"A TIME FOR ALL TIMES"

1. INTRODUCTION

Thank you. I want you to know it's not only a pleasure to be here, but also that I accepted your invitation not even knowing that Kansas City would be the place to go if you wanted coverage in both the Kansas City Star and on ABC-TV. Tho' to be truly honest, just at the moment, media coverage of any sort whatsoever is not exactly Control Data's greatest need.

Anyway first of all I want to congratulate Susan Schmelzer and the University of Missouri School of Business and Public Administration for creating a program such as this and also each of you for your support and active participation. I understand that I am the sixth and final speaker in the Executive Roundtable's first year of existence, and that one of your speakers was my friend Peter McGrath, who learned how to preside over a great state university in my state of Minnesota before we allowed him to come to Missouri. Last night Susan told me to please try to remember that I was only closing this inaugural season, not closing off the total concept of the Executive Roundtable. I make no promises.
Since all of you are executives who I'm sure are often asked what it takes to succeed in the business world, I'd like to begin by recounting the story that Walter Gifford, former president of AT&T, used to tell about his own career. Walter was a small town boy who went to work in the big city, much against his father's wishes. When he received his first promotion, he was naturally elated and wrote his father to tell him. His father, who clearly held a less lofty view of the business world, wrote back: "Congratulations. Any damn fool can make a success in a corporation."

That little story of course is just another way of illustrating that times of transition -- watersheds -- are not without criticism and pain whether the transition is to a path of success or of failure.

A few years back I had the experience of being on a river raft when it was inadvertently drawn into a large "hole" of some rapids in the Colorado River. All eight of us were snapped out of it like so much popcorn from a hot griddle -- some swam easily to shore, some were somersaulted along by the rapids and one by chance caught the raft and helped others. Later, as we talked, it was startling to realize how the gamut of human emotions were distilled into that brief experience: fear, amusement, disorientation, determination, presence of mind,
confusion, cooperation, confidence, consternation and concern. But overriding it all was the seeming eternity of time. Now to an observer on shore it no doubt would all have appeared a fairly brief episode; simple physics and the mathematics of turbulent flow would explain the accident and motion of the bodies involved. Response by the individuals to the dynamics of their impromptu environment determined survival rate -- fortunately 100%. All was over within a short period of time -- an indiscernible fraction really in terms of a human life much less a civilization or of the history of man. But for those involved it was, in more ways than one -- a watershed. An experience out of which grew new perspectives and new maturity. Every day little rapids, small accidents and small watersheds are occurring in the lives of individuals. True watersheds for civilizations on the other hand are far more rare -- in rough terms it seems only every five hundred years or so. There are two such watersheds that have always interested me.

The first of these occurred some 3000 years ago as the Mycenaean civilization of Greece disappeared under the Dorian on-slaught from the North. We know about this ancient civilization and what happened to it because of archeological discoveries in the 19th century that helped rewrite the early history of Greece.
The Mycenaean commercial empire and cultural influence lasted until the successful invasion of the Dorians in about 1200 B.C., which ushered in the "Dark Ages" of ancient Greece. That was of course a negative watershed in which a most progressive and enlightened civilization was replaced by a more primitive one that prevailed for another 500 years.

The second watershed I want to cite was the emergence of Western civilization from one of the true "pits" of history -- the 14th Century -- into an age of enlightenment and progress as great as any mankind has known -- the Renaissance. Just as the collapse of the Mycenaean civilization was a negative watershed, the arrival of the Renaissance was one of history's most positive watersheds. But it was preceded by a period so dismal that we now refer to it as the "Dark Ages". The 14th century was characterized by despair, despotism and ignorance, along with such horrors as the "Black Death" of the
Great Plague. However, even in this dismal environment, a new vitality and creativity were fermenting which soon would produce liberating inventions, indeed one of the most important of man's history -- Gutenberg's printing press. The Renaissance also saw great centers of learning and scholarship spring up, and fostered immortal works of art and architecture, economic and commercial expansion, worldwide exploration, and ultimately, the emergence of the modern nation-state.

The fascinating thing about both of these watersheds was that while technology provided the potential, it was undaunted human will that unleashed the tide of history-changing events.

Today we live in the midst of one of those rare watershed moments. The 2nd half of the twentieth century is one of the great transition times of human history. Whether we are entering a new age of darkness or a new age of enlightenment is not predetermined. The technology is available. The question is where will we go. Where do we find the motivation and determination to realize a renaissance rather than a dark age.

2. BUSINESS IN CONTEMPORARY SOCIETY

Let me take that, then, as a starting point to discuss the role of business in contemporary society. At the moment the cacophony surrounding the burdens of the Federal deficit,
corporate raiders, and negative trade balances dominates the business media as well as cocktail hour conversation. There is however in all that din a rising note of a more epochal nature. For the last few years a growing number of business leaders sense intuitively that somehow large corporations must assume a new role of leadership in our society. Moreover the more thoughtful of them have a strong belief that if business does not respond to the opportunity for leadership laid out at their feet, then the basic economic, political and social system which has served our country so well could well be swept away in the next tide of public frustration over major and critical unmet needs.

Former DuPont chairman Irving Shapiro, for example, in his book, America's Third Revolution, makes a strong statement that new approaches are needed to the problems which beset American society. The central thread of Shapiro's book is the need for a more thoughtful, positive, and cooperative approach on the part of business to the public policy process -- this in contrast to the traditional and adversarial posture of business and government with respect to each other.

With a deft and ironic touch, Shapiro chooses as illustrating the wrong way to do things, a business group the du Ponts helped put together back in the 30s. The problem for this
group was FDR's New Deal and its perceived threat to freedom -- much less to free enterprise. Interestingly, the group which got together consisted mostly of old line conservative Democrats. They were concerned not only that America was being destroyed, but also that their own party already had pretty much been. Anyway, the du Ponts were joined by Alfred P. Sloan of General Motors, Edward Hutton of General Foods, J. Howard Pew of Sun Oil, and Sewell Avery of Montgomery Ward, among others -- a formidable group to say the least.

And in August of 1934, they got together and founded something called the American Liberty League. The problem wasn't that these businessmen didn't have some points. It was that they ignored the desperate plight of millions of people locked in a grim depression. Worse, they got drunk on their own rhetoric and spent the next 18 months attacking the New Deal in every possible -- and mostly irresponsible -- way.

They called Roosevelt's proposals "the end of democracy," "a quicksand of visionary experimentation," and "a trend toward fascist control of agriculture." And they had other less complimentary characterizations of the government's new initiatives.
The result, not surprisingly, was exactly the opposite of what the Liberty Leaguers intended: The New York Times later dated a grand revival of Roosevelt's popularity from the date of a climatic Liberty League dinner held January 25, 1936. By the summer of 1936, the League had lost most of its support and was being ridiculed in the media. In short, it had become a perfect "fall guy" for the Democratic party in power. The Republican Party begged the League to stay away from its 1936 presidential ticket -- to no avail I might add, as Alf Landon of Kansas found out -- and the whole thing quietly died before 1940.

Today, the business community has a better understanding of and more sensitivity to reality. There is more general understanding of the potentially damaging consequences of inadequate and costly education and healthcare systems, decaying inner cities, depressed rural areas, general environmental erosion, to the short and long range implications of job dislocations due to rapidly changing technology, and so on.

That's the good news. The bad news is that even though business people have a desire to do something about such problems, it's not clear to most what that "something" might be. As a consequence, over the past 15 years or so, a muddy concoction of philanthropy, general do-goodism, and public
relations, has been served up under the general heading of "social responsibility." The results -- to be as kind as possible -- have been "mixed." Given that -- not to speak of a heritage of things like the Liberty League -- it should not be surprising that the credibility of business with regard to its positions on public policy intended to address social problems is poor to non-existent.

As a matter of fact, it is extraordinarily difficult to understand either the depth of the problems, the magnitude of the resources needed to address them, or the changes in mindset that will be necessary to take effective action. The blinders worn by business in the past are no longer in place, but that doesn't mean we've become exactly clairvoyant either.

The result has been a well-intentioned agenda of business involvement, but not much in the way of action. With regard to unmet social needs, the focus has been on charitable contributions and voluntary commitments of executive and employee time. Now there's absolutely nothing wrong with philanthropy and voluntarism. They're fine, but demonstrably inadequate -- and -- they're not really in tune with the day-to-day matter of running a business. However, there is an honest-to-God chance to do something more, something better.
To bring the full force and resources of business to bear on the debilitating unmet needs of our society takes a market approach. That is to say: The involvement of business in addressing such needs must be fundamentally profit-driven. Again, borrowing from Irving Shapiro: "One reason I think fortune may smile on this approach is that it does not depend entirely on altruism, a quality for which business people are not famous, but reflects simple practicality, for which they are."

I do not mean to imply that what is needed to be done is easy. For example, addressing complex problems frequently exceeds the expertise and resources of a single corporation -- even a large one. So cooperation among several companies may be required. But gaining consensus as to mutual interests is not easy -- one may have an interest but no resources, another resources but no interest, and so on.

Let me illustrate the power of cooperation both in terms of what it can do for individual companies and in how it can provide practical leadership to public policy formation. For the computer and semi-conductor industries the cost of technology exploration and development has grown geometrically both due to the breadth and depth of technology itself as well as the range of products needed to compete. In the face of
intense worldwide competition the only effective means
companies in those industries have to assure that scarce
resources are spent on producing true value added innovation
rather than reinvention of the wheel is technological
cooperation.

Yet in the past neither the U.S. business culture nor public
policy has supported such an approach. Public policy in this
particular arena has been embodied in unclear and
out-of-context anti-trust laws. Clarification (not even
change) just clarification was needed to provide a public
policy impetus for business people to also change their
thinking. In spite of many examples of what technological
cooperation could achieve and some notable examples (such as in
the auto industry) of the result of its absence could cost,
there was no credible voice at the national level to lead the
way.

A small group of companies decided, however, to start. The
effort began in February, 1982 when a group of executives from
15 companies -- many of them direct competitors -- met in
Orlando, Florida. These people had only two things in common:
1) They were deeply concerned about the on-coming
technological competition from Japan, and 2) They feared the
idea of cooperation was at best impractical and at worst
probably illegal, if not actually immoral.
In the end the fears were overcome and the concern was forged into a powerful positive force. A few dropped out but the rest became a team with a mission to create a mechanism for sharing scarce technological resources: as a team we accomplished something people said couldn't be done in U.S. industry. In 1983 MCC (Microelectronics and Computer Technology Corp.) was launched. A dozen companies were the founders. There are now 21 shareholder partners and a half dozen or so associate members. Legislation clarifying the antiquated anti-trust laws was enacted last year. MCC led that effort. Why was it effective? Because of credibility that no individual company possessed -- and MCC provided credibility not by talking, but by doing. I had the satisfaction of leading the team that forged MCC and the anti-trust legislation. It was an experience I shall never forget. People, honestly supported, given guidelines of integrity, and truly motivated working cooperatively can accomplish incredible things.

But let me return to business leadership in the area of meeting basic human needs. As you dig into the kinds of problems which are stressing -- and distressing -- society, you find another particularly tough problem. In marketing terms it can be stated: "The client is not the customer" (or at least not initially). Said another way, it's a question of "who pays" -- or yet simpler, "money." This basic economic problem is
crucial because it almost invariably introduces the need for some form of public-private cooperation. Once again, clearly there is a need for public policy which provides structure and support for such undertakings.

There's nothing particularly new in all this. The "opening of the West" in the last century was fueled by government policy and incentives -- some would say largesse: First underwriting exploration (Lewis and Clark), a mission addressing national security, commercial interest and science. Then fostering and financing settlement (the Homestead Act). In addition, the government was instrumental in developing vital infrastructure -- railroad land grants, land grant education institutions, and so on.

Now the challenges of today's society are certainly more difficult than these "physical" challenges -- if you will -- of the 19th century American frontier. And, since public-private cooperation isn't exactly the heritage that Alfred Sloan and the du Ponts left us, we've got to overcome some handicaps of history as well.

Fortunately, the one great constant between the 19th century, the 1930s, and today is the entrepreneurial spirit that permeates our society. It can be channeled wherever
opportunity beckons. And beckon it does with regard to these social needs if we can harness the power of cooperation within industry and between industry and government.

In recent times, there has been a lot of talk about public/private partnerships. It's important to understand that business cannot and should not assume the role of government -- or vice-versa. Government certainly cannot relinquish its ultimate responsibility to society. But it can utilize its limited resources better by facilitating the competition of the open market. And business, by leveraging third party funding from the government, can find new opportunities in places it hasn't thought to look. In short, business and government can remain separate -- they can even have conflicting motivations -- yet still cooperate.

As I say, we are not without precedents. Americans traditionally have been a nation of self-reliant individuals -- but we've never hesitated to work together when a larger need became apparent. There are traditions then -- not only for addressing basic needs as business opportunities, but also for working together.
My feelings that such an approach will succeed were reinforced by a conference Control Data sponsored in September of 1982. The conference provided the opportunity to describe for a wide audience the pragmatic nature of a market approach to societal needs. Peter Drucker, John Kenneth Galbraith, George Cabot Lodge and Henry Cisneros were among the speakers. Some 250 business leaders and others from across the country participated in workshops. Out of those discussions came a clear message that if we are to succeed business can and must play a more central role.

As I noted, one of the speakers was Peter Drucker. I was pleased to read in a recent article he wrote for the magazine Across the Board reinforcement of this concept:

"In the years to come," he wrote, "Only if business learns how to convert the major social challenges facing developed societies today into novel and profitable business opportunities can we hope to surmount these challenges in the future. Government, increasingly looked to in recent decades to solve these problems, cannot be depended upon alone, because the demands on government are outrunning the resources that it is politically realistic for it to tap . . . . Social problems can be solved only if the solutions in themselves create new capital. . . ." End of quote
More recently a few weeks ago the senior partner of one of America's leading investment banking firms, John Whitehead of Goldman-Sachs, told an assembly of the Wharton Business School, "I believe there is an untapped profit opportunity for American business in solving social problems. What I am suggesting is that it is timely now for the corporate world to take another major leap forward in its thinking about social responsibility. I am suggesting that recognizing our responsibilities to employees and customers and suppliers and communities is good but not enough. I am suggesting that more generous charitable giving is good but not enough. I am suggesting that corporations must now initiate, singly and in groups, bold new practical programs to solve the nation's underlying social problems. I am suggesting that there is profit potential in these programs, a market opportunity. I am suggesting that, if this does not happen, there may not be time left for another round of failure." end of quote

And finally in my own business I have had the gratifying experience of seeing these concepts put into action. So we are not dealing with theory here, but tested concepts which simply await widespread adoption.
3. NCPPI

With regard to that last point -- widespread adoption -- I'd like to describe a project launched a year ago by some 20 corporations. It culminated just two days ago in the incorporation of a new organization, the National Center for Public/Private Initiatives.

The National Center's mission, quite simply, is to demonstrate the benefits of converting social needs into business opportunities. Its objectives are to convince chief executives and entrepreneurs to start new ventures in the social needs market -- and to spur public sector decision-makers into removing obstructions to those ventures, creating incentives for them, and playing an active role in bringing about whatever public/private partnerships are necessary.

The true measure of the National Center's success, of course, will be the number of such new businesses started. The Center's research, education and public information programs will therefore be designed to convince business people that adopting an investment strategy in the social needs market is simply a matter of self-interest -- and to convince public sector decision-makers that supporting profit-driven initiatives in the area of social needs is beneficial to society as a whole.
The best way to achieve these objectives is to point at real-life examples. For that reason, one of the most exciting aspects of the preliminary work leading up to incorporation of the National Center has been the creation of business plans in five specific areas. Three of those plans will be converted into new companies before the end of this year: An educational center for high school dropouts in Chicago, a job creation package for local communities throughout the country, and a $25 million seed and venture capital fund called the Beacon Fund that will provide assistance to new and growing companies in the social needs arena.

The corporations creating the National Center have met five times during the past 12 months. They include companies such as Hospital Corp. of America, Illinois Bell, Paine Webber, Levi Strauss and General Motors. They include individuals such as John Whitehead of Goldman-Sachs and Sandy Bemis, former CEO of the Bemis Company and Jim Worthy of the Kellogg Graduate School of Management at Northwestern. Loaned executives have devoted thousands of hours to preliminary activities, and the enthusiasm has been contagious. The power of cooperation has been clearly evident -- as a group, the companies involved have accomplished far more than any one of us could have achieved alone. We know we can make a difference in addressing the social needs of this country, and most important continue to demonstrate the effectiveness that great characteristic our country has always had: entrepreneurism.
4. **CLOSE**

In closing I shan't try to summarize for you the need, the problems and the opportunity that I have described this morning.

Rather let me talk of reward. There is no feeling of fulfillment equal to that of knowing people are using your product or service to satisfy a genuine need. There is no feeling of pride greater than knowing you have delivered quality. There is no feeling of reward greater than knowing your product has value in the marketplace.

You can imagine, then, those feelings when the product or service gives someone a real chance at a more decent life; a chance to be self-sufficient rather than dependent.

Barbara Tuchman says in her book on the 14th century, *A Distant Mirror*, that the essence of the renaissance was the emergence of the idea of individual worth. For a hundred years now there has been a growing desire to extend individual worth and dignity to as much of mankind as possible. There have been many different approaches to realizing that desire. Government has demonstrated for at least half that time that, alone, it is inadequate to the task. The combined resources and talents of business and enlightened public policy can do much more. At
the opening conference which began to draft the blueprint for NCPPI I emphasized the enormous stake in all this by concluding: "If business people cannot change to meet the exigencies of a new age -- if business people cannot learn to compete and simultaneously to work cooperatively with each other, with government, and with other sectors of society -- if business people do not understand that they must do so in their own self-interest, then in the long run business will pay the price of disenfranchisement..."

In short we're out of the raft and into the rapids -- a great watershed in history. You and I have the privilege of being here -- a time for all times. Who could ask for more?