cornell, as I was saying before, just the exposure that you had—the diversity that you get in a place like that. You talk about being academically in over your head, there was no question that I was academically over my head at Cornell when I first arrived. I didn't know how to compete in that environment. But I think if you are good, you can adapt to environments that are difficult, and I was able to figure out how to succeed in college and succeed in social life there and learn from the diversity of a place like that as well.

DSM: Being part of a sports team also means that once you got there, you weren't absolutely alone.

RMD: Yes. Cornell is a place of 20,000 kids, but I had this little small cadre of people that I was close with and friends with. But academically, every day was a struggle for me at Cornell. I think my first year grade point average was about 2.5 or something. I struggled to get that. I remember one semester—this is a great story—I don't know if I want this on the tape or not, but I'll tell you the story. I had a pretty good season my freshman year in baseball. It went to my head. I thought that I was going to be even better. So when my sophomore season came along, I didn't pay attention to academics because I wanted to have the very best baseball season I could. I just barely got passing grades.

I remember that summer I went away to play baseball in a little town called Scranton, Pennsylvania. You want to talk about another northeastern industrial town. So I left home and went to play baseball for this kind of traveling team that was there. I lived in an apartment. There were nine guys in a one-room apartment, just so you frame this lifestyle. There was a telephone and I remember the phone rang and it was my father. He says, "It's 3:30 in the afternoon. It's a 90-minute ride. I want you in the house in 90 minutes." Click. And I went "Gulp." What did I just do, or what just happened? So I hopped in my little car and I drove up. I walked in and he was sitting in the living room and he had my report card. And he said, "If you think that I'm spending this much money for you to get these kinds of grades, you're very confused. Now go away and think about it. Get out." I got back in the car and I drove back to Scranton, Pennsylvania and then I think I made Dean's list or did pretty well from there on out. I needed that wake up call.

## Summer Jobs

DSM: We haven't talked about summer jobs and that sort of stuff. Do you remember your first real summer job?

RMD: My first real job is that I worked in a movie theater. I had the unique responsibility of cleaning the theater after the movie was over. Picture the popcorn and soda and stuff in every row. You would literally take a broom and you would sweep and then you would mop and you'd pick up all that stuff.

DSM: You must have been a freshman, sophomore?

RMD: I was a freshman in high school, sophomore in high school. I think my paycheck each week was \$5.71 or something. I worked six or seven hours and you didn't make a whole lot of money.

DSM: A dollar an hour.

RMD: Then I got upgraded to a ticket taker. So I was an usher. That was a big upgrade. I also, there were these marquees that were outside of theaters back then. You would literally place plastic letters in the railings to put the name of the movie up. The marquee was way up in the air. So you'd go up on this tiny little ladder and try and put these letters up there. That was one of my other tasks. I remember there was a movie called *Love Story* and I put the title of the movie. Well, *Love Story* played for fifty-two weeks at the theater. I didn't have to go up there for a whole year and change it. Then the next movie, I remember that I got the privilege to put the name up was *The Godfather* with Marlon Brando. And that movie also played for about a year. So I didn't do a whole lot of the marquee stuff.

But my beautiful wife Lorraine, who was my high school girlfriend at that point, used to come and help me clean the theater at night, if I would take her out for pizza afterwards or something. I would make \$1.50 and spend \$2.00 and I think I've been in the debt spending mode every since. That was my first real job. I did that for three or four years. All through high school I worked in that movie theater. When I came back from college, like at Christmas time, I would go back and work for a couple hours there.

DSM: When you were in college, did you spend most of your summers playing ball?

RMD: Yes, I would go away and play baseball. I worked one summer at IBM, which was a real interesting opportunity. It was the first time I saw the business world from inside. I worked 8AM to 4PM at IBM and I would hop in my car and drive the 90 minutes to Scranton, play the baseball, hop in my car, drive back, work. I did that every day for the summer.

### **“OK, I’m Going To Go Be A Salesman.”**

DSM: That was going to be the next set of questions—this move after you finished your bachelor of science at Cornell. You really got, in a sense, hired there for the first time when you were still a student. Do you remember who hired you, who you worked for?

RMD: I remember I worked in an engineering function. What this organization did is they made this very special printed circuit cards for unique computer systems. They were mass production, typical kinds of IBM high volume stuff. They were custom designed. For example I remember that they would build these little printed circuit cards that would go in NASA space shots. So I worked with all these engineers who had no idea what they did. I was kind of like an expeditor. They would design a little product and they would send it to some plant to get built and then they’d have to get it to the next place. I just kind of ran around with these parts. It was my first real exposure with IBM.

So I played baseball and I remember interviewing for some jobs. Remember, I wanted to go into HR.

DSM: That’s right. Your degree is in industrial labor and...

RMD: My degree was in Industrial Labor Relations, which is like organizational behavior, HR policy and practice, things like that. About 75 percent of my graduating class went to law school. So Cornell is almost like a pre-law kind of environment. I was one of the mutants who didn’t want to go to law school. I wanted to go into the business world. So I interviewed with a broad array of companies and I remember there was a posted job for an IBM sales job. I called my father and I said, “Look, I’m not going to be a sales guy. But do you think I should practice this interview with this IBM sales thing?” I really wanted an IBM HR job.

I thought everybody worked at IBM. Remember I grew up in that kind of environment. I thought if I could really get an IBM HR job, that would be a great opportunity. But I would practice with this sales thing.

I interviewed with this guy named Tom Esposito. I'll never forget Tom. By the way, I'm still friends with him today. Tom was what was called the branch manager. He was the sales manager in Rochester, New York, so he had customers like Xerox and Kodak as his customers. Picture Rochester, New York, and these were huge technology companies back then. And Rochester is a beautiful town, a great place to live. So I went and interviewed with Tom and he was enamored with the idea that I was a baseball player. I remember most of the interview was talking about baseball. He said, "Why do you like to be a pitcher?" And I'll never forget this answer, and I said, "You know, the game doesn't start until I throw the ball. Nothing happens until I decide to throw the ball. So I'm kind of in control of the whole thing." He said, "You're hired. You want a job with IBM?" It was just that one answer. You make things happen.

And when you think about it, if you're hiring sales guys you want to hire guys that make things happen. Tom offered me the job. I remember going back to my fraternity and said, "I think I got a job with IBM today. What position? I don't know, salesman?" When I was in high school and we had to sell candy for fundraisers, my girl friend did it. I never sold anything. I thought it was the craziest thing in the world to ask someone to spend money on something that I had. I just got this job in sales.

Then I interviewed with IBM for an HR thing and I got a job offer for that as well. One day I was sitting in my fraternity and the phone rang and it was some IBM person whose name I don't recall, and he said, "Our records show that you have two offers with IBM. You can't have two offers with IBM. You have to say yes to one and no to the other." I didn't really know what either of them was, but I knew I didn't want to be a salesman. So I was inclined to say I was going to go do this HR thing. I remember I asked, "What would you do if you were me." The guy, whoever he was bless his heart, said "Well what do you want to do when you grow up?" I said, "I want to be President of IBM." Why wouldn't I want to do that? And he said, "If you want to do that, you want to be a salesman. The last six guys who ran IBM started out as salesmen. If you go HR, you'll never do anything other than HR." I said, "OK, I'm going to go be a salesman."

DSM: Did you ever find out who that was?

RMD: I tried afterwards to track it down. I could never track down who the person was. If he said, "HR", I would have gone into HR. I probably would have been really happy and would have had a nice career, but I never would have experienced this whole other side that I have. I'll never forget that one phone call. I did try to find out who it was. I could never track down who it was. but he gave me the exact right advice. This was an HR guy, who told me the right thing to do, not for his organization, but for this person who was going to come into the company. IBM probably hired 50,000 people that year. How did I get the right answers at the right time?

There's another great story, and I'm reminded of it by seeing you have a beautiful white shirt on. Back then everybody in IBM wore a white shirt, dark suit, sincere tie and big wing tips. That was the outfit, right? That's what I saw my father go to work in every single day and all my neighbors, cousins, aunts and uncles who all worked for IBM. On Thanksgiving everybody wore a white shirt because that's what they had to dress up in. The first week I went to work, I didn't have five white shirts. So on the fourth day I wore a blue shirt. The shirt had a very nice button down collar, but then Tom Esposito walked by, and he didn't even say hello before he said, "If you didn't wash your socks with your shirt, you wouldn't have that problem. Go home." I thought he was kidding. I said, "That's really cute, Tom". But he kept right on walking. "Go home." So I went home, bought some more white shirts so I could dress and look the part. I'll never forget that line. I've used that line a few times also.

Tom was a great guy. Tom now runs a consulting company. IBM made a transformation from being a hardware company to a company that did a lot of services work, a lot of added value work for customers. Tom was one of the guys who drove that at IBM. Today IBM is an 80-billion dollar company, 40-billion dollars in annual sales is services. Esposito was one of the guys who made that happen at IBM. Tom is still a dear friend.

## Going Through The IBM Program

DSM: 1977—job in sales at IBM. IBM is known in those days for the quality of its sales. Tell me about your experiences as a new salesman.

RMD: I joined Tom's branch office as a trainee. There were probably a couple of hundred people in that branch office, and what "trainee" meant was that you both worked in the day-to-day activities of those 200 people, helping with whatever you could help with so that you would get some real practical experiences.

But your real job was to go through the highly respected IBM training program. It was supposed to be a nine-month exercise. You would go away to Atlanta, Georgia to literally a campus environment that IBM owned and you would learn for a month. Then you would come back to the branch office for a month and you would practice what you would learn. You would do a whole set of prerequisites to go back to the next class. You learned not only technology and programming and how computers worked, but you learned a whole bunch of business environments. Why would a bank buy a computer? Why would a manufacturing company buy a computer? You learned what were called "applications". How would they use this stuff? Then you would come back and practice whatever it was that you learned. You would go back and forth for about nine months. Here we go again, back to my academic skills, I was in the training program for a year-and-a-half. Now I don't think it was because I was the dumbest trainee in IBM, but I had very little technical background when I joined IBM. The computer programming courses for me were hard.

DSM: You were going to be an HR guy.

RMD: Yes. I'd never seen a punch card or a diskette before I joined IBM. A lot of the guys who were hired were computer science majors even back then. So when they went to the programming class, it would be a snap for them. For me to write a program, I had to learn all that from scratch. There was a set of technical people in the IBM branch who kind of took me under their wing and brought me along. You were told, "If you don't graduate from the training program, you'll be asked to leave IBM." There was a pressure, almost like grad school, you had to get through it. It was almost like going on to another year of graduate training in a technical environment, and IBM taught you the IBM way. You learned technology from their point of view, and they were the acknowledged industry leaders in that time frame. So it was a great tribute when you graduated.

But I was sort of in the slow school, I think. It took me twice as long to learn it, but again there were people in that environment that had patience with me to bring me along.

I remember there was a class called “Manufacturing Apps” and you would go away for a month and you would learn—before it ever became a phrase—ERP. You would learn how a manufacturer would do production control, and build materials, and jobs costing. Today that’s what the company I run does. JD Edwards does applications. That’s what we do in manufacturing and distribution. If I could go back and find my notes from those classes, I could use them everyday in what I do today. Unlike my college background, where you learn a lot of theoretical things and you didn’t necessarily put it to use, what I learned in the IBM training program I use every single day, in business even today.

If I sit with CEO of a company and I say, “My products can help your company run better, they’ll say, “How?” “Well, I can help you with production control, build some material, manufacturing, supply chain, your customer relationship management activities.” It’s the same stuff I learned twenty-five ago in the training programs at IBM. So even though I was in the slow school, I like to believe that I just got a better foundation to build on.

DSM: I understand that you were under double pressure while you were in training because you were not only going through training with all the pressure that that involves, but you also got married.

RMD: Yes, I got married at the same time. And I was the second generation IBMer. And IBM liked that second generation. I remember my father got recognition in a meeting one time by the fact that his son was a second generation IBMer. Imagine if you washed out of that program. It’s kind of like going to boot camp. You couldn’t fall out of that. My wife was a nurse, a specialized nurse. She was a dialysis nurse for kidney failures. So it was an “always on call” kind of job. I remember she took the dialysis job because she was always on call and she made more money that way as we were starting out as a young married couple.

We were married for about a year when we bought a house. This was 1979 and the house was \$42,000. We were laughing about it. We stayed up the entire night before we signed the mortgage. “Could we possibly do this? Could we possibly afford \$382 a month for a mortgage for the next thirty years!” Can you imagine that?

That's why my wife was a dialysis nurse because she was on call nights and weekends. Somebody would have kidney failure or, I remember a guy drank a gallon of antifreeze. The way they would save you is to do dialysis. Clean out your system. But she was constantly on call. She did that so she could make more money because I was a young sales guy who got paid a very small salary and had lots of opportunity when I was successful as a salesman. I remember I used to come home on Friday night. Friday night my wife would say, "Can we go to the movies this weekend? Did you sell anything this week?" It was real commission, hand-to-mouth kind of stuff.

## **The First Sale**

DSM: Do you remember your first real sale?

RD: Oh absolutely. IBM used to make a big deal about it; it was called your first new account pen set. You got a little desk set. It was a company called "Large Kilday Lumber Company." It was typical neighborhood lumber company. They probably had revenues of \$5 million a year. IBM had a special little software application package just for lumber companies. It ran on this computer system called The System32. If you could picture this, it was about the size of a business desk in your office today. It had a little tiny display screen on it about. It could display about 500 characters. Part of the reason IBM designed it that way is so that no one could look over your shoulder when you were looking at your financial data. Your PalmPilot today has a bigger display screen than that had. It had 16K of memory and it had four megabytes of disc. Your PC has 512K of memory. That pen has more technology than that had. And that machine at that time cost about \$75,000 and then you would buy the IBM Lumber Company package. That probably would cost you about \$500 a month to rent.

Here's a tiny little company that invested in technology and my job was to convince that guy that he wanted to get rid of what were called his "ledger cards". You had a paper record for every customer, for every inventory. When you sold a company a 2 x 4 you would take the ledger card for 2 x 4's and subject one device, one 2 x 4, off that card and you would add accounts receivable to his ledger card. And that's how you managed businesses.

You would take these business people and say to get rid of all those cards and you're going to put it in that System32. And they would say, "But my business is those cards." That was what sales was back then. You would have to say, "Let me tell you what a computer is. This is disk. This is memory. This is..." There was no networking. It was all a stand alone kind of technology. It was fascinating to bring these little small businesses into the computer age. That's what I did. I did that for seven years and sold, literally, dozens and dozens and dozens of small businesses on their first computer system.

DSM: So one of your big jobs is overcoming total terror with the equivalent of losing your laptop, if they lose their registry. Did most of your customers maintain both systems for a long time?

RMD: For a while, because they could never believe that all that this magical computer could actually do what we said it was going to do. But there were others that would jump in head first. They would perceive as their competitive advantage. I remember I had one customer who was a medical supply company. If you broke their leg, they sold the screws and the plates. I remember I took the CEO to a demo of The System32. And he said, "I'll look at this, but you're going to look at a demo of someone getting their leg amputated," which I'll never forget.

Another one I remember, there was a business called "Plymouth Rock" and what Plymouth Rock did was hot dogs and sausages. It was a pretty big business at the time and I remember the CEO was a little German sausage maker. The company was probably \$50 million in revenues, but that was a big deal. The day he signed his order with IBM, he took me for a tour of the plant where at one end there would be chunks of meat, and at the other end would be sausages. As we walked around and we got to the end of the tour, he said, "Just so you don't lose any sleep over it, if this computer doesn't do what you said, you're going to start at that end and you're going to come out a Polish sausage at the other end." Every time I see a Plymouth Rock truck driving around, I think of that story. They're still out there today.

DSM: So from a beginning responsibility, primary responsibility to get through this training program, you've got a new wife to support, starting out in sales...

RMD: ...that I never wanted to do anyway...

DSM: Is there a point sometime in there in which you realize that “I’m pretty good at this”?

RMD: I don’t know if there was a point when I realized it, but people around me did. By the way, I wasn’t a salesman. IBM didn’t have salesmen. IBM had what were called marketing representatives. I wouldn’t be a salesman. It just wouldn’t be what I would do, but marketing representative was OK. I remember I used to sit with customers and say, “My job is to get all of the capabilities of IBM at your disposal. I understand your business and I understand what this huge company can do. I will get IBM to take care of you.” If I was a salesman I wouldn’t do that, but I was a marketing representative. Anyway, I was relatively successful at that, but again, it was like everything else. I had to work at it. It didn’t come easy for me. I was never 250 percent of quota. I was always 110 percent of quota, but I worked really hard at it. My wife used to type proposals for me on weekends because back then there were no word processors. You literally used to type on a typewriter, a Selectric typewriter. My wife used to come into the office and type proposals for me on weekends. We worked at this stuff, right?

So I was a salesman for about seven years and my sales manager was a guy named Gary Hebert. Gary was an ex-Marine who joined IBM after being a helicopter pilot in Vietnam. There’s my exposure to Vietnam. If you got Gary to talk about what Vietnam was like, he would tell you the most horrifying stories. Anyway, he was a helicopter pilot and his job was to fly in and rescue wounded guys off the battlefield. He re-upped three times—just to give you a little flavor for the mentality of the character. He finished Vietnam and the Marines and he joined IBM as a salesman. IBM had a program called the “Eagle”. And the Eagle was the very top sales rep in IBM, and Gary won that a couple times. Then he became my sales manager, my boss. Gary was a former baseball player. When he showed up, and I was his young plebe, early young salesman, for whatever reason we bonded together. I’ll never forget what he told me. “You’re going to be better at this than you possibly believe.” So I worked at being a sales guy and he was a great mentor. He was the absolute best sales mentor you could possibly have. He was relentless in the sales environment and he was a great teacher. He helped me a lot in the business side.

## Getting Kicked Out of the Nest

DSM: Did you ever work together on these projects?

RMD: We would do it everyday. We would make sales calls and do business with customers everyday, and that's how he taught me how to do it. Towards the end of my time with Gary, I wasn't at 110 percent quota anymore. Then I started to get to be a lot better at it. I remember one day he called me in his office. IBM has a real formalized development program. Every employee has a development plan. Whatever you are, you should be thinking about being something else. It's okay if you say I just want to be a salesman for the rest of my life, a marketing representative. I remember I came into see Gary one time and I was living in Rochester. Now I had a young son and a young daughter. My wife had pretty much given up her nursing career to take care of my son. Financially we were doing a lot better then. Gary said, "You have a lot more skill than to be a marketing representative for IBM. You need to go into management." I said, "Gary, this is good. I finally figured out how to do this and I'm making money at it." He said, "No, you could be president of IBM. And you're going to move on." And I thought, "What is this guy saying to me? I grew up in Endicott, you know. I'm not going to be president of IBM." He said, "No, we've decided that you're going to move on," which is how it happened I learned later.

At IBM you got tagged with this thing called "executive resource." When you were added to the executive resource list, you were then exposed to lots of different opportunities to move on in the business world, inside IBM. As I later learned, every young person had to get "the boot in the fanny". You had to get kicked out of the nest almost, because once you get good at this IBM sales thing, it was really a pretty interesting job.

Gary booted me out and I went into what would then become management training. I specialized in the distribution applications. I traveled all around the country and I helped sales guys sell advanced applications to customers. But what you were really doing was being groomed for your next job, and your next job, and your next job. It was supposed to be about a two-year assignment and I think I was in this staff role for about six months. I met this branch manager, a peer to Tom Esposito, in Albany, NY. And he said, "I want you to come and be a sales manager for me." I would have been then the Gary Hebert's peer.

I remember coming home seeing my wife and saying “You know that house we bought? Guess what? We’re moving to Albany, New York” And she said, “Why? I thought things were going pretty good here.” That’s how IBM happened.

DSM: How many times—I’ve heard that you moved about twelve...

RMD: Thirteen. We had that conversation thirteen more times. That was our first step out. We moved thirteen times more like that, where IBM would say, “It’s time for you to go do the next thing” and the next thing, and the next thing. Each time you move up with a little more responsibility, a little bit broader geographic responsibility, or you’d learn a new environment.

DSM: So it’s not thirteen times over twenty, but thirteen times over about twelve or thirteen years.

RMD: Yes, at the time IBM was “I’ve Been Moved”, that was me. Each time you’d move on to a bigger responsibility. You could see if you moved to this, then you could move to that. If you moved to this, you’d move to that. For example, one time we moved to Tokyo. One of the development steps in the IBM executive development program was to get international experience. I traveled to Tokyo a hundred times. I traveled to Europe. But until you live in the culture and you work in the culture, you don’t really understand how it works until you are there. I was working for Lou Gerstner at the time. He was chairman of IBM, and he came into my office and asked, “Do you have any international experience?” I said, “Yes, I lived in Nebraska once.” I thought that was kind of cute, but he didn’t laugh at that. In typical Lou fashion, he said “In 90 days you will be living in Tokyo. Get your wife and family ready for this.”

That’s literally how it happened. We lived in Rochester, Albany, Boston, New Hampshire, Chicago, Nebraska, Connecticut, and Tokyo. We lived everywhere. That was all IBM. There was always an opportunity to do a little bit more. They were great career opportunities, but think of the pressure that puts on your family. My son one time was in three third grades in one year because we moved, and we moved, and we moved. You should be talking to my wife, who I’ve always said should write a book on the spouse of an executive and how to relocate. It’s created a completely different set of skills in my kids than what I had. I grew up in Endicott, a town of 40,000 people. I thought everybody looked and acted and dressed and thought the same way.

Here are my kids who have lived in thirteen different communities all around the world. My daughter is a junior at University of Massachusetts at Amherst. When she went to college, there was absolutely no trauma for her. It was just another opportunity to meet new people and fit in.

As we've discussed, I had this great run at IBM and I had tremendous experiences, opportunities to lead multi-billion dollar business units. I worked with Lou Gerstner, whom I think was the finest executive on the planet, bar none. But for example, we were in Connecticut and IBM was starting to talk to me about moving again, to Europe. I had never lived in Europe, and the move was seen as another developmental step. I said that I was not going to move to Europe. I had moved my children enough.

We were in Connecticut, which is IBM's headquarter environment, and we went there thinking that my kids would get through school there. I came home one day and at a little family dinner and said, "We're thinking we're going to move again. Where do you want to go?" and "Do you really think you want to do this? The alternative is go to someplace, or pick out a place where we want to go and we'll move to there and I'll find an opportunity there and you two children will graduate from high school in that place. We will not move again."

At the same time a company called EMC, which is a technology company based here in Boston, was beginning to talk to me about leaving IBM and joining that company. We had lived in Boston twice before and really liked it. When I gave that to my family, particularly my kids and said, "What about this opportunity? Where would you like to go?" The place they knew the best was Boston. And so they said, "If you go to Boston, we'll go." And I said, "OK, but if go, we're not moving again. You will graduate from high school there." At that point in time Boston was one of the hearts of the technology revolution. So I thought if I went to there and this company called EMC didn't work, there would be other opportunities for me. So we moved to Boston. My daughter graduated.

DSM: Who hired you?

RMD: Dick Egan, who is the chairman of EMC and the "E" in EMC. He's the founder. He's a fascinating character, and again, another former Marine. My wife's father was a Marine. Gary Hebert was a Marine. Dick Egan was a Marine. There's some thread there. I'm obviously not a Marine, but there's some thread that I responded to that kind of disciplined leadership model. Dick was a billionaire entrepreneur.

He went on to be the ambassador to Ireland for George W. Bush. I remember meeting with him in his office and he had folding chairs and literally a folding table as his desk. I chatted with him and he said, “Notice this environment. This is not IBM. We spend our money on our customers and on commissions, not on trappings. So if you’re going to come here, get used to *this*.” I joined EMC. It was about a billion dollars in sales when I joined, and four years later it was 9 billion dollars in sales. It was at the absolute pinnacle of the technical, dot.com bubble. Every Internet company in the world needed lots of storage to keep all of its data on. EMC was the leader in storage at the exact right moment in time.

I left IBM and I went to EMC and a lot of my friends at IBM thought, “Are you out of your mind? With the career and the track record you had with IBM?” I was going to lose protégés, the guy who’d come from the outside in to IBM to turn IBM around. I had all this success around the world. “Why would you possibly go to EMC?” I went to EMC for two reasons. One is, I thought that that technology, storage, was going to be one of the things that was going to explode because I was talking to customers all the time about it. The second was the commitment I made to my family that we were not going to move again.

My son graduates from high school this year. We’ve kept this commitment, which to me is just as important as any business commitment I have ever made that I had to keep. After all they had done for me to get me to be able to get these experiences and exposures, I had to at least give them that kind of stability. One time when my son was six or seven years old, he got into a fight with the kid across the street and came home and said “I don’t like the kid across the street. It’s time to move.” I realized right then, even though we had given them great experiences, we had not necessarily done everything we could do for them. A big day in my life would be to go to Syracuse, N.Y. and see a minor league baseball game. My kids went to Vietnam and Thailand and Korea. They had seen the world. The world is a little different than the world that I grew up in, but the roots and the family structure that I had, I didn’t think we had given them that. So we really had an important commitment to them.

## IBM's "Womb to Tomb" Environment

DSM: While you were at IBM, in the 1980s and the 1990s, were just extraordinary in the history of the information technology revolution. A couple things I want to ask you. You'd been there four years when they introduced this strange desktop technology. Did you have any idea of the impact that technology was going to have?

RMD: No. IBM was big computers. System32 was the littlest thing IBM made before the PC. IBM was mainframes, huge infrastructures, complex operating systems and technologies. IBM didn't seem to be any good at trying to make that stuff simpler. Think back to that time. IBM made this PC box, but they went to this little fledgling company in Seattle called Microsoft to write the operating system. IBM couldn't think in small increments. I think the sales forecast for the PC at the time was something like 50,000 PCs. That was the world's capacity for PC, according to IBM. Of course IBM also said that only one or two companies would ever really have a computer, back in the 1950s. They thought small then always over-achieved their small sales capacity. I don't think anyone thought the PC would become what it was in the desktop and what it's really become.

DSM: You went through the PC introduction, a real landmark in the history of computers. Then along came whole scale server revolution, and, I should I phrase this, a time of troubles. John Akers joined about mid-1980s, about 1984-85, and things were getting rough about 1988.

RMD: Early 1990s...

DSM: Tell us what it was like as an IBM employee to have to lay people off.

RMD: John Aikers grew up in the whole IBM culture. IBM had a practice called "full employment" and it was believed and executed for some seventy-odd years. When you got hired with IBM you would retire with IBM. You had this job for life. Again, it was this philosophy of "womb to tomb" environment. We'd put you in the little small community and everybody would work together and believe and act the same way. Aikers really struggled with the idea that the company would lay people off. There was no contract. It was a practice that you had. IBM lost \$16 billion in a two-year period because markets were tightening down. Competition was intense from little companies like EMC and Sun and HP, who moved into the client server world faster than IBM did. IBM had to do some down sizing. I'll never forget it.

Another person who had a huge influence on me was a guy named John Thompson. John, today, is the chairman and CEO of Symantec, which is a security company on the west coast. John was the guy who gave me my first executive job at IBM. I would have responsibility for lots of people and a P & L kind of job. John was a great mentor and a great manager. He would leave you alone, but when he needed you to do things, he would call you up and say “I really need this kind of stuff done.” One day, he called and said (I think I had about 2,000 people), he called and said, “You have about 2,000 people that work for you today. In ninety days, you can only have 1,000.” This was an environment where we had never done a lay-off before. Not only did we not know how to do it, but the people were just shocked.

I was out in the Midwest at the time, in Nebraska. My territory was in Nebraska, Iowa and South Dakota. I remember we laid off a guy in Iowa. We told him, “Thank you. There’s nothing you’ve done wrong. We just can’t afford to have you here anymore. Here’s two years pay and you can go away.” Lay-offs were a little more gentle back then. The next day, he showed up to work again. He showed up to work. We said, “You don’t work here anymore.” He said, “What else am I supposed to do? I work at IBM. What do you want me to do?” We said, “Well, you can’t be here.” And he kept coming back to work.

DSM: He probably didn’t tell his family.

RMD: I don’t know if he did or not, but he didn’t know what else to do. There was a study that was done. The average IBMer, after they retire, died after sixteen months. The average lifespan of the former IBM employee was sixteen months because IBM was such a “womb to tomb” kind of environment. You thought that way. You acted that way. From my whole childhood, my father got out of work at 4:18. It took him twelve minutes to get home and we had dinner at 4:30 every night during my childhood.

## **Changing IBM’s Corporate Culture**

Before the lay-offs, IBM did a program it called “re-deployment.” Again, IBM really struggled with this idea of breaking this bond with its employee base. They tried to get their cost structure down by taking people out of the plants and the labs and moving them into revenue-producing jobs. You would take a bunch of engineers and you would move them to the field, and they would become salespeople.

The theory was if you're going to pay for them, you might as well pay for them in an environment where they would create revenue than just cost. So one of my jobs at IBM, was to move and Boston and run the re-deployment program for the New England sales region. I went to every IBM plant; Endicott, Rochester, Minnesota, Charlotte, North Carolina, Austin, Texas, San Jose and Denver, Boulder, and we would try and convince engineers that they wanted to become sales guys. Again, IBM wouldn't let them off. "Bob is coming to recruit you to become a sales rep in Buffalo, NY."

I remember I was sitting in a meeting in Boulder, Colorado. If you've ever been there, there's a most spectacular vista, right? We're in the IBM cafeteria and out the window are the snow-capped mountains and I'm talking to people about moving to Buffalo, NY. And you really want to change your career, change your life, uproot your family and move there. But IBM didn't want to lay people off, so that's how they tried to avoid it. We moved thousands and thousands of people. Ultimately IBM had to face the music after tremendous losses and they laid people off. The trauma of it was not only at the individual level, but also was tremendous at the organizational because the company didn't know how to do it. Some companies had laid people off for years and years and years, as business cycles routed. IBM didn't do it. Big enough and strong enough, it could muscle through. But this was a downturn in the business cycle and the competitiveness it just couldn't deal with. John Aikers struggled with that because he was a product of the no lay-off, long-term, "womb to tomb" kind of approach.

DSM: What other leadership had come from the inside?

RMD: Everyone, everyone. That's why people like me were put into these professional development programs because it was believed that if you started enough little seedlings like that, sooner or later someone like John Akers would pop out. John Akers was a IBM marketing rep in Worchester, Massachusetts, twenty miles from where we sit. One of the guys along the way who had an influence on my career at IBM, was a guy named Paul Palmer. Paul was the sales leader for the New England region. He was John Aikers' Gary Hebert. He told John Aikers when he was a young salesman, "You can go and become something bigger than that." And off John went into the same development program that I went into.

Twenty years later I ran into Paul Palmer and he mentored me along a couple steps of the way. He always said, "You're a lot like John Aikers". I wouldn't flatter myself that much to think I was like John Aikers. But John struggled with the whole idea of full employment. John was also under immense pressure; He was on the cover of *Time* Magazine as the company was struggling. He had a lot of challenges, not only to try and figure out how to make IBM be more profitable and successful, but to deal with all these cultural changes which were very, very difficult. John ultimately retired from the company. The company recruited an individual by the name of Lou Gertsner to come and become CEO, Chairman, and President.

DSM: An outsider.

RMD: He was an outsider a total outsider. He came from American Express where he was a customer of IBM for a long time. Then he went to RJR and ran RJR. The book *Barbarians at the Gate* kind of documents the process of RJR moving through time. Lou didn't really understand a whole lot about any of this cultural stuff that IBM had, and certainly didn't think about things like "full employment". Why would you do that? You're losing money. You do what you need to do. Lou came into the company basically to cut the company in half. I think the company laid off a couple hundred thousand people.

DSM: You were working with him?

RMD: I was working with him. After he was with the company about six months or so, I became what was called his executive assistant. And I worked with him in his office. Lou documented much of what he accomplished in a book that he just published. He just retired from IBM on December 31, 2002, so two weeks ago he retired. There was a famous story, I think it was *Forbes* or *Fortune* Magazine, and I'm going to paraphrase for a little bit, but the title was "Can Gertsner Teach the Elephant to Dance?." It was a reference to this slow moving, plodding company called IBM. The article asked, could Gertsner come in and figure out how to make it dance. So Lou's book, is entitled *Who says Elephants Can't Dance?* He tells the story from the hard times of when he decided to join IBM, to what the next five years represented about how he moved that company from being a slow moving, tired old hardware company to a leading-edge technology company. What he basically says is all the technology stuff was not that hard. It was the culture. The culture was the real strength of the company.

He had to figure out how to take the very best of that culture and change it, but still keep its fundamentals intact. And he did that. He even said in his going away letter to the employees, “When I joined IBM I thought it was the most stogy, tired, slow moving bureaucratic company I had ever seen. It was the culture. I fell in love with the culture.” For Lou Gertsner to use those words, as well as I know him, those words aren’t in his vocabulary. But he realizes what was that company, what made it so special, was the culture.

DSM: You were his executive assistant. A second generation—speaking of culture—a second generation.

RMD: Rooted in the old culture.

DSM: What are your favorite Lou Gertsner stories? I know there are some. Are there some favorites that you can tell?

RMD: Yes, sure. Why did I get that job? There were probably about 200 people who look like me at IBM. Why did Lou come in and pick one of them out of the litter and say, “You come up here and work with me.” What happened, we were out in this Midwestern region and we decided we were going to change how we supported customers. Without getting really complex, when you cut your workforce in half, you have to change something. So we changed the way we served our customers. In the end, about a year later, this unit at IBM had the best profitability and the best customer satisfaction and the best employee morale. When Lou came in he said, “I’ve got to change IBM. I don’t necessarily know what to do, but show me something that’s happened out here.” This team of people saw that we had done some really creative stuff, so they reached in and grabbed me and said, “If you did this, then you can at least help me see another way of what might have to happen.” I think that’s why I got to work with Lou, because I changed the IBM world, then part of the team that changed the IBM world and we survived.

DSM: You had a foot in both...

RMD:...the old and the new. We dealt with the Iowa guys who wouldn’t leave and we figured out a new way to do it. I got to spend that time with Lou. It was a great experience, not only to watch how he transformed that business, much of it under fire.

I remember going home one day and telling my wife, “Lou Gertsner is CEO of one of the biggest companies in the world, and do you know what? He puts his pants on, just like I do. He has the same fears about business, gets nervous before presentations, just like I do. You know what? I could probably do that some day. Not today. I’m not ready to be a CEO of a company today. But I think I can do that, and I think I would like to.” I remember saying a couple of times, “Lou, I want your job.” But by working with him every day like I did, it was certainly one of those really important steps in my development that said, “Okay I can do that. But there are a lot of other things I would have to learn and see and do. But I think I can do that and I think I would like to that.” If I hadn’t spent that time with him, I probably wouldn’t have ever gone on to try and run a business.

DSM: Not on a scale of Lou’s transformation of IBM, but certainly an extraordinary story is the story of “Big Blue” and Kasparov’s chess match. I understand you had something to do with that. Can you tell us?

RMD: Kasparov was the number one ranked chess player in the world. I was at the time, engaged in the RS6000 product line of IBM, which was IBM’s UNIX competitive offering against Sun and HP. Sun and HP, quite frankly, had technological advantage. They had sex and sizzle that IBM didn’t have. They were able to say to our customers in the marketplace, “IBM is a main frame company. And we’re the UNIX company.” And here was this UNIX thing inside IBM. So it didn’t kind of have a home, and the technology was way behind. We needed to buy some time before we could invent another generation of the UNIX platform. Somehow we had to make the IBM RS6000 sound sexy. We decided that we would have Kasparov play a RS6000 in chess, and if we could beat him, then it would get a lot of visibility that we really did have a “hot box.” It was an environment where the “hot box” won. Those days are long gone and it will never be back. But in that time frame, in the mid-1990s, the “hot box” would carry the day.

So we built this supercomputer. We took a standard off-the-shelf RS6000 supercomputer and we programmed it with every major chess match that had ever been played. We stored all that data inside the RS6000. So when it came down to the chess match, Kasparov would move a piece and the RS6000 could figure out every theoretical move that could happen against every master chess strategy, and figure out what was the optimum move. We knew when we signed up to play Kasparov that the worst case was that we would tie him. He could not beat us, but we thought maybe we could beat him. I’ll never forget it.

The first match I think, turned out to be a tie. All the engineers behind the closed door with the computer were jumping up and down because they said, “He can not beat us now.” We went on to beat him.

The RS6000 was on the cover of *Time* magazine. There were TV commercials with basketball players trying to jump over the top of it, saying “I can’t possibly compete with this thing.” We named it “Deep Blue” and it put a luster on that product. The whole marketing image changed of IBM in the mid-market and our commitment to UNIX. Over time, IBM became a very powerful UNIX mid-market player. “Deep Blue” kept IBM in that game for a while.

DSM: I remember it well. It was a really symbolic.

RMD: The cover of *Time* magazine was man vs. machine. It was the whole concept of artificial intelligence and are these things called computers becoming too smart? Are they going to replace creativity? It’s one thing if they can add numbers together, but if they start to think about the strategy of the chess game, maybe these computers are going to become too powerful. Remember “2001: A Space Odyssey”, the computer was called HAL. Hal , what’s the letter after H, - I? The letter after A is B. The letter after L is M. Hal was really IBM. That was one of those things when you saw the movie, you’d never think of it. The computer in 2001 was called HAL and it was coded for IBM at the time. And I think that movie was in the 1980s maybe? There was a real fear back then that the computer was going to become smarter than man and maybe push man aside. In the last twenty years certainly, we’ve gotten re-control of that issue.

## **Moving On By Staying Put**

DSM: We’ve talked about your decision to go to EMC. Are there any EMC stories I should ask you before we get you to JD Edwards?

RMD: Yes. IBM’s claim to fame was it could do everything a customer would want it to do. We had big computers and small computers, desktop computers and storage and networking and operating systems. IBM did everything. My feeling at the end of my IBM career was, although IBM did everything, it didn’t do anything really very well. It was just kind of good at everything.

I decided I wanted to move to a company that did one thing, but did it really well. I wanted to try to see if you worked in a very focused environment. At the time one of those up-and-coming focused companies was EMC. They did storage, and they did it very well. That's all they did.

As I told you the story about wanting to move to Boston and I joined EMC. I had the privilege of working with Dick Egan, the "E" in EMC, who was one of the best sales representatives I've ever seen. He was a fearless sales guy and a Marine. He made his career by beating IBM. IBM invented storage. IBM had the patents in storage. EMC kind of repackaged storage and figured out how to do storage better than IBM. Basically, Dick Egan went to every IBM accountant on the planet and convinced them to switch to EMC. He was a great sales guy. So he was a tremendous teacher for me.

The other guy was Mike Ruetters. Dick was the Chairman when I joined and Mike the CEO. I worked for Mike. He shepherded EMC from a billion in sales to nine billion in sales when I was there. Product innovation, marketing, how do you convince Wall Street that this company was really something to pay attention to. I learned a lot from Lou, but I also learned an awful lot from Mike about how to be a CEO. I believe I have two of the best teachers in the world—Gertsner and Ruetters—who taught me how to be a high tech CEO. They taught me what to do and what not to do. I saw both of those leaders do things that I could say afterwards, "You know what? If I ever get to be that, I will never do what they just did. I'll never act that way, partly because you have to be who you are and I'm not them. But partly because I learned a lot by the mistakes I watched them make. Gertsner and Ruetters are tremendous role models and teachers and mentors.

## **The Move to JD Edwards**

DSM: Gertsner an outsider comes to IBM at a very difficult time. You go JD Edwards as an outsider at a difficult time. Can you tell the story of that transition?

RMD: Ed McVaney was the "Edwards" in JD Edwards, so he was one of the founders. After twenty-five years of founder, CEO, ultimately Chairman when the company went public, JD Edwards was the hottest IPO in 1996. It grew up from a very small business to a billion dollar revenue company. In late 2002, Ed decided that he wanted to retire.

The company went out on a search to try and find somebody who could come in as CEO and ultimately Chairman. Ed would leave the board and retire. They hired a search firm. The search firm called me and said, "Don't say no." You don't get that call everyday, "Don't say no." OK, here it comes. He said, "JD Edwards." I sold JD Edwards software to my IBM customers twenty years before.

I'd known this company for a long time. JD Edwards grew up in the shadow of IBM. IBM built some hardware and they needed someone to build some applications and they partnered with JD Edwards. I'd known that company forever. But at its core, to me, it felt an awful lot like IBM. The work ethic, it was a family-business type culture. They have a real focus on the customer. It is a strong franchise not only with its customers, but a tremendously deep loyalty with its employee base. So here's a high tech software company in Denver, Colorado, not unlike IBM in Endicott, New York. JD Edwards is the largest technology company in an eight-state area. If you work technology in Colorado, you want to work for JD Edwards. It's the same as if you're in Endicott, or Rochester, Minnesota or something. I met with the board and I met with Ed. I spent a lot of time with Ed. Ed read my background and said, "OK, he can do the job. He understands our customer. He understands the product. He's worked around the globe." All Ed cared about was their cultural fit. Can this guy fit into this business?

DSM: Yes he has very strong views...

RMD: He has very strong views on what's right and wrong. He didn't talk to me a whole lot about what do we need to do with products, and how do we reposition the marketing strategy, and how do we get the stock to be worth something. All he cared about was "Will you fit here?" We spent a lot of time on the "fit", and I was trying to pull out of him what really needs to be done here. The company asked me to join in January 2002 and I took over CEO. A few months later Ed resigned from the board, turned the chairmanship over as it was all planned to be, and the company has moved forward.

DSM: This is almost exactly the end of your first year. Can you give me a capsule description of that first year?

RMD: It's been fascinating. First of all, what Ed and the board told me were the "goods and the bads" of the company were absolutely accurate.

Normally, when you join a company, you get a certain amount of marketing fodder. You know, “this is not really a problem,” or “we’re really good at this.” But Ed and the board laid it out on the line in terms of where we were good and where we were bad and what we needed to do.

The company is competes against companies like SAP and Oracle, who are dramatically larger than us. We have great products and great people and great customers. Where we fall behind is in our ability to scale. We’re a billion dollar company. There are 700 software companies out there, and we’re probably the fourth largest. It’s not like we’re a minor league player. But in the reality, SAP has revenues of 40 billion and we have revenues of a billion. We have to work very hard to get our image and our value proposition known in the marketplace. When we compete head-on-head with an Oracle or SAP, we beat them an amazing number of times. We just don’t compete that often because we don’t have the scale or the resources to do it.

So the opportunity was first of all, to learn all the products and meet many of the customers and then to understand how to take this culture and turn it into a strength. Take the culture and take it to another level. What we’ve tried to ask the company to do is really three things: focus, execution, and sense of urgency. I learned focus and execution from Gertsner and from Ruettggers, and sense of urgency from Ruettggers at EMC. I took three basic things that I saw those companies do well and just tried to push them into this culture and watch how the culture responds.

In JD Edwards, we were selling our products to everybody. Anybody who wanted JD Edwards, we would sell it to them. What we’ve done is narrow our focus down to some industry segments where we can do really well. Execution—whatever you’re going to do today, whatever job you’re focused on, do it better tomorrow. JD Edwards was twenty-five years old last year. I like to use the analogy that we didn’t have a heart attack, but we needed an angioplasty. We had slowed down a bit. We weren’t executing as quickly in a focused way. And then sense of urgency is—in technology, in this marketplace, if you don’t execute quickly, you get left behind. As Satchel Page said, “Don’t look back, somebody might be gaining on you.” At JD Edwards, I felt we had kind of lost our sense of urgency. We tried to turn up the engine a little bit faster. Although you’re archiving this today, the company had tremendously successful 2002. In this environment, most companies decline year after year. We grew sequentially every quarter. We exceeded Wall Street’s expectations for earnings every quarter.

In an environment where many software companies are falling backwards, JD Edwards really took a big step forward. We leveraged that culture. We leveraged the capability. We leveraged the technologies, had a good year.

DSM: I'd say better than good, an extraordinary year. In the last half hour, I'd like to talk about some more general topics. I'll begin with one that's a little more directly related to just what we were talking about—that is, the state of the industry now and where's it's going. We've just come through an extraordinary period of business disappointment: the dot-com collapse. And on top of the dot-com collapse, the applicable failures in the business community. What happened?

RMD: We had a kick-off meeting recently in JD Edwards and I talked to the employees about what I call "The Perfect Storm." There's a movie out recently about this huge convergence of weather patterns that occurred off the coast of Massachusetts. A fishing boat went out into these three storms that came together. The boat sank. It was a fascinating movie. The special effects in the movie are tremendous. I talked to our employees and I said, "We're living through the perfect storm, but not the one you saw off the coast of Massachusetts."

Here are the three storm fronts: first is an economic environment like we haven't seen in our careers. People for years and years thought that technology was the way you made your business more competitive. They overspent on technology, now they've pulled way back and tried to consume what they've already got. So the opportunity and the economy is an environment we haven't seen in most in our business lives. Secondly, is this governance issue that exists, the belief that virtually every public company is mismanaged and you can't trust public companies. Worse yet you can't trust CEOs, personally. And the third one is again, the unique environment that we haven't seen in a long time, the thread of war and terrorism. That has many businesses in a very cautious environment. You have, "I'm not going to spend because of the economy. I don't trust you to start with, and I don't know where my business is going to be because there might be a war next year." And we're supposed to try and sell our goods and services in that kind of "Perfect Storm."

If you think about the environment we are in, I've never seen anything like this in my twenty-five years. Maybe you've seen one front or the other, but never all three. Consequently the business environment has been extremely difficult, more difficult than I've seen in my career. What we say in JD Edwards, is even in that we were able to grow. We've navigated the perfect storm. So how much worse can it get?

The other thing is we can't change the thread of terrorism and war. That's outside our control. The economy is outside of our control. What we can control is this last thing, this trust and confidence and governance. So let's make this company the most moral, most honest, most ethical company. And as individuals, if you make commitments to your customers, or to your partners, or the people you work with, you will keep them. If we all do that, the one thing we can control is that, and we can control how we execute every day. If we do those two things, these other forces of "The Perfect Storm" we can't change. We can't worry about them either.

DSM: and the extraordinary base in terms of...

RMD: We have a culture document. It was written by Ed McVaney. I talks about what it means to work here and what you can expect. We tried to put a little bit more public company thought into that, because nowhere in that document does it say we owe the shareholders something. It was written by the founder and entrepreneur, who didn't necessarily think that way. We tried to bring the thought process up. We have a responsibility to the shareholders as well.

That's why I'm proud of the fact that we've done well against Wall Street expectations quarter over quarter over quarter because we're paying attention to all that now. We're paying attention to the customer. We're paying attention to our employees, and we're paying attention to the shareholders. We've given them a good return.

But you're right. The economic environment and the environment we're navigating in, I've never seen anything like it. My belief is, companies that will survive and flourish in this environment. And the economy will turn back up, it always has and it will this time again. And companies will invest in technology solutions. It is the way you make your business more competitive. So what we've tried to do is build a company that can do well in this environment, and better when the economy turns up.

What I've feared is there's a lot of companies that haven't figured out how to do well in this environment, or they're trying to weather the storm without making the kind of changes that are necessary, and when it turns up their businesses are not going to flourish. What I look for in this environment is companies that have taken the difficult bold steps, and positioned themselves for success here, and then they're going to be really successful in the next wave.

## **Reactions To 9/11**

DSM: I'm going to step back and ask you a personal question about September 11<sup>th</sup>. First, tell this future generation of graduate students who are looking at this, how much time you spend in the air. Then talk about where you were on September 11<sup>th</sup> and your feelings about it.

RMD: I'm an expert at air travel. In the last year I've been with JD Edwards, I haven't been in the same time zone for more than four days ever. And I think that's the way business executives have to be, especially in tough times. You can't have a bunker mentality. You have to be out with your customers and your partners and shareholders. So I'm kind of an expert at air travel. On September 11, I was in the office. I remember watching it unfold and kind of not believing what we saw. We saw the second plane hit the tower. When the first tower got hit, you thought it was a mistake; it was accident. Something happened. Then you saw the second one and you realized it was not a mistake or an accident. Immediately, our knee-jerk reaction was, did we have any employees on those airplanes? Then you heard about the plane hitting the Pentagon and then you heard about another plane going down.

We have employees traveling all over the world, and immediately we tried to get a handle on where our employees were. Luckily we use a central travel agency, so all our employees book their tickets in one place. We were able to go to the travel agency and say "Show me the rosters of where our people are." We didn't have anybody on any of those airplanes, thank God.

The second thing I remember is people went from being fascinated by watching it on TV, because it was real time, to suddenly fear, and people saying "Oh my God."

I don't remember being afraid, but I do remember I quickly called my daughter at college and asking, "Are you ok." She's in a real diverse, multinational kind of environment. I said, "Come home if you want." She's about an hour away, and I told her "Stay in your dorm. Go to class. Do what you ever want to do. Just be cautious," because I wasn't sure what this was. Originally we thought it was a mistake. Then you thought terrorists. Then you thought, "What's next?" Then I called my parents and said, "Do you understand what's happening here?" My parents in Endicott, New York, were not even watching TV. Didn't even know what was going on. I said, "Turn on the television and don't be afraid."

Compare that with my story about Kennedy being assassinated. A couple of hours later, you learn the truth. We watched the truth unfold in real time in that environment. Then I remember we quickly put out a bulletin to all the employee base and said "Our people are okay." Then we told people to do what they needed to do, "If you need to go home, go home. If you're worried about what's going on, go do what you need to do." We felt like the US was under attack. Looking back on it, that was my recollection. But you didn't know what to do, because you hadn't ever really gone through anything like that.

Today we have disaster plans in place. We know much better. If anything like that were ever to happen again, every employee in the company has a copy of the company's disaster plan: what you should do; how you should act; who you should direction from. If someone says, "Go home", what does that mean? Maybe it would be better if we stayed together and knew where we really were. It's all documented. I think every company now in the world has really taken the time to really figure out how to take care of its employee base.

## **The Seeds of Innovation**

DSM: I would now like to talk about innovation. You've gotten to work with some of the most innovative, creative people in the world.

RMD: And I feel really lucky about that.

DSM: Where do you think it comes from?

RMD: I bet if you ask that question of a hundred people, you could figure out what their skill and background and mentality was. I will tell you how I would answer that. It comes from customers. If you listen to your customers very carefully, whatever environment you are in, your customers will tell you what it is that they need to make their business more competitive. If you can somehow take what you hear from your customers and turn it into a product or service (which will be innovative), you can change the way the market works. I think for years and years and years where innovation came from was from some engineers who locked themselves in a room and invented something. Then they kind of threw it over the wall and said “Do the dogs want this dog food or not?” Ninety-nine percent that came out was no good, and one percent was innovation. At least in today’s world you can’t afford to do that.

So, the right way to innovate is to innovate off the direction that you get from your customers. What we do in our company for example, is to sit with our customers in large groups and say, “You’re all consumer package group companies. What’s the biggest challenge you have?” And they’ll say, “We have to figure out how to manage our supply chain more effectively.” What does that mean? “We have to tie our suppliers to our manufacturing capabilities so we have just in time inventory arriving to lower our costs and make us more competitive.” Well, that says there’s a whole set of innovative products that we can build that can help you do that. If we sat there and thought about it, we would think about trying to make it better, faster, cheaper. That was the definition for innovation for the past twenty-five years. Better, faster, cheaper. A PC used to cost \$7,000. Now it costs \$700. It’s better, it’s faster and it’s cheaper, but who wants it? First, if you could say, “What’s your real problem? How do you really want to solve your problem?” You solve that, then that creates innovation. I remember when I bought my first PC...

DSM: What was your first PC?

RMD: Let me see. It was a PC1. It had a green screen. It didn’t have a hard disk in it. It just had a little diskette. But at IBM it was such a hot thing you had to have one, right? There was an employee purchase program and I bought one. I think it cost about \$4,000. And it came home and I didn’t do anything with it. I was an innovator. I had a PC, but I didn’t know what to do with it. There were no applications. There was no Internet. There was no email.

There were some very simple spreadsheets that I couldn't figure out how to make them work. So I had this thing, but it didn't do anything for me. Today, take my family, we have five PCs at our house. All of us have one and we have a back-up, just in case. Not a day goes by when there's not an application that changes the way we look and think about things and how we act. The innovation was not that there was a better, faster, cheaper PC, but that there were applications that change the way we live and work. So I think you innovate off the back of your customer. Any company that's out there that tries to innovate for innovation sake, the odds of success are pretty low that they're going to flourish. If you innovate around customer requirements and demand and business problems, then there's a sustainable opportunity to build a business that can make profit and you can be successful.

I think the dot-com bubble years of 1998, 1999, 2000 taught us all that businesses without profit are not real businesses. And profit comes from innovating on behalf of your customers, not on behalf of just doing neat things. I think we all learned a difficult lesson, but if we heed the lesson that we learned, then the future can be bright for us.

## **Looking Back On This Era of Innovation**

DSM: When we started this program in the 1980s, technology was relatively new ...it was the beginning of this huge explosion. The Berlin War was about to come down. The Cold War was about to end. Optimism was undaunted. 9/11 seems to have changed all that. Given your history, and your Dad's history as part of this industry almost through its entire history, when you look back on this generation, how do you think it's going to be remembered? And second, when people look back on you as part of that history, how do you want to be remembered as part of this generation?

RMD: How will people look back on us? I think people will look back on this time frame with the idea that innovation took place more in a compressed way than we were prepared to deal with. John Kennedy said we were going to put a man on the moon by the end of the decade. Today, it would have been "by the end of the week" and we still would have been impatient. I think our expectations rise because so much day to day innovation has taken place.

My wife and I were joking about the microwave. The first microwaves came out when we were freshly married young people. My wife went to this cooking class for a microwave oven. Today if you buy a microwave, there are no cooking classes. You buy a microwave, you put stuff in it and it does it. There was even a fear that you got radioactive food if you cooked it in the microwave, so you shouldn't cook everything in it. Today it is just taken for granted. In fact, it's gone to completely different places. We didn't have color televisions. There was no Internet. Now, they are part and parcel of what we do.

The acceleration of innovation happened inside my lifetime, and the question I would have is, "Is it going to keep going, or is it going to flatten?" I think there are some places where it's going to keep going and there are some places where it's going to flatten out. The one I hope will continue is the one in medicine. If you think about the advances in the medical profession in my lifetime - there were days when I was young, if you had cancer, you died. If you had heart problems, you died. Today, people recover, they survive, they flourish. I just hope we can continue to innovate on that front at the same pace.

Do we need to continue to innovate technologically? Sure we do, because that's the way mankind thinks. Otherwise we'd still have dull knives and wedges as our only tools. Customers often say to me, "Slow down. I can't even absorb what you've put out here now. Now you've got the next generation of something or other." So I wish we could figure out some way to divert our attention into the medical field and continue to make the world a better, healthy place for all of us to live. Technology will continue to flourish and we'll continue to benefit from it. Not only technology in terms of computers and networking, and storage, but technology in making all our lives better. For example, the environment, at the end of the day, this is all we've got. And if we don't take care of it, there's no recovering it. We should put as much attention and energy we do into making the world a safe place to be, an ecologically safe place, as we do making a faster chip or a storage device. I think that's the challenge the next generation will go through. How do balance our capability and ability to innovate on all those fronts.

How do I hope I'll be remembered? I don't know. I can't think that way yet. I hope there's a little way before I get to that yet.

DSM: At the very least, as a guy who kept his promise to his family.

RMD: Yes, hopefully what I've added is creative environments where people like to contribute, like to work. I hope I have created environments where people think it's a safe, challenging, professional environment, an environment where we keep our word about what we say we're going to do, we do it. Whether that is in my home life, my friends, or the church or things that I'm involved in out of work, or the places I've have had the privilege to work. I like the idea that I'm able to add value to an organization not to be that just because you run the organization, doesn't mean that you're the most important part. You just happen to be one of the people who's an important cog in the wheel, but the people and the individuals are the ones who make the places where we work so special. I've worked in a lot of different places. I've had the opportunity to see that the better the team, the better the place it is to work, and I hope I help people feel good about that.

DSM: Well thank you so much for your time and insights.

RMD: My pleasure.