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Berkeley, California

Gary Rogers
THE DREYER'S GRAND ICE CREAM ORAL HISTORY PROJECT

Interviews conducted by
Victor Geraci
in 2010-2012

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Interview #1: June 22, 2010
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01-00:00:00
Geraci: To get started with here, I'm going to read something into the tape and that puts a header on it. That way when they're transcribing and everything, they'll be able to identify everything. I am Vic Geraci, food and wine historian from the University of California Berkeley's Regional Oral History Office. Today's date is Tuesday, June 22, 2010 and seated with me is Gary Rogers. Mr. Rogers is a University of California graduate and spent thirty years as chairman and CEO of Dreyer's brand ice cream. Served as chairman of the Levi Strauss & Company and as chairman of the Federal Reserve Bank of San Francisco. This interview is being conducted in Gary's office at the Rogers Family Foundation in Oakland, California.

As I start off in talking, today is our opportunity to start off with your grandparents, parents, growing up. What was it like being little Gary Rogers coming into this world? Let's start with your grandparents.

01-00:01:15
Rogers: Well, my father's parents were longtime Californians. My grandfather on my father's side was a greengrocer. Actually operated produce stands in Sacramento. My father was born in Sacramento, raised there.

01-00:01:36
Geraci: So you're a native Californian from—

01-00:01:37
Rogers: I'm a native Californian for sure. On my father's side, it goes back several generations of native Californians. On my mother's side, I think her father was actually born and raised in North Dakota and her mother died. I never met her mother. I never knew my grandmother on my mother's side. She died quite early, before I was old enough to know her. So I don't know much about that side of the family. But in any event, both my parents were native Californians. My mother grew up first in Mexico, interestingly.

01-00:02:25
Geraci: How did that come about?

01-00:02:28
Rogers: Well, my grandfather had a fascinating life. He was a mining engineer and he was the chairman or the general manager of mines all over the world. South Africa, Australia, Mexico and had a fascinating life in the early 1900s, late 1800s, early 1900s. Actually had dealings with Pancho Villa in Mexico. My mother will tell you stories about traveling in a stagecoach in Mexico with bullets flying through the stagecoach as they lay on the floor as they were being pursued by one of Pancho Villa's gangs. It was a pretty wild life.

But my grandfather retired from that, came to La Jolla, built a nice home. In the Depression would buy up mortgages. He was quite a wheeler dealer. Bought up mortgages on farmlands, both in the Imperial Valley of California and in the Rio Grande Valley of Texas and then he foreclosed on those mortgages, wound up putting himself into the farming business through that route. Never farmed himself. Always had an operator on the land with whom he sharecropped.

01-00:01:48
Geraci: Was there a particular type of agriculture he was interested in?

01-00:01:51
Rogers: Well, in the Rio Grande Valley it was mostly cotton and in the Imperial Valley of California it was mostly sugar beets and then alfalfa.

01-00:04:02
Geraci: I see the cotton industry will fall apart just by the thirties and forties just—

01-00:04:06
Rogers: Well, he kept it going. They still grow cotton on that land today.

01-00:04:10
Geraci: To this day?

01-00:04:11
Rogers: Yes, it's amazing. They grew a special kind of cotton called pima. Long staple cotton. And it was interesting, because even though my grandfather came into farming as, you might call, a gentleman farmer, as an owner but not an operator, and even though it happened late in his life, it was a pretty substantial business. He had about 1200 acres in the Imperial Valley and about a thousand acres in the Rio Grande Valley. So these were fairly sizable farms.

As the oldest grandchild, I was raised to think that perhaps my future was in taking over these family farms. So as a teenager, let's say, the family would visit the farms and my parents would tell me, "Maybe, Gary, this is your future."

01-00:05:08
Geraci: This is your future.

01-00:05:09
Rogers: Yes.

01-00:05:11
Geraci: Right off then, as far as flashing forward, you have an idea in your mind of a large corporate structure in a business?

01-00:05:22
Rogers: Well, it was a dream. I got—

01-00:05:25
Geraci: But the seed was planted.

01-00:05:27
Rogers: Yes, the seed was planted and I got fascinated by it. I clearly knew nothing about farming as a teenager in high school but I knew that that was something my family was going to encourage me toward. On the other side of the family, my father came from a very humble home in Sacramento. His father, after selling produce for a good part of his life got himself elected as the county recorder. He was a very humble man, a very nice man. I got to know him quite well. My grandmother on my mother's side was always sickly, was often in bed when we went to visit. But my dad's father was hale and hearty and slapped you on the back and offered you a cigar. That kind of guy.

My dad was able to get into Cal and—

01-00:06:35
Geraci: When was your dad born? Just as a time?

01-00:06:36
Rogers: My dad was born in 1913. Grew up in the Depression. It was a tough hardscrabble kind of life really. I would say sort of lower-middle-class.

01-00:06:50
Geraci: But they were in the produce—?

01-00:06:53
Rogers: My grandfather was making a living selling produce and then later a county recorder. So there wasn't any extra money to go around. But my dad had many, many jobs. Worked his way through high school and college. Came to Cal in the thirties. It was a tough time. And earned a degree in electrical engineering. And graduated from Cal. Met my mother at Cal. She, too, had gone to Cal. That's where they'd met. But they didn't marry right away. He got a job with the telephone company. Actually started out in Stockton, California, as a lineman. If you can imagine a graduate electrical engineer from the University of California—

01-00:07:49
Geraci: And that's a tough job.

01-00:07:49
Rogers: —climbing polls to connect cables. But somehow, I'm not completely sure on the details, but somehow he was granted a deferment. Of course, the war was starting. People were being drafted. But because of the fact that he was an electrical engineer and in communications, he was deferred and never got called to military duty. He and my mother married, I think it was 1938, in their late twenties. I was the first born son in 1942. I was born in Stockton. We lived there for two years. We then moved to San Francisco. My dad was transferred by the phone company. By now—

01-00:08:47
Geraci: Oh, so he was still working for the phone company?

01-00:08:50
Rogers: His whole career was with the phone company. Until the day he died he was a telephone company guy. He retired but he was always a phone company guy. He worked his way up. He had a midlevel management job in San Francisco. We lived in San Francisco for two or three years and then we moved to Greenbrae, which was a tract in San Rafael, really, in Marin County. We were about the fifth home in that tract. There are probably a thousand homes there now. But it was a pretty interesting place to be a young child. I guess by the time we moved there I was in first grade and grew up in a very rural—

01-00:09:33
Geraci: That was very rural at that point.

01-00:09:36
Rogers: Yes. I remember, in the fifth grade, for example, it was in a Quonset Hut and when it would rain, the creek would overflow and the water would come into the Quonset. And we'd literally sit there in class with our feet up.

01-00:09:48
Geraci: With your feet up and off the ground.

01-00:09:50
Rogers: The heat was a fireplace that I was in charge with keeping stocked with firewood. It was pretty crazy.

01-00:10:01
Geraci: Now, your mom was just a stay at home mom? She was taking care of the kids?

01-00:10:04
Rogers: Yes. My mom was a stay at home mom.

01-00:10:06
Geraci: Did she finish her degree at Cal?

01-00:10:06
Rogers: Yes. She got a teacher's credential and for a couple of years she taught high school up in Colusa. This is before they married. But once they married she moved with Dad to Stockton and then really from then on she was a housewife and mother. I was lucky to have the parents I had. And my dad is deceased but my mother's still alive at ninety-five.

01-00:10:37
Geraci: Good for her.

01-00:10:40
Rogers: But there were real solid values that I think were born in many people that came through the Depression. They were practical, straightforward, honest,

conscientious, hardworking. They believed in individual responsibility and accountability.

I'll tell you one story that I think epitomizes my dad. It was a real treat to go to the city from Marin County for a dinner and a movie. That's what we would do once every three months or something. It was kind of our treat.

01-00:11:21
Geraci: The family outing.

01-00:11:23
Rogers: The family. My two younger brothers and me. And so one time we went in to San Francisco and we went to some restaurant, I can't remember the name of it, and we had dinner. My dad had parked the car. We were going to go to Cinerama, which in those days was a big deal. A big screen show. We had to walk three or four blocks to the theater. So we left the car where it was and we walked to the theater. As we were approaching the theater, it started to rain a little bit and we sort of got in just out of the rain in time. And we sat down and we weren't seated for more than five minutes than my dad got up and excused himself. He was on the aisle, I was next to him, and then my brothers and my mother were to my right. He got up and left and I just assumed he was going to the restroom. But he was gone for like twenty minutes. And when he came back he was soaking wet. Soaking wet. And I said, "Dad, where have you been? Have you been out walking around in the rain?" He wouldn't tell me. "Oh, don't worry about it." Well, I found out from my mother later that he had walked back to that restaurant four blocks away because when he sat down in the theater he recalculated the dinner bill in his head and he realized that he'd been undercharged by two dollars. Not overcharged. Undercharged.

01-00:12:44
Geraci: Undercharged.

01-00:12:47
Rogers: And he walked back to that restaurant to pay that two dollar bill and then came back to his family.

01-00:12:56
Geraci: We talk so much today about the idea of family values. But those stories, especially the people that were hardened and wrought from the Depression, these were values learned in a very hard style. That's a great story.

01-00:13:17
Rogers: I've thought of that so often. There are people who are honest and there are people who are really honest. My dad was really honest.

01-00:13:40
Geraci: What else do you remember about your dad? Are there any other—

01-00:13:42
Rogers: He was so hardworking. Every dollar he got he earned. As he worked his way up in the phone company he was highly regarded as a professional. He cared. He put in a good hour of work for an hour's pay. He was always respectful of his organization, both the people that worked for him and the people that he worked for. There was no in-between. It wasn't that he was a hard ass. He expected his boys to live up to his standard but in kind of a quiet way. But setting an example, by expressing disapproval with just a frown. He was always understanding, but he was disappointed. I would hate to disappoint my dad. I always wanted to live up to—

01-00:15:03
Geraci: And it only takes a little scant of the eye—

01-00:15:07
Rogers: Yes, some people can do that.

01-00:15:08
Geraci: —for you to know.

01-00:15:09
Rogers: Yes. Right, right.

01-00:15:11
Geraci: Words do not have to be spoken.

01-00:15:13
Rogers: No, that's the way it was. He could be tough. I got spanked many times as I was growing up.

01-00:15:19
Geraci: I imagine growing up with three boys there were opportunities for things to happen.

01-00:15:23
Rogers: Yes, and I was pretty mischievous. I never got a spanking I didn't deserve, that's for sure. But living in Greenbrae was kind of like being on the frontier. There was a dairy farm on the hill up above us. I remember one morning I woke up, looked out my window, this was maybe when I was eight years old, and there were twenty cows out on our front lawn and on the street. I pulled on my cowboy chaps and put on my cowboy cap gun and my vest, my hat, and I ran down and jumped on my bike and I started chasing those cows like I was a cowboy.

01-00:16:07
Geraci: Like you were a cowboy.

01-00:16:09
Rogers: Cowboy, yes. And these cows meandered on down the street and turned to the left and they went up another street and into a gate, which was the gate to the dairy farm. Of course, they knew where they were going. I didn't have much

to do with it. But I was behind them yelling and screaming. But I got to the gate and I guess the owner of the dairy farm was standing there. As the cows went through the gate he said, "Nice going, cowboy."

01-00:16:37
Geraci: It probably was a thrill. He was laughing, most likely.

01-00:16:40
Rogers: Yes. But I tell you what, that was a great experience. I thought I had driven those cows through the gate.

01-00:16:51
Geraci: So you grew up outside a lot?

01-00:16:52
Rogers: Yes. I was outside a lot. I had a paper route when I was a kid and it was a very difficult paper route because it was a paper that's long deceased called *The Call Bulletin*. And only one in about twenty homes took *The Call Bulletin*. I think I had thirty papers but I had to cover that whole tract. It was a long ride on my bike every afternoon to deliver those papers, up and down hills. I made a dollar per customer per month. So at the end of the month I had thirty dollars. I can remember sitting on my bed with these thirty bills, thirty dollar bills that I collected. I felt like Scrooge McDuck. I would throw these dollars in the air. It was just a great experience to earn those dollars—

01-00:17:57
Geraci: Those dollars.

01-00:17:58
Rogers: —myself that was my money. Nobody could tell me what to do with it. I could spend—

01-00:18:02
Geraci: Let's backtrack just a second here. Let's talk a little bit about your mom.

01-00:18:06
Rogers: Yes, okay. My mother was the enforcer. My dad was pretty quiet and had very solid values and was, as I've described, kind of a quiet person who would set a great example. My mother was much more the active party of the family. And she, on the one hand, would encourage. She encouraged anything we were interested in. If somebody sat down and played a few notes on the piano, she was sure that we were going to be a musician. She wanted us to have all these experiences. In my case it was the clarinet. She practically chained me to that music stand every day and I'd put in my half an hour practicing the clarinet. I never became a serious musician, of course. But there were no violins, there were no strings in my high school orchestra, and so I became the concert master, the first clarinetist. And I learned a little bit about music. It was a great experience. But there were all kinds of things like that. Scouts. My mother was a great believer in Cub Scouts and then Boy Scouts. She and my

dad both participated as leaders. She was a den leader and then my dad was the troop leader. Little League. All these activities.

01-00:19:34
Geraci: And I assume your mother being an educator, or at least being trained as an educator, saw a value in these types of organizations for the boys.

01-00:19:41
Rogers: Yes, I'm sure that's right. But she was the enforcer. You didn't put anything over on my mom. She was pretty tough. Where my dad was quiet, she was pretty verbose. She always had an opinion on everything and you knew what it was. But as I think back, it was my mother that really got me to experiment and live a full life as a kid growing up. Scouting probably wouldn't have appealed to me much but she got me going. And scouting became a very important part of my life.

01-00:20:34
Geraci: And we're going to expand on that. It became a huge part of your life eventually.

01-00:20:38
Rogers: Yes, yes.

01-00:20:39
Geraci: What about your brothers?

01-00:20:42
Rogers: Again, it's interesting. My brothers were three years apart each. So my next brother Don was three years younger than me and my next brother Jim was three years younger than him. It's interesting. I think we were all, in one sense, expected to live up to the same standards and kind of go down the same track. We were all expected to be good students. We were all expected to have a wide variety of experiences. We were all expected to excel at whatever we did. But on the other hand, my mother was very much a planner and very much a designer. She had a design for each of us. And it was very clear that I was to follow in my father's footsteps as an engineer. As I got in high school and was taking algebra and geometry, it was very clear that my mother decided Gary's going to be the engineer like—

01-00:21:51
Geraci: She had your life mapped out?

01-00:21:52
Rogers: She had my life mapped out. My brother Don, three years behind me, took a biology course and we kid my mom now. There was a spider or something he was fascinated by. He used to catch lizards on little loops of straw. So my mother, based on that evidence, decided Don was going to be the doctor. That was it. He was going to be the doctor. This was not good. Jim was always just a touch behind. I was always on the honor roll. My brother Don was always on the honor roll. Jim was just a hair below us. And so my mother was very

conscious of Jim, the youngest, not wanting to feel the pressure of keeping up with his older brothers. This was not good. She would say at the dinner table, with all of us sitting there, she'd say, "Now, Jim, you really shouldn't feel like you have to keep up with your older brothers." It just ground on him. It just ground on him.

01-00:23:08
Geraci: That's just like saying you better.

01-00:23:12
Rogers: Yes. Maybe there was method to her madness. But for a while, it really ground on Jim. But Jim was the captain of the football team and Jim was the president of the student body and Jim got into Cal and Jim went to—

01-00:23:26
Geraci: He did well for himself, then?

01-00:23:28
Rogers: Yes. He went to the UCLA business school. Jim has done just fine. But Don became the doctor. Don went to Stanford. Don went to UCLA medical school and just like my mother planned, he became the family doctor.

01-00:23:46
Geraci: What about Jim?

01-00:23:48
Rogers: Jim is a very successful businessman. He got out of UCLA business school and wound up working for Harrah's Entertainment. Ran that big hotel casino in South Lake Tahoe and then in Reno. Then left Harrah's and became the CEO of KOA Campgrounds of America, where he is still in charge and has this great life building this wonderful camping company.

01-00:24:17
Geraci: So the KOAs in the eighties and nineties, that became a huge—

01-00:24:17
Rogers: Yes. Well, Jim runs it. He is the CEO of that big camping enterprise. He's done a great job. I'm very proud of him. I guess the other thing to say about us is to go back to the scouting. Scouting became very important to us. There was a fellow by the name of Dick Hacky, who was a Scout leader in Marin County who I came to know as I was growing up and he took a liking to me and really pushed me. I went up to this camp that I had been to a number of times and I guess I had just turned fourteen. I'd gone to camp that year with the idea of finishing up the merit badges I needed to get my eagle badge. I was going to stay in camp and work on these merit badges for two weeks. But because I got assigned to the explorer camp, which was the kids that were fourteen years and older, and because this guy Dick Hacky was the leader of that explorer group, when I went out there we were about a mile out of the main camp. Dick said, "We're going on a ten-day hike." I said, "No, I'm not going on a ten-day hike. I'm here to get my merit badges." He said, "You're

going on a ten day hike." And I wasn't prepared for that. I wasn't prepared for it mentally. I didn't have the right gear.

Sure enough, away we went. First day of that hike it was hotter than blazes and I was carrying this heavy pack. We were loaded down with two weeks worth of food. I was a little crybaby at age fourteen. We got on the side of this ridge called Grouse Ridge and I got about halfway up and we were taking a rest. I was lying facedown. I wanted to die. I just couldn't do it. This pack was too heavy, it was too hot, the hill was too steep. I didn't think I was going to make it for ten days. I just was at the end of my rope. And here's this Dick Hacky, who was overweight, probably at that time in his forties, carrying a pack at least twice as heavy as mine in his little short pants and his high socks on the side of this hill jumping up in the air clicking his heels together and saying, "Gee, I'm glad I'm a Boy Scout. Gee, I'm glad I'm a Boy Scout." And I thought, "If that fat old man can do this, by god, I can, too."

01-00:26:44
Geraci: I know I will do it.

01-00:26:45
Rogers: And so ten days and a hundred miles later, I was a different person. That hike for me was like throwing a switch. I discovered I could do things I'd never dreamed I could do.

01-00:26:57
Geraci: That's actually a big turning point for kids. When you have that moment in your life when you go, "I can do this." And when you accomplish it, that sense of accomplishment.

01-00:27:09
Rogers: That's right. Yes, that's right. That was a turning point for me. Dick Hacky had a huge influence on me. He got to the point where he had a lot of confidence in me. We used to go on these river trips in the wintertime in these boats that we actually made called bateaus. They were flat bottomed canoes. And my dad and I had made one but the Scouts had several of them. We took a trip one time on the Eel River at flood stage. Very dangerous. The river was just ripping. And we had about twenty of these bateaus with Scouts and a couple of leaders, fathers. But Dick asked me to lead the group down the river. So I was in the lead bateau and we were going through these rapids, of this big river at flood stage. At one point we went around this sharp bend and there was a lot of barbed wire for some reason up against the bank. Maybe to hold the bank in place. One of the bateaus flipped. That was behind me. I didn't know this at the time. But it flipped and one of the fathers was thrown up against this barbed wire and very badly scratched. So we had to stop and get an ambulance to take this guy to the hospital. But we kept going.

01-00:28:38
Geraci: We kept going.

01-00:28:39
Rogers: Oh, yes. And so we got to the end of this trip after three or four hours on this river. We got to the very last patch of river. If you looked at the river on the left, there was a fairly modest rapid but we were getting to the end. I knew it was kind of the last rapid we'd go through. On the right it looked completely flat. So I wanted to go through the last rapid so, again, I was leading this group of about twenty bateaus. I go over on the left, I go through this rapid, and we pull it back to the right bank because that's where we were going to get out. And I look back up at the river and I see that instead of being flat, there's a weir. It was something you couldn't see from up the river but there was three- or four-foot drop. It was completely invisible from up river but you could see it from down river. So I'm looking back at this thing. Everybody had followed me through the rapids except the last canoe, the last bateau.

And in the last bateau there were three people, because somewhere along the line a bateau had flipped and the boat had been destroyed and Hacky had picked up one of the people from that boat and somebody else had picked up the other kid. So there were three people in the boat and Hacky had given his life preserver to one of these kids. Hacky is a very strong swimmer but he was without a life preserver and he was in the stern of this boat. There were two kids who had life preservers on. Because there were three people in this boat, Hacky had decided not to go to the last rapids but to go on the side that appeared to be flat. But they came up to this weir and he saw it to late. And he tried to get out of the way. He turned the bateau sideways. And it went over the weir and filled with water. And the two kids with life preservers on popped up and were quickly out and on downstream. But Hacky, because he didn't have a life preserver on, was being sucked into this weir. He would be pulled down underwater, pop up about four feet downstream, and then be pulled into the weir only to repeat this cycle.

01-00:30:44
Geraci: Yes.

01-00:30:47
Rogers: So I jumped in my bateau with another buddy and we paddled over there as fast as we could get there and we reached a paddle out to Hacky and we were able to pull him out of this maelstrom. But he was almost dead. He was coughing up water and just in horrible shape. But we pulled him out and got him to shore. What was interesting was that he never said much. He probably said thank you. But he was sort of like, "Yes, Gary, I expect you to do that." It was the greatest compliment he could pay me. "No big deal. I knew you'd save me."

01-00:31:24
Geraci: It's almost a manly moment.

01-00:31:26
Rogers: Manly moment. "Gary, I knew you could save me. No big deal. You saved my life." And that was pretty cool. I felt in many ways that he had made my life, so the opportunity to save him at a dire moment like that was pretty cool.

01-00:31:48
Geraci: So it seems that he had a big influence on your life.

01-00:31:51
Rogers: Yes. He really did. Other than my father, I think he was my first real mentor. I've had others but that point he was very influential.

01-00:32:02
Geraci: Was he like that for all the boys? Was that his general—

01-00:32:06
Rogers: Yes, yes. For many boys. He was a no-excuses kind of guy. He just expected the best of you. He wouldn't let you give him the typical teenaged BS, "I can't do it."

01-00:32:19
Geraci: "It's too hard."

01-00:32:21
Rogers: He was a good guy. He had a great personality. He would yodel to get us up in the morning on his hikes. He'd wake us up with his yodeling. We all—

01-00:32:31
Geraci: I take it he had a son in the Scouts also.

01-00:32:33
Rogers: No, he didn't. He was a professional Scouter.

01-00:32:36
Geraci: A professional Scouter?

01-00:32:36
Rogers: Yes. In fact, he never married. He was a bachelor. And he's deceased now. Just a very amazing guy who had a very attractive personality. But at the same time had great expectations. Expectations that often exceeded your own expectations for yourself and was able to teach you how you could show yourself that you could do things you never thought you could.

01-00:33:13
Geraci: You never thought. Now you said your mom had been pushing you to be in Scouting. Did your brothers go into scouting also?

01-00:33:18
Rogers: Yes. All three are Eagle Scouts. In fact, listen to this. My two brothers and I are Eagle Scouts. I have four boys. They're all Eagle Scouts. My brother has

three boys. They're all Eagle Scouts. There are ten Eagle Scouts in two generations. That's a record for Scouting.

01-00:33:40
Geraci: That's amazing. So Scouting has played a huge role in—

01-00:33:46
Rogers: Yes. Well, and then my partner, Rick Cronk, who I always kid because he grew up in Piedmont and he never made Eagle. He was a Life Scout but all these of his sons are Eagle Scouts. But as an adult he's become a Scout Leader, first at the local Scout level and then has gradually taken on bigger and bigger responsibilities, to the point where he just finished his term as president of the Boy Scouts of America. Went on to be president of World Scouts, which oversees scouting on a worldwide basis and has been given every Scouting award there is. He's just absolutely given his life to scouting for at least the last five or six years. Pretty amazing. I always kid him. "You know what? You didn't make Eagle Scout but I guess you've made up for it."

01-00:34:33
Geraci: [laughter] You made your own sort of Eagle Scout.

01-00:34:36
Rogers: Yes.

01-00:34:38
Geraci: Since both you and your partner were so involved with Scouting, I think as we get into talking more about the business end, this obviously must have had some sort of an impact on how you conduct yourselves and conduct your business.

01-00:34:53
Rogers: Sure. Absolutely. Yes. It was a great life step for both of us. No question about it. And it's carried onto our kids, which is a real source of pride.

01-00:35:08
Geraci: Yes. Did your dad participate in Scouting?

01-00:35:11
Rogers: Only as a leader. Not himself. He was never in Scouts as a boy. But he was a pack master and a scout master as we were coming through. Always did his share of volunteer work.

01-00:35:28
Geraci: Your mom and dad must have been busy with the three boys, because you also mentioned you played Little League.

01-00:35:32
Rogers: Yes.

01-00:35:33
Geraci: So you were in baseball with your brothers?

01-00:35:35
Rogers: Yes. We were all in Little League, we were all in high school sports. I tried to play football. I wasn't any good. And I played on the tennis team. And my parents were always there for the games and they were always supportive. And in spite of what I've said about them driving us and encouraging new behavior and all that, they also were quite understanding of the learning experiences that we had. If we got in a little bit of trouble at school or we had disappointments in life, they understood. They generally even took our side. If I got called into the principal's office because I had done something wrong. It wasn't that they encouraged that kind of behavior but they also weren't going to make more of it than it really deserved.

01-00:36:28
Geraci: Kids are kids.

01-00:36:30
Rogers: Yes. Yes.

01-00:36:31
Geraci: I spent twenty years of my life teaching middle school and high school.

01-00:36:35
Rogers: Oh, so you know.

01-00:36:37
Geraci: And kids are kids.

01-00:36:40
Rogers: Yes. And my parents were incredibly permissive. If they were alive today looking back, they probably wouldn't agree with that. And it was partly the era. But I'll tell you a story to demonstrate what I mean. I got my driver's license when I was sixteen. I waited for it. It was the law. You had to wait until you were sixteen. But I'll tell you, the day I was sixteen I had my driver's license. And about five days later I got in a great big truck that had behind it a trailer. Truck was full of camping gear. It was a great big stake bed truck. Huge. And behind it was this great big trailer with twelve of these bateaus I described on the trailer. This truck had twelve gears forward. Gears that you had to double clutch up or down. You had to know how to double clutch.

01-00:37:57
Geraci: Kids today don't even know what double clutch means.

01-00:37:59
Rogers: Right. It was an old truck with a split axle with a handle. You had to clutch in and out this transmission that would give you more gears, more speeds. That truck was parked in front of my house. I'd had my driver's license for five days. My parents let me get in that truck by myself with a trailer behind it. This beat up old truck, Boy Scout truck, and drive it from Marin County up to our Boy Scout camp up in the high Sierra all by myself. Imagine letting a kid

do that today. But I made it up to the camp. There were all kinds of problems along the way. But I made it to the camp. We unloaded it. And that summer, as a counselor in that camp, at age sixteen, I would drive the Catholic kids to church in the back of that stake bed truck twenty miles down windy Highway Twenty to Nevada City, where there was a church. Age sixteen with like twenty-five kids loose in the back of—

01-00:39:10
Geraci: Today you would not even think to allow—

01-00:39:11
Rogers: You wouldn't even think. There were no seatbelts. There were no seats. These kids were standing or sitting on the back of this stake bed truck holding onto the stakes on the side as we went down this windy road and I'd only had my driver's license for less than a month. It just boggles the mind. My parents let me do it, the Scout organization let me do it. And by god, talk about responsibility. I delivered. Nobody ever got hurt. We always made it. It was okay. But I can't imagine letting my kids do that today at age sixteen. My goodness.

01-00:39:53
Geraci: No, you wouldn't.

01-00:39:54
Rogers: Yes, you just wouldn't.

01-00:39:56
Geraci: Legally, you'd fear.

01-00:39:59
Rogers: Yes, yes. But I tell you that story, that's the era I grew up in. And it was an era when you learned personal responsibility by experience, again, in that sort of Dick Hacky fashion. You could do things that you never thought you could do.

01-00:4018
Geraci: We'll push forward on this later on. But that era, I'm almost lamenting it, because I think it says a lot about the kids we have today and what we have in our society is a loss of that era. There was an independence there.

01-00:40:37
Rogers: That's exactly right.

01-00:40:39
Geraci: These are parents of the Depression teaching their kids to be very independent. Yet it was the 1950s. This is the consumer era. We're exploding into our consumer market. Things are changing. This is an era of rapid change.

01-00:40:54
Rogers: Yes. But that was the era I was formed in. I'm so glad I grew up in that era. I would be petrified to think of putting my own kids into that era or my grandchildren but at the time. And there were a lot of differences. There wasn't as much traffic. People didn't drive as fast. Maybe there were some justifying circumstances. But nevertheless, it tested me at an early age. It gave me opportunities to show what I could do. I learned, again, if you're responsible it's amazing what you can achieve.

01-00:41:41
Geraci: What you can accomplish. I take it, you said you were driving these kids to the Catholic Church, that you were brought up as Catholics in your family?

01-00:41:48
Rogers: Yes, my father—

01-00:41:50
Geraci: So religion plays a role within the family?

01-00:41:52
Rogers: Yes. My dad was a very devout Catholic. My mother wasn't. My mother became a Unitarian and she would go to church with us sometimes to be with the family but she never really was a practicing Catholic at all. I think the deal that she and my dad did when they got married is that the kids would be raised as Catholic. So I always went to public school but we went to catechism and I did my first Communion and I was confirmed in the church. I stayed a practicing Catholic until after I graduated from college and then I married a woman who was a very devout Catholic. As a realistic matter, I was leaving the church in terms of my own faiths and beliefs but I would continue to go to church as we raised our kids because I knew it was important to my wife. And there was some solace in it for me. I just enjoyed that hour a week of meditation or quiet.

But once our kids got off to their teenaged years, it's sort of interesting. My wife fell away from the church, too, at least in terms of being a regular practicing Catholic. But when the kids were around, the kids came home, we would always go to church. I'm sure they weren't going to church when they were away and we weren't going to church when they were away. But when they came back, we all pretended.

01-00:43:37
Geraci: The only reason I am laughing is because I am a cultural Catholic of that same bench. Whenever I get together with my sons and the grandkids, we go to church. But independently we—

01-00:43:48
Rogers: Yes. You know what I'm talking about. Yes.

01-00:43:51
Geraci: But it still plays a large role, especially if you went through the whole experience of the catechism and then you went through First Communion, you went through confirmation. It gives you a value structure.

01-00:44:04
Rogers: It really does. And it gives you a base from which to test your own beliefs as you become educated. I can remember when I was in college thinking really hard about what do I believe, what don't I believe, what is the basis for my faith. I got clear in my own head what it was. I got very subtle with my relationship with whatever created us.

01-00:44:30
Geraci: The deities or deity.

01-00:44:32
Rogers: Yes. But I had to leave Catholicism behind. I had a base that I had established as a young man that my parents sort of imbued in me and I had to find something that I thought was more me or more meaningful to me than that in order to change.

01-00:44:53
Geraci: Because the era that you're growing up in, the 1950s, this is one of the most religious eras in modern American history as far as church attendance. So that was a very common practice.

01-00:45:08
Rogers: I think my story is very common.

01-00:45:12
Geraci: So you had Scouting and you had at least your church experiences. Were you ever an altar boy or any of those?

01-00:45:18
Rogers: Yes. Yes, I was an altar boy but I didn't do it for very long. I wasn't totally committed to it. Probably wasn't very good at it. But yes.

01-00:45:32
Geraci: Those were the days when the mass was still in Latin, so I guess you had to learn the Latin.

01-00:45:36
Rogers: Yes. That's right. Dominus vobiscum.

01-00:45:43
Geraci: What was it like in the Rogers home? Dinnertime, evenings. Just kind of what's the standard day like when you're growing up?

01-00:45:57
Rogers: Well, my mother, in retrospective, she was actually depressed after the birth of maybe it was my youngest brother. I can't remember exactly. I was pretty

young at that time. But I know my mother was in bed for periods of time and was sick. I thought of it as sick. I think in retrospect it was probably depression. Maybe postpartum depression.

01-00:46:28
Geraci: Post. Yes, whatever.

01-00:46:30
Rogers: But maybe more than that. And in that era, helped partly by her father, who was pretty well to do by that time as this gentleman farmer I described, we added on to the house. My parents added on to this little tract house we lived in in Greenbrae and added on a room for a housekeeper/helper and began to have another person in the house who would help my mother with the household chores and doing the dishes and that sort of thing. My mother generally fixed the meals. She's never going to win a record as a great cook but she was diligent. We always had healthy—

01-00:47:26
Geraci: But this is the 1950s, too.

01-00:47:28
Rogers: That's right.

01-00:47:28
Geraci: The cuisine had changed dramatically.

01-00:47:30
Rogers: No, that's right. We had a milkman that came around with milk on a bed of ice and we had a little compartment that opened up. You could open it up in the kitchen or you could open it up on the outside, and he, from the outside, would put the butter and the eggs and the milk into this little compartment. It was pretty rural in Marin County in those days. Things were pretty basic. We ate well. It was always healthy. At least by the standards of the day it was healthy. Lots of eggs. But, again, my mother was very conscientious. She made us eat our vegetables.

01-00:48:23
Geraci: Did you have your own home garden?

01-00:48:25
Rogers: Yes. We had a little vegetable garden. My dad was a very diligent gardener. He took this hillside lot that he'd bought that was just bare grass and with his own hard work dug rose beds and put in pathways and rock walls. I was out there helping him. And, typical of my father, if I mowed the lawn, by god, I didn't just mow the lawn. You edged it and you clipped it. Everything was right before you got the seventy-five cents or whatever. He would go down there and inspect. And it wasn't the idea of being so tough as it was when you did something, by golly, you did it right. You did it the best you could. It was a really good place to grow up. We had party lines on our telephone. People

had to cooperate with each other. We would carpool to school. People would help each other out whenever that was—

01-00:49:40
Geraci: That was a real sense of community.

01-00:49:43
Rogers: There was a sense of community. Yes. We had all the adventures of young boys. We would go out and play in the creeks of Greenbrae and we'd get poison oak head to toe. We had tree forts. I had a huge tree fort I built in the tree in the lot next to our house. It was just a good experience growing up.

01-00:50:15
Geraci: Did you have the typical pets?

01-00:50:16
Rogers: Didn't really have much in the way of pets. Didn't have a dog or a cat. Can't explain why. We just didn't. Our house was kind of on a curve on the main street in Greenbrae and so at Christmas time on our front porch there was kind of an ideal place to put up some sort of Christmas display. So we always had Santa Claus out there in a sleigh or in a boat or whatever. My mother won the local contest year after year after year. She became well-known for having the best Christmas display on our front porch. My parents were good citizens. They paid their taxes, they voted. Like I say, they volunteered for the PTA and the Boy Scouts. They always did their share. Again, they just set a good example by being good citizens and good people.

01-00:51:27
Geraci: So it was a standard and an expectation of that era.

01-00:51:31
Rogers: Yes.

01-00:51:33
Geraci: They really—

01-00:51:34
Rogers: Yes, yes.

01-00:51:36
Geraci: Let me just check the tape. We've got a couple of minutes here. Let's talk a little bit about school. You had mentioned your elementary school, keeping your feet up when the rain was coming through. What was it like going to school?

01-00:51:50
Rogers: Well, again, it was pretty rural. Sort of surprising thinking of Marin County today. But the one thing I learned in the fifth grade was how to square dance. Literally, I don't remember learning much else. My dad would always ask me if I learned square root yet. That was his question. As an engineer he wanted

to know, "Can you do a square root, son? Until you can do a square root, you really haven't learned your math."

01-00:52:16
Geraci: Then I'll get you a slide rule.

01-00:52:17
Rogers: Well, yes. It was before slide rules. There were slide rules but I didn't have one in the fifth grade. I had to learn to do square root before I made it in my dad's mind. But my job in the fifth grade was to be the caller of these square dances. We spent hours square dancing in this Quonset hut I described with a fire keeping us warm and we would do all the do-si-do's.

01-00:52:48
Geraci: Was this like a multi-grade classroom?

01-00:52:49
Rogers: No, it was just a fifth grade classroom.

01-00:52:52
Geraci: You had regular grades.

01-00:52:53
Rogers: The teacher, she really liked square dancing. So instead of learning math or English or anything else, we learned to square dance.

01-00:52:59
Geraci: You square danced your way through the fifth grade.

01-00:53:00
Rogers: It was pretty amazing. Adeline E. Kent School was a pretty basic grammar school. I'm sure we learned what we had to learn. But when I was in the seventh grade my dad was transferred to New York with the phone company, two years with AT&T, which at that time was the parent of PT&T. And I think they wanted my dad to have that experience with the parent company as part of his training. So we moved to Maplewood, New Jersey for two years.

And what I found—we were in this community at Maplewood—is that I was pretty far behind. Having grown up in rural Marin having to square dance, and all of a sudden we were talking pre-calculus and geometry and algebra and really getting ready for high school. I had some catching up to do. But what was also interesting was after two years when we came back to Marin—we didn't sell our house, we rented our house. It was a two year hitch. We knew we were coming back.

01-00:54:16
Geraci: He knew you were coming back.

01-00:54:16
Rogers: So when I came back two years later, I was ahead. It was a very challenging and difficult two years in New Jersey but the schools were significantly ahead of the Marin County schools at that time. But when I came back, instead of being behind, I was ahead as I went into high school.

01-00:54:37
Geraci: That gives you a good leg up, then, as you're entering—

01-00:54:40
Rogers: Yes. It was a very good experience for me.

01-00:54:42
Geraci: Because those are the days when we had honors courses. We didn't have AP, we had honors courses.

01-00:54:48
Rogers: Yes, right.

01-00:54:48
Geraci: And college prep courses.

01-00:54:49
Rogers: And it kind of launched me into that track. So when I went to high school, Drake High School in Marin County, I was on that honors track and I was able to do very well in high school. But I kind of got launched by that experience I had in New Jersey. Pretty interesting.

01-00:55:07
Geraci: Any learning experiences in high school?

01-00:55:09
Rogers: Oh, there were lots of them. I had girlfriends. I went steady. That was the learning experience. I got my own car. I had a '47 Ford that I was so proud of. The places I took that car and the things I did. I'd do a four wheel drift every morning on the way to high school. On Laurel Drive in Ross there's this sharp curve. It's lucky I lived through it. I had good friends in high school.

01-00:55:48
Geraci: But a '47 Ford?

01-00:55:50
Rogers: A '47 Ford. And I'd take that thing apart and put it back together. One time I broke a gear in the transmission, so I got into that car and I figured out how to do it and I took the transmission out and I bought a new gear and I put it in there with all the spacer rings and everything else in a transmission of those days. Put the new gear in and put the transmission back on the car. Backed the car out of the garage, went one block and the thing just blew up. I came home and I was sweeping up the garage and I found the spacer ring that I had forgotten.

01-00:56:28
Geraci: So you'd forgotten.

01-00:56:30
Rogers: So the '47 Ford was hauled to the dump. But it was a great experience for me. My parents weren't going to buy me a car. If I was going to have a car, I had to buy it myself. So I saved up money from this paper route I had described and I had saved up a hundred dollars. So I looked in the newspaper and sure enough, here was this '47 Ford, one hundred dollars. And it was a couple of blocks from where I lived. So I went up there on my bike. Right out there at the front curb was this '47 Ford. So I got in it. I got behind the wheel. And man, this thing looked great, so I went up and rang the doorbell and a lady answered the door and I said, "I'll take it." And she said, "What are you talking about?" I said, "The '47 Ford that's for sale out there on the curb." She said, "Oh, no," she says, "that's not the one that's for sale. The one that's for sale is in the garage." She said, "The one at the curb doesn't have an engine in it." So I've learned to look under the hood.

01-00:57:35
Geraci: Look under the hood. One of life's basic lessons when buying a car.

01-00:57:38
Rogers: Oh, man. I was going to give that lady my hundred bucks and the car didn't have an engine. Life's lessons. Anyway, I bought the one in the garage and it served me well for several years and then it blew up when I didn't repair the transmission very well.

01-00:57:57
Geraci: Like most kids who own cars in that era, you were your own mechanic?

01-00:58:02
Rogers: Yes. Oh, yes.

01-00:58:03
Geraci: Changed your own oil?

01-00:58:04
Rogers: Oh, yes. Set the points. Adjusted the carburetor, replaced the fan belts. It was a great experience. It was a great experience.

01-00:58:14
Geraci: There, again, an experience kids today don't have.

01-00:58:17
Rogers: No, that's right.

01-00:58:19
Geraci: You can't do that to modern cars.

01-00:58:19
Rogers: No, you can't. That's for sure. That's right.

01-00:58:25
Geraci: So in high school you took the honors course or the college prep. They were preparing you. High school sports?

01-00:58:34
Rogers: I played football. I was third string guard. Didn't see much action.

01-00:58:39
Geraci: You're kind of small for a guard.

01-00:58:40
Rogers: Yes. But, hey, whatever. My dad had played football. I wanted to be like my dad, so I went out for football.

01-00:58:48
Geraci: Oh, okay. So you're still in the mindset of following your dad's—

01-00:58:51
Rogers: Yes, oh, yes. Yes. My dad was my hero. I wanted to play football. So that didn't work. I think I went out for football for two years. Anyway, I wasn't successful. Then I joined the tennis team and I did a little better on the tennis team. But I didn't consider myself an athlete. I tried but I sort of figured—I was pretty geeky. I had learned these lessons I've described in Scouts of what I could do, which began to bring me out of my shell and I began to be more confident in my ability to go on a hike or climb a mountain.

01-00:59:32
Geraci: Do the regular things in life.

01-00:59:34
Rogers: But I still wasn't a skilled athlete. And then when I went to college I got into the University of California at Berkeley. I also was admitted at Stanford but I chose to go to Cal. My dad had gone to Cal, my mother had gone to Cal. I'd been going to Cal football games. And it was cheaper. So I decided to go to—

01-00:59:57
Geraci: It's a state university.

01-00:59:59
Rogers: Yes. So I decided to go to Cal.

01-00:60:00
Geraci: Can we stop here so I can change tapes?

01-00:60:01
Rogers: Yes.

[End Audio File 1]

[Begin Audio File 2]

02-00:00:00
Geraci: Today is June 22nd, Vic Geraci interviewing Gary Rogers. This is DV number two and we're just taking off with Cal. That's the reason I checked these. Go ahead.

02-00:00:14
Rogers: Okay. So we were talking about sports in high school and I was saying that I never really considered myself an athlete, particularly at the collegiate level. And when I went to Cal, I was intimidated by the place. It had 27,000 students there. I was a freshman in a dorm. I didn't know anybody. I had signed up for a really tough mechanical engineering major. Again, I was following in my father's footsteps.

02-00:00:46
Geraci: So this was pre-established in your life, it seems like, from almost the beginning.

02-00:00:49
Rogers: Oh, yes. I was going to be the engineer. My parents were going to pay for my education. This was my destiny. What happened after college, maybe farming, maybe engineering, like my dad had been an engineer. Who knows. But I was going to go to school as an engineer from Cal. That was my destiny. And that was fine. But I knew that was going to be challenging. I was at the big university. I was focused on being a good student. I was going through the registration line, which in those days they had down in the gym, the men's gym, and it was a series of card tables and everything was manual and you would sign up for your classes and sign up for your activities.

So I did that and I was leaving the gym and I was going through the corridor on the way outside of the gym and at the very last card table, a man stepped out from behind it and grabbed my arm and started to talk about something called crew. I had no idea what he was talking about. And I learned later that he had a little piece of tape on the opposite wall that was at six feet two and if a freshman male came along that broke that tape, he would recruit him. And that's the way they recruited in those days. I think I didn't quite break the tape, because I'm only six one and three quarters. But anyway, he grabbed me and started to talk to me about crew. And I didn't know whether he was talking about sailing or polo or rowing. I had no idea. But it became clear it was a sport called rowing. I had no interest. I explained to this guy, "Look, I'm an engineer. I've got to make my grades. I'm not really an athlete. Please leave me alone." And I made the fatal mistake. He asked me for my name and my phone number and I gave him those statistics just to get rid of him. But he wrote them down and I was gone. Put it out of my mind.

Well, that night I got a phone call from him and he started in with the same pitch. And I said, "Look, don't bother me. No interest. Please leave me

alone," and I hung up. Next night same thing. The third night it was a different voice on the phone and this gruff gentleman introduced himself as Jim Lemmon, the varsity crew coach. And by this time I had figured out that the previous voice had been the freshman crew coach, a guy by the name of John Halberg. But when Jim Lemmon called me that night, I heard this authority and this quality in his voice. You just didn't say no to him. At least I couldn't. And I said, "Okay, I'll get on the bus tomorrow and I'll see what you're talking about." So the next day they had a bus that left the men's gym at a certain time and would come down here to the estuary.

02-00:03:56
Geraci: Oh, so you were coming down here, then, to Oakland?

02-00:04:00
Rogers: Yes, yes. The Cal boathouse is three miles down the estuary from where we're sitting right now. And this was actually the starting line, right here, of our races. So this is very familiar territory. I've rowed by here thousands of times. But anyway, in those days I had no idea what I was doing. I came down here, they put me in a barge, a big wide scow that had two rows of oarsmen side by side, that you couldn't tip it over, and they got us used to the motion of rowing. When you row, you're on a sliding seat. You're using your arms and your legs. It's a very complicated exercise. It takes a lot of coordination, a lot of precision and a lot of teamwork to make it work in a shell. But for whatever reason, it took. I was suited to it. I actually wound up stroking. The stroke is the eight man who sets the pace in a shell. It's sort of the leader of the shell. The captain, if you will. And he sits opposite a coxswain, who is there, typically a very small person because of the weight, sitting there steering the boat. But the coxswain will see where you're going. As you're rowing, you're looking backward so you can't see where you're going. So between the coxswain and the stroke, you set the pace. And the coxswain is kind of like a coach on board that is talking to the crew. I enjoyed the exercise and I enjoyed the camaraderie. I liked the coaches.

02-00:05:44
Geraci: Now, this is 1959? Just as you're coming in?

02-00:05:46
Rogers: Yes, this is the fall of 1959. The crew starts working out in September when they first come to school. They row every single day and on Saturdays. They take Sundays off. But they row every single day except Sunday and they row from September to April before they have their first race. You have to be crazy. You rode thousands of miles before the first race.

But when I began to learn, and that's what's so important. Being on the crew for the ensuing four years was far and away the most important thing I did in college. I learned more from crew than I did in all the classrooms of the University of California. I graduated with an engineering degree, with honors, all that good stuff, but where I learned the most was rowing that boat up and

down this estuary. And what you learn that is so important in later life is life is about the workout, it's not about the race.

We all have to have goals. We all have to want to win the races in life. But you have to take joy from the experience every day, number one. Number two, in crew there's always a competition. In a workout, what'll happen is you'll row what they call a piece. Maybe you'll row for six minutes. Your boat against the other boats in the workout. And then at the end of a six minute piece, the coach will say, "Pull the boats together and change the four man or the six man or whatever." So you'll change some of the oarsmen and then you'll do another six minute piece. So in the course of doing that, the coach is finding out who's really making the boat go. So every single piece is a competition. It's a sport that's really made for warriors. You got to love the fight, you got to love the competition, you got to love the everyday struggle.

02-00:08:00
Geraci: It's a team competition but there's also a personal individual competition going on here.

02-00:08:02
Rogers: But that's the wonderful mix about it, because it's a very difficult sport. You are putting everything you have into that exercise, into that oar. But it makes absolutely no sense if you don't trust the other seven people in your boat. Why would you work so hard if you weren't completely convinced that all the other people in that boat are working as hard as you are. So you really have to trust them. And it teaches you something about life. You can't just maybe trust them, you got to really trust them. And if there's anybody in that boat that is not pulling, it isn't that obvious. You can't say, "Well, the six man wasn't putting everything on the oar." And in order to compete well, everybody's got to be doing his part. And then at the end of that race or the end of that piece, no one knows for sure who was pulling harder than anybody else. There are no heroes. Nobody's going to say, "Well, Victor pulled harder than Gary did." It's all implicit. It's all trust. It's all we're doing this together. And either you all succeed or you all fail. And then you lay on top of that this business of interchanging oarsmen. Somebody could sabotage you. If we're in the boat and somebody doesn't like me and I get put in there to compare with the previous piece and you as a crew or anybody in the crews says, "Well, I'm going to screw Gary." But who knows. You might be the next guy traded out.

So it's really interesting chemistry. But it gives you lessons for life. It teaches you that what's important in life is that daily workout, that constant struggle to get ahead. And it teaches you that you really have to trust your co-workers. People say trust but you really have to trust them. There's no room for compromise. It teaches you that it's not really important to be the hero. There are no heroes in crew. There is nobody that's better than anybody else. It teaches you the value of really hard work and persistence and consistency day in and day out. All those lessons are really taught to young men on the water.

02-00:10:46
Geraci: Let me make an analogy here and see if you agree or disagree with me. In speaking of your parents being products of the Depression, they had a value, a sense of community and a sense of work, a work ethic. For you, you learned that work ethic. They may have learned it through life experience, but for you, you learned it through crew?

02-00:11:08
Rogers: Yes. Yes. Crew brought it home. Yes, my parents had consistent values with that but it wasn't until I got—here I was with fifty other athletes at the collegiate level. I'm a kid who had failed at athletics in high school, who never thought of himself as a college athlete, who was just as challenged as I could be to be part of that group. And I graduated four years later as the All-University Cal Athlete. I was selected not only from crew but from every single sport on the Berkeley campus as the most outstanding athlete in the entire program.

02-00:11:58
Geraci: That's amazing.

02-00:12:00
Rogers: Wow. Okay. And some of that was the success we had as a crew, the success we had on the water, but also the success as I had as a leader. I was elected captain of the crew, I got the Dean Witter Award for Loyalty, Proficiency and Spirit. I just blossomed in this sport. It's effected my life ever since. I have on my wall over here something called the Jim Lemon litany. Jim Lemon was the coach that recruited me and he became my varsity coach for three years. When he retired—he retired five or six years after I graduated—we, as part of his retirement ceremony, we had a calligrapher do these saying that he was famous for on a little tapestry. One of us was behind the curtain and the other one was giving a speech and we wove all these wonderful Lemmonisms, Lemmon sayings, into this. But he would say things like, "There's no such thing as can't, there's only won't." Well, it kind of goes back to what Dick Hacky taught me on that hike. You can do so much more than you think you can do. That was a lesson not only for rowing but a lesson for life. You can achieve—

02-00:13:28
Geraci: But isn't that the greatest lesson of all for leadership?

02-00:13:31
Rogers: Yes, yes. The night before the first race he'd say, "Well, the hay's in the barn." He'd say, "Races aren't won on race day. The hay's in the barn." And then we'd win the race and we'd come back to the boathouse the next Monday and he'd say, "One rose does not a summer make." It was just classic. Or there'd be a little revolt and every once in a while we'd sort of get uppity in the boathouse and we'd have a little revolt of some sort. He'd get us together and he'd say, "Gentlemen, in this boathouse there's the popular vote and there's the majority vote and I have the majority."

02-00:14:20
Geraci: I'm in charge.

02-00:14:22
Rogers: Yes. I have the majority. It was just priceless what a great leader/mentor he was and we all came to just revere him. No one would cross him. He's a real tough guy. I can remember driving home one day with a carload of oarsmen and the driver said something that was negative to the coach and we all jumped him. He almost drove off the road. You just did not criticize the coach. He was like a god.

02-00:14:56
Geraci: He was up on the pedestal.

02-00:14:58
Rogers: He was up on the pedestal. It doesn't mean that we totally followed his rules. We couldn't drink and we couldn't ski. All these things we were supposed to not do. Well, there was one time when I was skiing—

02-00:15:16
Geraci: Which you weren't supposed to be doing.

02-00:15:19
Rogers: Which I wasn't supposed to be doing. But I loved to ski, so I went off and skied against the rules. I was skiing in Squaw Valley with a buddy of mine and in those days they had a station on the main lift at Squaw Valley that they called the longest lift in the world. But they had this station, which, again, would never be allowed today. You could both get off and get on the chairlift at the same station. So we were skiing the upper part of the mountain and we would ski down to this double station sort of thing and we'd wait until there'd be an empty chair coming up and then we would get in and get on the empty chair and go up and ski the second half of the mountain. So we were waiting there and this man came up with his daughter and they stood up to get off the chair. There was a ramp that you'd ski down. But at that point the ski lift went up like this. It was quite a separation, very quickly, between the cable and the slope. And as this little girl stood up to get off the chair, the front wooden slat on this chairlift was broken and the metal support that the slats went across was sticking out by about an inch and it caught the back of her parka. So as the chairlift went up, she was hung up on the chairlift hanging below the chairlift by her parka.

02-00:16:44
Geraci: So she's hanging?

02-00:16:45
Rogers: Hanging up there. And very quickly she was sixty, seventy feet above the ground. Her father had skied down below and the operator had stopped the lift, but she's hanging up there. And no one knew what to do. Her father's down there like this. If she fell, it'd kill them both. The operator, you can't turn those lifts backwards. They don't do that. Or at least they didn't in those

days. So I was standing there, and without thinking about it very much, I took off my skis and I climbed the ski lift tower and I got up to the cable and I had to jump out to the cable. Because I was on crew I was strong. I had good arm strength. But I was able to go hand over hand up this cable to her chair, which was a fair piece up the cable. I got on the chair. Actually, I reached down. I got my foot in her crotch to kind of hold her and then I tried to curl her up, but she was a heavy little gal and I couldn't do it. So at that point, my buddy who I had been skiing with did the same thing. He came out up the cable and between the two of us we were able to get her back on the chair. So we rode the chair with her. She was hysterical, as you can imagine. A thirteen-year-old girl.

So we went up the top of the lift and came on back down. Got to the bottom of the chairlift and her father was there. And, of course, he was just as grateful as you could be. And he somehow had told the management, or maybe the operator had told the management what we'd done, so the general manager of the place was there and he was promising us ski lift passes and all this stuff. But somebody called the *Chronicle.* Somebody told the *Chronicle* what had happened. So the next day in the paper there's this big headline that says Hand over Hand up an Icy Cable and a picture of me and my buddy and the little girl. It was the front page of the *Chronicle.* So I go back to where I was staying and there was a phone call for me the next morning. This voice that I recognized as Jim Lemmon. "Rogers, that was good work up there at Squaw Valley but what the hell were you doing up there in the first place?" [laughter]

02-00:19:17
Geraci: I wasn't skiing.

02-00:19:21
Rogers: I was trapped.

02-00:19:25
Geraci: That's a great story. What is it that goes through a person at a moment like that? You were risking your own well-being.

02-00:19:33
Rogers: Yes, yes. You don't think about it. I did. I risked my life, no question about it. If I had fallen—and it would have been easy to fall. Cables are that big around and it was cold so I had my ski gloves on and I'm going up this cable. I couldn't do it today. But I don't know. I think you find what you're really made of. I'm sure this must happen in combat all the time. You have to make decisions. Do you follow that grenade? Do you bring your wounded buddy back behind the line?

02-00:20:12
Geraci: It seemed like the right thing to do at the moment. You're not really thinking about it.

02-00:20:17
Rogers: You're not really thinking about it. You just act. And sometimes it costs you your life or sometimes it doesn't. And I've actually had a fair number of experiences like that. Anyway, crew became a very, very important part of my life. I said when I graduated that if I ever had the opportunity to do so, I was going to make sure that that great tradition or that great opportunity, that experience that I had continued for the next generation.

02-00:21:03
Geraci: And we're going to continue that in later interviews when we talk about things that you've done outside the business world.

02-00:21:09
Rogers: Yes, okay, fine.

02-00:21:10
Geraci: Within the business that are for the community. We'll spend a lot of time on that. So just trying to keep a little bit of a chronology going.

02-00:21:18
Rogers: Yes. Yes, no, I get it.

02-00:21:20
Geraci: What else about college? You said you were living in the dorm first year.

02-00:21:25
Rogers: Yes. My parents, being very serious and very sort of standards-based, wanted me to do well. Didn't want me to join a fraternity. My dad had not been in a fraternity. I think my parents didn't really understand what the Greek life was all about and they thought it was not a good thing for me to do. And they were right. So my first year was in a dorm. I was assigned a roommate. It was someone I had never known before. We became—

02-00:22:00
Geraci: What hall were you in?

02-00:22:01
Rogers: A hall called Putnam Hall at Cal. One of the first of the big high rise dorms.

02-00:22:06
Geraci: The high-rises, yes.

02-00:22:08
Rogers: But Cal became a wonderful experience. What I described that was so fearful and intimidating about it became the wonder. There is a group at Cal, everything from Scottish folk dancing to classical music. You want to play the oboe, yes. Everything is there.

02-00:22:32
Geraci: Everyone should be able to find something to do.

02-00:22:35
Rogers: Yes, yes. Every cause, every interest group, every experimental kind of thing. In my day, what was it? The encounter groups were a big deal. For me and for anyone going off from a close family experience and being, in spite of what I've described as my high school days, pretty sheltered, pretty comfortable, going off to be completely on your own, nobody telling you what you can or can't do. Nobody looking over your shoulder. If you want to drink too much, you can drink too much. If you want to get in trouble with the girls, you can get in trouble with the girls. If you want to go off on a crazy weekend, you go for a crazy weekend. Again, it's a time of making choices and beginning to have a sense of your own values and [choices].

02-00:23:36
Geraci: And learning to make the right choices.

02-00:23:38
Rogers: And learning to make the right choices. Sometimes you learn by making the wrong choice. But it was just wonderfully invigorating.

02-00:23:48
Geraci: Did you end up joining a fraternity?

02-00:23:49
Rogers: Yes. I joined a fraternity the next year and some of my crew buddies were in that fraternity. I think that maybe led me in that direction. But I decided to rush my sophomore year. I went and looked at a lot of different houses. I joined this fraternity, Psi Upsilon, and it was a great choice. I thoroughly enjoyed my next three years.

02-00:24:17
Geraci: Was this where your crew buddies were?

02-00:24:18
Rogers: Well, some of them. There were a few crew buddies. It wasn't like a crew house at all. But a wide variety of types of people and everything from absolutely crazy kids who never went to class to very serious students.

02-00:24:36
Geraci: Did you live in the house?

02-00:24:37
Rogers: Yes, I lived in the house until my senior year. I moved out my senior year.

02-00:24:43
Geraci: How do you explain the Greek way to students today? Because in the sixties and the seventies, pledging Greek was not that unheard of. It was very normal.

02-00:24:56
Rogers: Right, right. Well, I think it's pretty simple. It's just a club. It was an excuse to wrap tradition and mystics and songs and stories around a group of guys who kind of come together at random. We didn't have much in common. I

guess to some extent likes attract likes, so there were some people who maybe had the same interests or came from the same areas or whatever. But it was pretty much a random assortment of guys who decided to live together and then wrapped around that is chapter roll calls and to wit, to woo, and all this mystical stuff, and initiation.

02-00:25:50
Geraci: Because they're still doing initiations in those days.

02-00:25:53
Rogers: It was silliness but people took it seriously because it was the price you paid to belong and belonging was all important and you wanted to be accepted and you wanted to be one of the guys, and so you went along with all this silly stuff. Eggs being dropped on you from three stories high. Stupid games. I'll never forget the great big bowls of chocolate pudding that we had to eat. It's just stupid.

02-00:26:28
Geraci: Disgusting, right?

02-00:26:30
Rogers: Stupid disgusting stuff, yes. But it was all part of the variety of college. I was a joiner. I belonged to lots of different groups in college and I had lots of leadership experiences. The chancellor in those days had a group, I forget exactly what it was called, but it was an advisory group on intercollegiate athletics and it involved alumni and it involved some current athletes and coaches. It was a group of maybe fifteen people that worked to advise him on intercollegiate athletics. And because I was so involved in crew, somehow I got selected as one of the student athletes who was on the chancellor's committee. But the chairman of the committee was a guy by the name of Walter Haas, who at that time was chairman of Levi Strauss. Now, talk about serendipity. Here I met this guy Walter Haas. I became quite friendly with him. He wrote the letter of recommendation that I'm sure helped me get into the Harvard Business School, which kind of launched my business career, which led to me, thirty-five years, forty years later—

02-00:27:56
Geraci: Years later, coming back.

02-00:27:58
Rogers: —becoming chairman of Levi Strauss myself as the first non-family member chairman in the history of the company.

02-00:28:07
Geraci: But isn't that part of why people fight to get into places like Yale, Harvard, Cal? It's the contacts you make. It's the networks that you start establishing for your life.

02-00:28:20
Rogers: For me, it wasn't conscious at all. I was there as a middle-class kid. Like I say, started out scared to death. Started to have a little success, began to reflect maybe some of the leadership skills I'd learned in Scouting or, god knows, athletics, wherever else. Was asked to do things that furthered that opportunity. Almost all my life, it wasn't planned. It happened. People look at me today, with the successes I've had, and they say, "Oh, Gary, you are so lucky." And I never deny that. But what's going on in my own head is I think we all see a stream of opportunity in life. We all are faced with a constant myriad of opportunities, things to choose from. And I think some of us do a better job of seizing opportunity or recognizing it or knowing when to grab at it than others. And I think those are the people who in retrospect are called lucky.

02-00:29:40
Geraci: Could it also be that sense of adventure, a risk taker? You're willing to go through the door not quite sure what's on the other side.

02-00:29:50
Rogers: Yes. I think the greatest traits for—I was going to say success—success or even for a happy life, greatest combination of attributes in my view is the combination of optimism and persistence. If you are optimistic almost all the time—nobody can be optimistic all the time. But if you're looking for why is the glass half-full, what can I make of this, what am I going to learn from this conversation we're having, how is this going to enrich my life, or what can I do as a result of this, and if you're persistent at it and if you're willing to accept failure or disappointment and not let it get you down and you come back the next day. Like Woody Allen says, "Eighty percent of success is just showing up." And if you combine that persistence with optimism, in retrospect, you're going to be considered lucky. People are going to say you are lucky. But I think it's more the ability to recognize opportunity and seize it than it is pure luck because I think we all see opportunity and most of us let it just pass us by all the time.

02-00:31:02
Geraci: Well, it seems that so far in taking that lesson that we just talked about, between Scouting, between crew, and just the general experiences, your success in college, in other organizations, that puts your ship out to sea there. It put you on a path. It was a rudder that was steering you in some direction.

02-00:31:27
Rogers: That's right. Success breeds success. So much of success is confidence. It's ability and it's wisdom and it's perspective, but it's also confidence. If someone exudes confidence, he's naturally going to be considered a leader. If people are looking around for who's going to lead this group and somebody's just there like, "Hey, I can handle this," more often than not, I think confidence and leadership are closely connected. And so as I had these

experiences, my confidence grew. And I matured. Over the course of a life, that gets integrated into what's called wisdom or gut sense.

I heard George Shultz speak at a high school graduation here recently and he was at a military school. Jerry Brown started a military school here in Oakland and they got George Shultz to come speak at the commencement. So here are all these kids out there in uniform, graduated from military school, and George says, "You know, I'm in my eighties now. What I've learned is there are two kinds of knowledge. There's head knowledge and there's gut knowledge." And he said, "Graduating from military school, you've learned both." He said, "You've had reading, writing and arithmetic. You've had good head knowledge imparted to you. But you've also learned about values, learned about tradition, you've learned about discipline, you've learned about judgment." He said, "That's gut knowledge." And he said, "Throughout my life, I have learned to trust gut knowledge more and more and more." He said, "Early in my career it was all head knowledge. Today," he said, "it's almost all gut knowledge." Pretty interesting.

02-00:33:36
Geraci: Almost the definition of wisdom then.

02-00:33:38
Rogers: Yes. He was saying you integrate the experiences you've had over your life into what is commonly called gut knowledge. Sometimes you make decisions you can't explain. I can't tell you why I did that but I know it was the right thing. And why do you know it was the right thing? Because I've done things like this hundreds of times before and I just kind of know what's going to work.

02-00:33:58
Geraci: And it seemed right. It was going to work. Well, before we talk more about your college years, up to this point we haven't talked much about—we all have failures and I think sometimes failures are our best teachers.

02-00:34:16
Rogers: Absolutely. Absolutely. Yes.

02-00:34:19
Geraci: Were there any little setbacks for you?

02-00:34:22
Rogers: Oh, sure. Yes. I had lots of setbacks. I had girlfriends that decided there was another guy they would prefer to be with than me. When you're a kid in high school or college, that—

02-00:34:38
Geraci: It crushes you.

02-00:34:39
Rogers: That can crush you. I can remember courting a girl all summer at this camp we were at and she told me at the end of the camp that there was a guy down in Stanford that she was sweet on and our relationship was nice for the summer but it was over. "Oh, you got to be kidding me. The love of my life." So I had disappointments in that regard. I had disappointments on the crew. I'd work my butt off and I'd find myself in the third boat. Maybe not forever. I had to figure out what was it that I wasn't doing. So there were disappointments there. There were disappointments in grades. There were classes that were a real struggle for me. Calculus I practically failed. I think I got a D. I couldn't understand what a derivative was or how an integral worked. These things were kind of beyond me. It was a real challenge to make it back. I've had other failures later in life, for sure, and we'll get to them, I guess.

02-00:35:50
Geraci: And we'll get to them.

02-00:35:51
Rogers: But I've had lots of failures.

02-00:35:52
Geraci: I think some of the best tests for the young personality are those failures and learning how to begin adapting to that.

02-00:36:00
Rogers: Oh, yes. Yes. You can't be afraid of failure. I look forward to failure. I really believe in doing the best you can. One of the things that crew coach taught me was if you rowed the best race you can row, if you put everything you have on that oar and at the finish line you're not in first place, you can look anybody in the eye. It's not coming in first that counts, it's doing your best. There's a great lesson in that. Lots of times you don't come in first in life. When we get to the restaurant business, nobody ever worked harder in the restaurant business than we did. I was at that seven days a week, twenty-four hours a day, and we failed. We just absolutely failed. But I look at it as a great experience. It set up other things to come. I was better for having had that experience. I failed in high school in football. I was a failure. I played maybe one minute at the end of the game if we were five touchdowns ahead.

02-00:37:08
Geraci: The coach would at least give you a moment of playtime, right.

02-00:37:10
Rogers: I failed. You pick yourself up and you get back on the horse.

02-00:37:21
Geraci: Let's talk a little bit more about college. You seemed to have some great stories in reading about you. You were working summers at the Lair, the alumni summer camp. Let's talk a little bit about that.

02-00:37:36
Rogers: Well, the Lair became a very important part of my life. And, again, call it serendipity or call it recognizing an opportunity. But one day, as a freshman in the fall—I'd only been at Cal for a couple of months—I was thinking about what I was going to do the next summer. And the way down to where the bus took off from the gym to come down to the boathouse, I would walk by this thing called Alumni House. I had no idea what it was or what it meant. But I saw an ad or somebody told me, I can't remember, but they said they had summer jobs. I had some time to kill so I just walked in there and I said, "Is there an application for a summer job?" And somebody explained, "Well, what we're talking about is we have this camp, alumni camp, up near Pine Crest up in the Sierra and every year we hire staff. Yes, we're taking applications. Would you be interested?" And I said, "Well, yes." And they said, "Well, would you like to know more about it?" I said, "Sure." They said, "Well, go back and talk to Mike Koll. Mike Koll, I think he's done one of these Bancroft oral histories. He was the founder of the Lair of the Golden Bear, which at that time was two camps up in the high Sierra that had this wonderful summer program. In those days they hired about sixty students a summer to staff the place. Sixty students, mostly from Cal Berkeley. So he began to describe some of these opportunities to me and told me a little bit about the history of this place. It began to sound really interesting. He wound up offering me a job on the maintenance crew. Gosh, I think the pay was $120 a month.

02-00:39:43
Geraci: Well, it was better than the paper route.

02-00:39:45
Rogers: It sounded pretty good. So I said, "Great." So I wound up on the maintenance crew at the end of my freshman year and it was a wonderful experience. In each camp there were about thirty men and women, students for the most part. We all had jobs to do. I had to get on this little truck and go around and clean the heads every day and wash the dishes. On a rotating business we had different jobs on the maintenance crew. But half of the staff was women and every Saturday night we'd have a party. It was just a wonderful college experience and it was all in the context of this camp. We couldn't get in too much trouble. People weren't driving on the highways except maybe on a day off. But it proved—

02-00:40:39
Geraci: It seems to fit right back into your background for your Scouting.

02-00:40:43
Rogers: Yes. It was the next step, because it was co-ed. You were mixing with Cal graduates and people who were coming back as alumni were a pretty stimulating group of people.

02-00:40:56
Geraci: Now, the alumni would go there for—

02-00:40:59
Rogers: For vacation. It's a summer camp. They'd come with your families. You graduate from Cal and typically families would come back with their kids and there'd be all kinds of activities. Hikes, programs for the kids, nature walks, fishing, tennis, volleyball, ping-pong, bridge tournaments. Everything under the sun. Swimming. You'd eat in the big dining hall. But it was just a very good spirit, great tradition, very successful camp. People vied to come. They wanted to be there the eighth week. The eighth week was full and so they'd maybe have to come the seventh week. But there was enormous camaraderie around the staff and there were these two camps and this natural competition. Every week there'd be a baseball game between the two staffs and there'd be a volleyball game between the two staffs. It was this friendly but pretty earnest competition between the two camps. We'd get together on Saturday night and have a big party up at the teen lodge. Everybody fell in love. All these summer romances. For me, it was a great next step.

So let me jump ahead to the second year. Second year they promoted me to be the head of the maintenance crew at this camp, so I was now the supervisor of about seven or eight other students who were on the maintenance crew, none of whom had I hired. They were all hired by the process I had just described, by someone else. And one of the kids on my maintenance crew was this kid called Ricky Cronk and Ricky Cronk had gone to Davis. I didn't know it at the time but he'd been elected the president of the freshmen class at Davis. But as a maintenance man he was worthless. He didn't know a monkey wrench from a broom. He was just completely a disaster. And I went to the camp manager and I said, "Can't you assign this kid to something other than maintenance because he can't pull his weight as a maintenance man."

So the camp manager assigned him to teen director, which I thought was a much more appropriate job for this guy. He always had his arms in the air. He was always full of enthusiasm about something and was probably a pretty good leader for the teenage kids. Now, when you interview Rick, he'll tell you that that isn't the story at all. He'll tell you he got up there, he didn't want to be a maintenance man and he went to the camp manager and got himself appointed teen director, which actually made as much or more money than I was making. We've always debated how that came to pass. But anyway, that was the beginning of my relationship with Rick, was the Lair.

I also met my wife, Cab Tuck, who was a year behind me but had been coming to the Lair with her family ever since its founding in 1948. Her parents were Cal grads and she had seven brothers and sisters and they would make the trek up to the Lair every year and they'd been coming for years and years and years. They were called pioneers, so they went way back at the Lair. And she then had applied and been accepted on the staff at the other camp. I worked at Camp Blue, she worked at Camp Gold my second year. But because of this interplay between the camps and so forth, I met her. That's where we first met.

02-00:44:59
Geraci: So those are two kickoff points for the rest of your life, aren't they?

02-00:45:02
Rogers: Those were two kickoff points for the rest of my life. So the Lair became a very important chapter.

02-00:45:09
Geraci: Of your life. Absolutely.

02-00:45:11
Rogers: Of my life. Yes, yes.

02-00:45:13
Geraci: And then another thing that Cal students today wouldn't know about and that's that you had the ROTC at Cal, a requirement. Let's talk a little about the Army. You were in the officer training corps, the ROTC.

02-00:45:31
Rogers: Yes. Yes, well, when I went to Cal, ROTC was required for men in their first two years. You had no choice. ROTC was a required course. So all the men in their freshmen and sophomore years took ROTC and we learned army tactics and we wore uniforms and once a week we were out on the drill field learning to march and take commands or give commands. We had to polish our brass, we had to shine our shoes, and we were expected to be like army officers, cadets. And then at the end of your sophomore year, you had a choice. You could either continue for two more years and wind up getting your commission when you graduated, which would make you an officer, or you could take the chance of being drafted as an enlisted man. In those days, we were all subject to the draft. Vietnam was heating up. There were all kinds of things going on in the world, like there seem to always be.

02-00:46:50
Geraci: The Cold War was—

02-00:46:51
Rogers: Yes, but the Army wasn't a volunteer army like it is today. It was a conscription army. So I made the choice of continuing on for two more years in ROTC and getting my commission and then served two years in the regular army as an officer. That proved to be a pretty interesting experiment, because in my junior year the ROTC corps at Cal was taken over. There was a new assignment made. An officer by the name of Major Elliot was put in charge of the ROTC corps at Cal and Major Elliot was a piece of work. Major Elliot had gotten his battlefield commission in the Korean War. He had actually been on the cover of Time Magazine as the classic doughboy in the Korean War, this rough, battle scarred tough guy standing in the snow with his bayonet fixed. The American soldier prototype and he was given a battlefield commission when his lieutenant was shot. He became an officer overnight. And now a guy with this history was assigned to come to these weenies, these one-hour-a-week soldiers.

02-00:48:31
Geraci: Who don't want to be there, really.

02-00:48:32
Rogers: Who absolutely didn't want to be there. And I fit that profile perfectly. My brass was a mess. My shoes were a mess and he would come up to me on the parade field and he'd get in my face like a DI and he'd say, "Your uniform is a disgrace to the US Army. I should throw you right out of this program. Your brass is awful, your shoes are awful. Cadet Rogers, you're a disgrace." And he would get me up in class and he'd say, "All right, Rogers, tell me what are the letters in MUSMUS mean?" He was just merciless and I came to hate the man. I don't know why he was picking on me but he picked on me.

And at the end of my junior year, we all had to go to basic training for officers up at Fort Lewis, Washington for six weeks. And I heard that Major Elliot was going to command one of the six companies up at Fort Lewis. And driving up there with my buddy, all the way I said, "I know I'm going to be in Major Elliot's Company. It's going to be miserable. I'm going to be in Major Elliot's Company." And sure enough, we got up there. Rogers, Company A. Who's the company commander? Major Elliot. So my misery continued because he continued to pick on me. And so I had had now two years of crew. I was in really good shape. A lot of arm strength and I said to myself, "I'm going to show this son of a bitch what I'm made of."

And so we would go to dinner. We'd line up for dinner and we'd have to go under this pull-up bar. In order to go to dinner we had to do pull-ups. And most of these kids could do maybe two pull-ups, three pull-ups, sort of the norm. Well, Major Elliot would stand there at the pull-up bar in his creased fatigues with his baton, swagger stick, under his arm and he'd watch us do pull-ups. First night, four pull-ups. Next night, six pull-ups. Pretty soon I was doing twenty pull-ups. And I could tell he was pretty impressed by that. Nobody else could do twenty-pull-ups. So over the course of the six weeks, I could see I was kind of coming up on his chart.

So the very last day we did this classic military course, obstacle course, where you'd crawl through the sand, under the barbed wire that was supposed to be machine gun fire and then you'd go hand over hand on a horizontal ladder and then the last of six of these obstacles was you'd run a mile in combat boots. And there was a track there at the end of this course. So our company went through that and I came out of the fifth event and I was about thirty yards behind the leader as we started to run four laps around the track. And we were out in front of everybody else but he was in front of me. And sure enough, there was Major Elliot standing at the finish line, same deal with his swagger stick, watching us go around. Every lap I'd get another ten yards on this guy. I was bound and determined. And I came down to the finish line sprinting and I pass the guy, I'm five yards in front of him, I get to the finish line, and I throw up all over Major Elliot. All over his pants, all over his shiny boots. Well,

Major Elliot turned on his heel and walked off. He didn't say anything but I thought I was toast. I thought I was dead. I thought I was dead. I didn't see him again up there.

I got in my car and drove back down to the Bay Area. I showed up for ROTC my senior year and they posted this big organization chart of the corps, the student corps, and each of us had an assignment on this chart. So I started looking at the very bottom and I kind of worked my way up and there was Cadet Colonel Rogers. I was the number-one guy in the ROTC Corps.

02-00:53:08
Geraci: He did take notice.

02-00:53:11
Rogers: He had been so impressed. I went from worst to first. That's what he wanted to see. And he made me the corps commander. It was a great sense of power. I'd get out there on the drill field on Thursday mornings with 5,000 troops. I had two corps of these unwilling cadets out there for an hour and I would say in a conversational tone, I'd have two people facing me like this, our battalion commanders, I said, "Bring your battalions to attention." And these guys would turn around and they'd yell, "Battalion, atten-hut!" and 2,500 cadets would snap to attention and the other guy would go, "Battalion, atten-hut!" Another 2,500 troops. And I'd say, "Pass and review," and these people would come around with their rifles up. It was a great sense of power. It was the only command I ever had in the army.

02-00:54:13
Geraci: But there had to have been more than just the physical at that point. You're talking about a lot of activities and things you're doing where you rise to the leadership role. Somebody recognized in you early on or a lot of people.

02-00:54:34
Rogers: Yes. I can't disagree with that. There must have been some latent capabilities that all these experiences were talking about, all these mentors brought out in me, from my dad to Dick Hacky to Jim Lemmon to Major Elliot. They all in different ways inspired me to—

02-00:54:56
Geraci: They pulled out the leadership in you.

02-00:55:00
Rogers: Yes, yes. Maybe they saw something that I didn't recognize. But luckily it was there and I've been in leadership roles ever since. It's just been the joy of my life and I can't explain exactly why or how it happened. But these people I know are very important in making it happen.

02-00:55:20
Geraci: That speaks a lot to the importance of having mentors in kids lives—

02-00:55:29
Rogers: Absolutely.

02-00:55:31
Geraci: —at an early age. That make them pull.

02-00:55:35
Rogers: Absolutely. People who believe in you, who are with you, whether you succeed or fail, who will understand that maybe you're going to break the rules. Jim Lemon, when he caught me skiing, yes, he gave me some crap but he was proud of me. And Dick Hacky when I saved his life, he didn't say anything but I could tell. People that know how to inspire young people. I was lucky.

02-00:56:11
Geraci: But also know that young people have to try some stupid things on their own, too.

02-00:56:15
Rogers: Yes, yes. That's part of it. Yes, that's exactly right.

02-00:56:18
Geraci: And if they don't have that experimentation they don't grow.

02-00:56:24
Rogers: Yes, that's exactly right. It's hard to remember that as a parent.

02-00:56:30
Geraci: Tell me.

02-00:56:32
Rogers: I've tried to remind myself of that. I tell you, my wife is much better at reminding me of that than I am myself. Yes. It's true.

02-00:56:45
Geraci: I think on this tape we'll be able to finish up just the Cal thing. So by your sophomore year, then, you had made junior varsity on crew.

02-00:56:54
Rogers: Yes. By my junior year I was in the varsity for most of the races. Maybe one or two I wasn't. And then I was in the varsity my senior year. The way I describe my contribution to Cal Crew is the varsity won the national championship when I was a sophomore. I was the JV. Then I was in the varsity the next two years, we didn't really win much of anything. Then after I graduated they won the national championship again.

02-00:57:24
Geraci: That's kind of sad, isn't it?

02-00:57:26
Rogers: Well, hey, I was proud to be part of a national champion squad. I was rowing with those guys every day. And, again, that team was so inspirational to me. I'll tell you, there are no flakes in the crew. You don't last more than a week if you aren't willing to do the work. It is hard every single day and you got to love it. You got to love what I just described. The flakes fall by the wayside very quickly. So you've got to be courageous, you've got to be consistent, you've got to be trustworthy.

02-00:58:09
Geraci: But there seems to be in you a determination no one is going to tell you no. I will. Just the experience. Isn't that the mentality of a crew member? I will do this no matter what.

02-00:58:25
Rogers: Yes. That idea, there's no such thing as can't, there's only won't. I went back to the national championship this year and watched this Cal varsity that had been beaten three times by the Washington varsity over the course of the season. Three times. The Washington varsity, everywhere they went this year they were setting course records. And these are courses that have been rowed by hundreds of first rate crews. And they'd go down to Redwood Shores where most of the races around here are rowed now and they set the course record. They beat Cal by four seconds. Cal was one second off the previous course record. Washington beat the course record by three seconds. So here's this bunch of guys in the Cal varsity who had been beaten three times by this very fast crew. The Cal varsity had every excuse in the book to not win that race. Because they weren't expected to win. They'd lost three times.

The Washington varsity was known as one of the fastest crews in history and at the IRA championship and these kids want out there and they battled down that course. Washington was ahead by two feet, Cal was ahead by two feet, Washington was. It would have been so easy. You just have to understand the sport to know that when you've rowed 1,500 meters and your guts are coming out and you are aching from head to toe and you got this crew alongside of you that's beaten you three times going and they're known as one of the fastest crews in history, it would be easy to say, "Oh, well. Oh, okay, I've done it. We'll finish respectfully." But Cal beat Washington by two feet. It's the gutsiest performance I've ever seen. It was just amazing.

02-00:60:24
Geraci: Says a lot, doesn't it?

02-00:60:25
Rogers: Yes.

02-00:60:28
Geraci: Says a lot. And then, just speaking of crew, we'll leave this tape with you got to try out for the Olympics.

02-00:60:34
Rogers: Yes, I did. Yes. When I graduated, it was in 1964, which was an Olympic year. I was class of ’63 but because of my crew, some of engineering labs conflicted so I had to take an extra semester to finish up engineering. And there were, around this area between Cal and Stanford, the Peninsula and the East Bay, there were twenty oarsmen who had rowed competitively in the college ranks from Cal, Washington, other schools, and of those twenty, if I remember right, twelve were national champions. So it was a really good collection of post-collegiate athletes who were interested in trying out for the Olympics. So we organized this group but we started with no boathouse, no shells, no oars, no coach, no money. Nothing. No sport. There was none. The Olympic committee had no funding for us and we tried so hard. We would go down and row at Stanford at 5:30 in the morning. So I would get up at like 3:00 and I would drive to Stanford. We’d row. We’d work out down there at 5:30 in the morning. We would come back and row here on the Oakland estuary at 5:30 in the afternoon. We would wade our shells in. Some electrical contractor down here let us use his shed. We’d wade these shells in to the estuary in the mud. These kids were in graduate school, they had jobs. They were all over the Bay Area.

02-00:62:16
Geraci: They had real lives beyond this.

02-00:62:18
Rogers: They just couldn’t do it after a while. So people began to fall by the wayside, and before we were through, there were only three of us of the twenty that started. And then there was this one hardheaded insurance salesman I know who really hadn’t rowed much in college but he—

[End Audio File 2]

Interview #2: July 12, 2010

[Begin Audio File 3]

03-00:00:11
Geraci: I'm Vic Geraci, food and wine historian from the University of California Berkeley's Regional Oral History Office. Today's date is Monday, July 11, 2010 and seated with me is Gary Rogers. Mr. Rogers is a University of California graduate who has spent thirty years as chairman and CEO of Dreyer's Grand Ice Cream, chairman of Levi Strauss and Company and Chairman of the Federal Reserve Bank of San Francisco. This interview is being conducted in Gary's office at the Rogers Family Foundation in Oakland, California.

Gary, in our last interview we talked about your life, basically growing up, we got you to CAL, got you to college, got you through the ROTC. So now I guess we've kind of picked up at this point where you're getting out of college, getting your first job. You met your wife, so we should probably pick up on that story line at this juncture, and I'll let you go.

03-00:01:13
Rogers: Okay. Well, in college I worked two summers at the University of California Alumni Camp, known as the Lair of the Bear and I also worked in the winter at something called the Tahoe Alumni Center, which was located in Tahoe City. It's since been sold and renamed Granlibakken. It's a ski area there.

03-00:01:41
Geraci: Oh.

03-00:01:41
Rogers: Tahoe City. I had been on the Lair staff with her the previous summer, but it was really at that Tahoe Alumni Center that I got to know Kathleen Tuck, known as Cab Tuck or Cabbage Tuck.

03-00:01:55
Geraci: There has to be a story there. Cabbage Tuck?

03-00:01:57
Rogers: Yes, yes. This is a true blue Cal family. Both of Cab's families went to Cal, the class of 1935. And Cab has seven brothers and sisters. Bob and Janor Tuck had eight children in ten years. Cab was the third in line and it was absolute chaos, as you can imagine, when she was young. She couldn't pronounce her name of Kathleen and it came out Cabbage when she was asked what her name was. It stuck. To this day she is still Cabbage or more often just shortened to Cab.

She had worked at the Lair but in the other camp. I worked in Camp Blue and she worked in Camp Gold. We probably saw each other that summer but we didn't really get to know each other until we worked at that Tahoe Alumni

Center when I was a junior. And that was the beginning of an, up 'til now, forty-six year relationship. And it's been great. But we have two Cal Lair lineages that came together.

03-00:03:24
Geraci: This is definitely a Cal family.

03-00:03:25
Rogers: Definitely a Cal family. Yes. It's been lots of fun over the years. I wasn't supposed to be at the—this is interesting. One of the absolute rules that my crew coach, whom we talked about earlier, had is that his oarsmen were not to go skiing. He was worried about injury and I was an avid skier. I had skied since before I was in high school. So I broke the rules and went up and worked in this Tahoe Alumni Center over the Christmas Holiday, which gave me time to ski, as well as earn a little bit of income. But as luck would have it, one of my buddies, John Austin, and I was out on the ski slope one day and were waiting to get on a station at Squaw Valley where they had something they would never have today. They had a station where you could both get off the lift and get on the lift. So we would wait there until an empty chair came up and then we would slide in and get in the empty chair and go on up to the higher part of the mountain, which we liked to ski. Well, as we were waiting for this open chair, a young girl came up with her father and they stood up to get off at that intermediate station where we were waiting. And he got off fine but this was the early days of Squaw Valley and they weren't too concerned about safety and the chairlift had two metal supports with wooden slats coming across but the front slat was broken. So there was this metal protrusion sticking out of the chair that this little girl was on. As she stood up to get off the chair, that metal protrusion caught the back of her parka and lifted her up in the air.

03-00:05:12
Geraci: Oh, my goodness.

03-00:05:13
Rogers: By the time they stopped the chair lift, her father had skied down the ramp and was forty or fifty feet below his daughter, who had gone up quite steeply on the chairlift there. And he was yelling up to her, "If you fall, I'll catch you." They both would have been killed had she fallen. So the ski lift operator didn't know what to do. The chair couldn't go backwards. He was afraid to take it forward for fear she'd fall off. She was hanging up there. So I just, without even thinking, kicked off my skis, went to the tower that supported the chairlift, climbed the tower, jumped out to the cable and because I was on the crew I had good arm strength and I went hand over hand up the cable and got to the chair. She was a heavy little girl. I tried to curl her up, holding on with one arm like this and another down below the chair and I couldn't get her up. John then made it up the cable to help me. I got my foot between her legs and together John and I were able to get her up into the chair. We had to go all the way up to the top of the mountain, ride back down, and by the time we got

to the bottom of the mountain, there was quite a commotion. The operator, the ski and general manager of the ski lift and the father and all the staff was there and, of course, he was just hysterical about getting his daughter back. I said, "Anybody would have done this kind of thing." And we went off and continued to ski. Well, it wound up getting reported. I guess he probably called the newspaper. In the [San Francisco] *Chronicle* the next morning there was this headline, "Hand over Hand up an Icy Cable," and a picture of this little girl, all this stuff. So anyway, I'm back at the Tahoe Alumni Center and there's a telephone call for me. So I go take the phone call and there's this gruff voice that I recognize as my crew coach, who said something like, "Rogers, that was a heroic act you performed yesterday but what the hell were you doing up there in the first place?" I couldn't win."

03-00:07:36
Geraci: No good deed goes unpunished at that point.

03-00:07:37
Rogers: Oh, I was in big trouble when I got back. But the good news is I met my wife that week.

03-00:07:43
Geraci: Oh, so you had just met her that very week?

03-00:07:46
Rogers: I had just met her that very week. That all happened at once.

03-00:07:49
Geraci: Oh, that must have been impressive. She thought you were a hero.

03-00:07:51
Rogers: Yes. Well, maybe that's why she married me. I don't know. But she's stuck with me for forty-six years so far and we've had four boys and seven grandchildren so far.

03-00:08:14
Geraci: Now, when you went back to Cal, you were dating Cab?

03-00:08:19
Rogers: Yes. My junior and senior years. Where the trail went from there is I went in the army. We already I talked about ROTC. I went in the army following graduation. Because it was an Olympic year, I was able to get myself stationed here in the Bay Area so I could row, because we were going to put together a boat to enter the Olympic trials. So luckily I did my active duty, or most of it, here in the Bay Area. But because of that, I was invited to a party of a bunch of old college buddies, mostly crew guys. At that party was a fellow by the name of Steve Brandt who had been probably the best oarsman of my class. He, like me, had been an engineer and he had gone on to the Harvard Business School. He got some deferment from the military so he didn't have to go in the service. But he had gone to the Harvard Business School and he had finished his first year at this point. We were at this

Thanksgiving or Christmas time party and we both had too much beer. Anyway, late in the evening he got me over to the corner. He was a huge man, six foot seven, big, big guy. He kind of pinned me in the corner and he said, "Rogers, if you don't promise me right now that you're going to apply to the Harvard Business School, I'm going to kick you right where it hurts most." I said, "Okay, okay, I'll apply."

03-00:10:06
Geraci: That's one way to get applicants.

03-00:10:18
Rogers: Yes. That was the first time I had ever thought of going to the Harvard Business School, was that night, in that bar, that guy with his beer breath all over me making me promise to apply. I had no dream that this would ever happen. I had been led to believe that my destiny was to be like my father, an engineer. I had graduated from Cal as an engineer. I thought my education was over. The other option to being an engineer was to take over or get involved in the family's farming interests in the Rio Grande Valley or the Imperial Valley. So I did apply to the Harvard Business School and I also applied for a job down in the Rio Grande Valley from a big farming operator that had cotton gins. I thought maybe my engineering training would qualify me to be an assistant manager or something in a cotton gin. That way I could learn the farming kind of thing and maybe work into my family's farms over time.

Interestingly, the same day that I got my acceptance to the Harvard Business School, I got a job offer from this Stahlman Farms down in the Rio Grande Valley. But there was one condition. Stahlman said, "You have to be able to speak Spanish because all of our employees are Hispanic." And I was terrible at language. I had tried to learn Spanish both in and out of school. It was just always a disaster. So really because of that concern I favored going to the Harvard Business School. But I went to my parents and I asked their advice and they told me, "Look, your education is over. You've gotten your engineering degree; you graduated from Cal. Going back to graduate school would be putting off life. That would be a big mistake. You really don't want to do that." I said, "Well, if I decide to go, will you support me financially?" And they said, "No. You've graduated." They were very nice about it but it was, "You're married now, you're on your own. We don't think this is a good idea. So if you do it, you're on your own." I didn't have any money.

I asked Harvard about financial aid and they said, "Yes, our policy is anybody who qualifies to come here shouldn't not come for financial reasons." So they had all kinds of scholarships and loans and financial aid. But one of the requirements to be considered for any of that was that your parents had to fill out a financial statement. I got this financial statement and I gave it to my dad. And, again, not maliciously—my parents were wonderful, loving parents—but my dad wrote on the form, "My financial status is not relevant to Gary,"

and sent it back in. Well, based on that, they told me, "You can forget financial aid from Harvard."

In the meantime Cab had gotten a teacher's credential while I was in the army and we just assumed that she could get a job teaching in Boston and that her salary would be adequate to pay our bills. I think the army had a program where they would give former officers $125 a month to go to school. So I had the $125 a month and my wife as a teacher. We were so naïve. So we packed up. We had a big black Labrador retriever and we packed him and everything else up and headed to Boston. What an adventure it was. We wound up renting this awful second story flat that was over a woman who, it seems like, was continuously rendering soap and we'd have this awful smell that would come through the house regularly. But the good thing about the apartment was it was pretty big. So for Cab and me and the dog, there seemed to be plenty of room, although I had to take the dog out on all these snowy evenings.

But things never work out as planned. First of all, we learned that a California teacher's credential means nothing in Massachusetts. If you're going to teach in Massachusetts, you have to have a Massachusetts teacher's credential. She could substitute teach and she did do some of that, but it wasn't long before she was pregnant. Surprise, surprise and she had a very difficult pregnancy. She was very sick and really couldn't work. So we had no money. I had about $2,000 saved up. Tuition in those days was 2,500 or $3,000 a year. There was no financial aid; there was no help from my parents. I was probably going to have to drop out of school. I must say I was overwhelmed. I went to this Harvard Business School as a kid from Cal, used to wearing jeans and a t-shirt to class. Everybody wore jackets and ties. They were all so articulate and impressive. The Harvard Business School amphitheater classes where you raise your hand or even if you don't raise your hand, you get called on and you're supposed to give an exposition on the case of the day. And they all seemed so smart. It just blew me away.

I remember I had been given a silver Cross pen for being an usher at one of my friend's weddings and I thought that was pretty cool to have a silver Cross pen. I went to my first day of class and I looked to the left: gold. I looked to the right: gold. I looked behind me: gold. I was definitely second-class. I came home and I told Cab, "First of all, we don't have any money. Secondly, I don't think I'm going to make it here. I'm just not up to the standard. I'm an engineer from Cal. I can hardly string three words together."

03-00:17:00
Geraci: You were a rural boy.

03-00:17:02
Rogers: I was an oarsman, that's right. These were all prep school Ivy League very sophisticated people. At least it seemed that way to me. Well, Cab encouraged me to hang in there and I started thinking about how I was going to pay the

bills. Remember, in New England they have these big oil drums in the basement. We don't do this in California, but in the East, you have fuel oil drums in the basement that feed the heater to heat your house. The man would come with a big truck and he'd bring this big hose in and he'd fill up your fuel oil and then he'd come to the front door to collect. Well, Cab and I didn't have the twenty dollars to give him. So we'd see him and we'd go hide in the closet. We literally would go hide in the closet until he left. That's how close to the line we were.

But I started to trade over the counter stocks. I would get the *Wall Street Journal* at about 5:30 in the morning.

03-00:18:16
Geraci: What prompted you to choose this as a possibility?

03-00:18:18
Rogers: I was so desperate. Desperation is a great incentive. There's nothing like poverty to get your mind going on what might you do. I think it was Mark Twain who said, "Nothing clears one's head like the prospect of hanging in the morning." Like I said, I was down to about $2,000. I had to do something. So I took that little $2,000 and I started to trade over-the-counter stocks. I had built a little computer program that I would get earnings reports out of *The Wall Street Journal* in the early morning and I would put them through a program that I had developed. If the company had earned such that it met my screens, I would then buy a few shares of the stock. I'd call my broker at Merrill Lynch in Boston and I'd buy $200 worth of stock. Automatically, two weeks later I'd sell it.

03-00:19:11
Geraci: No matter whether it was up or down?

03-00:19:13
Rogers: Right. So I was just constantly playing this. The idea was that there was enough news value in the earnings report of these small over-the-counter companies in *The Wall Street Journal* that you could trade on that information and, on average, make money. That was my theory. And son of a gun, I paid all my bills and by the time I graduated, we had $50,000 in the bank, which in those days was a lot of money.

03-00:19:40
Geraci: So the system does work.

03-00:19:42
Rogers: The system worked then. Now, whether it would work any longer is questionable.

03-00:19:44
Geraci: Oh, okay.

03-00:19:47
Rogers: I came home and I went to work for McKinsey. I didn't have any more time to work with my trading system. I didn't really have a computer set up at home like I had at Harvard. Luckily, when I was at school, '67 and '68, it was a bull market. So I think this system worked in an up market. I'm not sure it would work in a bear market. Anyway, it was there. At the time it worked great.

03-00:20:23
Geraci: Now, I take it you have some advanced computer skills, then?

03-00:20:26
Rogers: Well, in those days I had some computer skills.

03-00:20:33
Geraci: But in those days, you had to know how to program.

03-00:20:34
Rogers: Yes. I'd been an engineer. I could do what they Called BASIC—B-A-S-I-C—programming. I also could do a little bit of Fortran programming. There was something called the General Electric timesharing computer which we used in those days. It was a big central computer that you would access through a teletype terminal. I made it work. I made it work and it was something I'm very proud of.

03-00:21:07
Geraci: To me this seems phenomenal. For someone who had no dreams or aspirations of a Harvard MBA, and all of a sudden getting there, facing no money, and turning to business.

03-00:21:22
Rogers: Like I say, I think poverty is a great motivator. I was there. I was right up against it. It was that or drop out of school. So it worked. I gradually got more comfortable. I took the MTA downtown. There was an underground station at Filene's Basement. You never had to go above ground. I took the railroad down to Filene's in downtown Boston, got off, went into the basement, and bought myself two suits for like seventy-five dollars a suit. Those were my clothes for Harvard. A couple of ties, couple of shirts and those two suits, and that was all I needed.

Cab and I lived in Boston for two years. We never went to the Boston Garden, never went to Fenway Park. We couldn't afford it. It was that tough. Plus the school was just all-consuming. But I came to the point where I really started to love it. I was well-suited to it and I enjoyed it more and more. I got more and more comfortable with it and I graduated number five in my class of 800 kids.

03-00:22:44
Geraci: That's great.

03-00:22:45
Rogers: Then I got carried away because there's an honor there called the Baker Scholar, which is widely known as sort of the cream of the crop of Harvard Business School. I was a Baker Scholar. *Forbes Magazine* somehow got hold of the list of Baker's Scholars for my year and wanted to come interview some of us. I couldn't have been more flattered. So I said, "Sure, I'll do an interview." Well, I must have been very full of myself because this reporter came and did the interview, wrote up the story. I know she had her story planned out before I fed her, but I think I played right into her hands. So here I was, very proud of the fact that when I graduated from Harvard I had gotten a job with the employer of first choice for almost everybody in my class, which was McKinsey & Company. Not only that, I got a job in the San Francisco office, which was a real plum.

03-00:23:51
Geraci: So did you intern during summers?

03-00:23:54
Rogers: Yes. I worked here in San Francisco, summer job at McKinsey, and then they asked me to come back as a full-time consultant when I graduated. Well, to read this article in *Forbes*, I was looking at consulting as a post-graduate school. It's interesting, in retrospect. My real goal was to have my own company. I was going to use consulting to sort of refine my skills for a few years and leave and start or buy my own company. Someone had bribed somebody at McKinsey and they got my starting salary, which was $17,500 a year, which sounds like nothing today, but at that time it was the very highest.

03-00:24:54
Geraci: This is late sixties now?

03-00:24:55
Rogers: Sixty-eight. Yes. But the average starting salary for my class was about $11,000. So this was a very high salary. I think it was one of the highest salaries of anyone in my class. Well, that was in *Forbes Magazine*. So it was all this terribly embarrassing stuff and it described me as this cocky, cocksure, arrogant, world beater kid who thought he had the world by the tail.

03-00:25:29
Geraci: You lived up to the expectations of the gold pens that were all around you.

03-00:25:33
Rogers: Yes. Well, it was pretty ugly. So anyway, I graduated and I came out here back to the Bay Area and I was supposed to start work at McKinsey in mid-July or something. I was living in my in-laws house down the peninsula when I got a call from this fellow I knew, because I had worked there during the summer. John Neukom, who was the senior partner of McKinsey in those days, wanted to see me the following Tuesday. This was on like a Thursday. So for that whole weekend, I was just fit to be tied. I thought I was going to be

the only Baker Scholar in history who was going to lose his job before he started it.

I went in there. I was just dripping wet. I was so scared. They showed me back into his office and I sat down in the chair and I was getting ready to just apologize profusely. He said, "Gary, I'm so glad you were able to come in today." He said, "We're all very aware of the *Forbes* article." I said, "Oh, I know." And he said, "Well, I know this is going to make it difficult for you and we want to do everything we can to make you comfortable here and take the monkey off your back. You worked for us last summer. We know what a good, solid guy you are. We know you were totally misquoted in that article," which I really wasn't. He also apologized to me for the McKinsey person who had disclosed my salary. The point is, here's this senior experienced guy who completely gave me the benefit of the doubt. He said, "I know that you were mistreated and misquoted in that article. We want to welcome you to our firm. Tell me if there's anything I can do to make life easier for you. I'm sure that was an embarrassing article but we know none of it was true. Let's get down the road." I wanted to kiss him. I just wanted to kiss him. But what a great lesson. So many times in my career I've had a young employee make a mistake or get off on the wrong foot. I just remember that story. I just always try to make things easier for someone, a rookie, who's just getting started because, boy, they sure did it for me.

03-00:28:01
Geraci: So you never received any college aid then?

03-00:28:04
Rogers: Never received any college aid. None. Zero.

03-00:28:10
Geraci: I know in your book you tell one story. It was Professor—I don't know if I'm saying this correct— Schleiffer— and the story of offending him in class.

03-00:28:24
Rogers: Yes, yes.

03-00:28:24
Geraci: Could you talk about that? I found that was a rather interesting story.

03-00:28:29
Rogers: It's a classic.

03-00:28:29
Geraci: That's that brash young man again.

03-00:28:31
Rogers: Well, in this case it was a brash professor, I think, because this guy's name was Professor Schleiffer, Robert Schleiffer and he was very well-known for the field of decision theory, decision trees and calculating expected values. These were very sophisticated ways of thinking about the quantitative aspects

of making a business decision, particularly complex business decisions, and doing it in a way that would optimize your opportunity for gain. He was in the process of writing a book. He had a big red syllabus that he taught from. So he would come into class. He would have assigned a reading or part of a syllabus for us to study the night before. He'd have about 90 MBA students arrayed before him in this amphitheater classroom. One day he assigned, as the reading, a Harvard Business Review reprint article by a fellow named David Hertz, who was a senior partner at McKinsey, the firm that I wanted to work for.

So I read Hertz's article very carefully. I was quite interested. It was an article on decision theory. So I was really ready the next day in class. So Schleiffer comes into class and in typical Harvard Business School style he says, "Who wants to start?" Well, my arm was up. "Mr. Rogers?" I extolled the virtues of David Hertz's article, how brilliant it was and Scheiffler had his red syllabus in front of him down there in this amphitheater and he looked at me. I thought, "This is weird." He looked at me with these penetrating eyes the whole time I was holding forth. When I was done he slammed his syllabus shut and he looked at me and he said, "It is beyond my comprehension how any student who's been in my class for two months couldn't recognize that the Hertz article is unexpurgated garbage," and he turned on his heel and he walked out of the class. This was an hour and twenty minute class that was over in ten minutes. Everybody was looking at me like, "Rogers, what did you do?" I was so embarrassed. It was just awful.

03-00:31:26
Geraci: That's one of those moments where I guess my career is over. You had thoughts going through your mind.

03-00:31:31
Rogers: There's no way to come back from that. Class was over. It was just over. And that's a good example of what that business school is like.

03-00:31:45
Geraci: You must have struck a raw nerve of some sort with him.

03-00:31:48
Rogers: Yes. So what I found out later was that Hertz and Schleiffer were rivals for leadership in this evolving area of decision theory. They had opposing views about how to go about it and Hertz had made an error or two in his article. He called a mean a mode and he did a couple of technical things like that. Schleiffer thought that this showed what a neophyte he was and I didn't pick up on these errors. Hertz was the practitioner who was out making money extolling this theory to business and Schleiffer was still writing his syllabuses in school and not being paid very much. I just fell into the middle of it.

03-00:32:43
Geraci: When you get to McKinsey, did you get to talk to Hertz about this incident?

03-00:32:48
Rogers: I met Hertz it was very briefly. He was in the New York office not in San Francisco office. I did meet him once, I think, but I'm not sure I even told him the story. But it was a classic day at the Harvard Business School. I wound up getting a very good grade from Schleiffer.

03-00:33:15
Geraci: I get the feeling that you really enjoyed graduate school.

03-00:33:19
Rogers: I did. I thoroughly enjoyed it. I thoroughly—

03-00:33:21
Geraci: So it must have given you the confidence, but a lot of the intellectual background that you would take then to the rest of your life?

03-00:33:32
Rogers: I think I was surprised that I did as well as I did. I thought of myself as an engineer, a right brain kind of guy not a left brain kind of guy. Rational numbers oriented engineer and I never really thought much about my ability to apply those skills to the world of business. Well, it turns out that kind of background is very good.

03-00:34:13
Geraci: Did you ever consider the possibility of going on in graduate school after you received the MBA?

03-00:34:37
Rogers: No. The world was too good at that point. Harvard MBAs were highly sought after. I had many job offers. This McKinsey thing seemed like just an absolutely perfect opportunity. It's funny, in retrospect, that *Forbes* article. It really was, in retrospect, a wonderful place to expand my knowledge and understanding of business, but in a real world, at a place like McKinsey. Maybe McKinsey is unique in this regard, but a twenty-eight year old business school graduate finds himself not as the head person but as part of a team that is literally dealing with the problems of big company CEOs. So you go from school right into the corner office to deal with these big questions in business. It's all problem solving skills. That's why engineering or a quantitative background is so good, understanding the decision theory is so good early in one's career.

03-00:35:52
Geraci: You learned the analytical skills?

03-00:35:53
Rogers: Yes, yes. Exactly right. Yes. And it served me well. I loved business school but then I also loved McKinsey.

03-00:36:08
Geraci: Did you find that you had made some good contacts from business school? What about some of your classmates?

03-00:36:18
Rogers: Yes. There were several of my classmates that actually went to McKinsey, for example. There were other classmates that, as we start to get into the Dreyer story, were instrumental in helping me get that financed. That network of Harvard Business School was important.

03-00:36:34
Geraci: That's exactly what I'm— getting at. It seems that anyone that I've talked to that has these higher-level master's degrees in business, much of their future success is dependent on the networking connections they've made as young people.

03-00:36:51
Rogers: Well, I think there's an imprimatur that comes with being a Harvard MBA that gives you a lot of momentum early in your career. Some of that is what you've actually learned and some of it is the halo that comes with it. Some of it is the network of contacts and friends that maybe you can rely on. It's a complicated nexus of factors. But I've hired many Harvard MBAs now and you find they come in with good skills, but with a sense of confidence and a sense of ability to step up well beyond what you might expect from a young person. And they generally deliver.

03-00:37:44
Geraci: But they seem to develop a confidence.

03-00:37:47
Rogers: Yes. Yes. And it's a momentum that, not always, but sometimes continues through a career. It's amazing as you look at lists of successful CEOs or successful people generally how often you come across Harvard MBAs. It really has been shown to be a very good launching pad. I think some of it's because of what you actually learn in a school. I think some of it is because the school is so selective to begin with. I think that's even truer today than in my day. But there's a very sophisticated screening process. Only one of about fifteen students that apply to the Harvard Business School is accepted. So they're very good at picking from a large applicant pool. Well, the applicant pool itself is self-selecting, so it's going to be pretty good to begin with.

03-00:38:54
Geraci: What are they looking for?

03-00:38:57
Rogers: They're looking for the skills that are going to allow an individual to be successful in life.

03-00:39:07
Geraci: What'd they find in Gary Rogers?

03-00:39:09
Rogers: I have no idea. In my day, I'm not sure it was anywhere near as sophisticated as it is today. I got Walter Haas, a very successful local chairman, to write a letter for me. I think in my day that probably had a big influence. They look at your scores on the test, the so-called GMAT test, which is very important. They're very interested in your life story. They like people who have had to struggle to get whatever achievements they've been successful in obtaining.

03-00:39:53
Geraci: You've articulated very well some of the stories from your youth and growing up and through college. Did you have that sense of your own history as a young man?

03-00:40:03
Rogers: No, no. All this perspective that I'm articulating here has come in reflecting on that stage of my life. At that stage in my life I was like a billiard ball. I was bouncing based on what came my way. I wasn't that confident. I wasn't that sure. I told the story about how I was completely insecure in my early days at Harvard. I really did struggle. I had to struggle financially, I had to struggle psychologically. I was like a fish out of water. I was a California kid who was pretty unsophisticated thrown into this very sophisticated world of Ivy League folks.

03-00:41:01
Geraci: But when you dug in, you found the way?

03-00:41:03
Rogers: I found that I was pretty good at the substance of the school. I was pretty good at the analytics. I was pretty good at problem solving. I was pretty good at tackling business issues and being able to find my way to a solution. Harvard is all case studies, so there's no right or wrong, but at least I was able to show that I could think about a set of facts and circumstance and arrive at a proposal, a solution, that at least the professors found to be pretty reasonable. So that was what the definition of success was in that setting. Somehow I'd found that I was pretty good at it.

03-00:41:52
Geraci: Did you ever think that your life and your success could be a case study eventually?

03-00:41:59
Rogers: Yes. In fact, it's interesting. I have just agreed to go back to Harvard and teach in a role they call "Entrepreneur in Residence." Starting this fall, I'm going to spend time at Harvard Business School; Just a few days a month as a resource. I'll run seminars, I'll teach classes, I'll host just one on one sessions with kids that are about to graduate and talk about some of the things we're talking about here.

03-00:42:32
Geraci: Not that I expect you to go into great detail now, but what are some of the things that you would want to give to these kids now? Many gave you the tools and gave you the passion.

03-00:42:45
Rogers: Yes.

03-00:42:46
Geraci: I can just see your eyes lighting up in talking about those years. You became passionate. Your success in the stock market, your success in the academics of business, your first job. You were ready to go.

03-00:43:04
Rogers: Yes, that's true. I was so excited. When I came out of the Harvard Business School and went to work for McKinsey, I thought the world was my oyster and in retrospect it was. But I can remember taking the train up the peninsula from my in-laws house where I lived for a while, and I'd get off the train at Fourth and Townsend and I had to walk to my office in the city. I just couldn't wait to get to work. I was so fired up. And there were so many people who would get off that train and just, "Oh, god, another day at the office. Isn't this awful?" I just couldn't understand that mentality. I'd feel like the world is so full of opportunity and excitement and what's not to like. And yet I was surrounded by all these people who were just worn down by their daily whatever it was they were charged with doing. I found it to be sad.

03-00:44:07
Geraci: Isn't that possibly the greatest gift we can give these students?

03-00:44:10
Rogers: Yes.

03-00:44:11
Geraci: They're the brightest. They're the best of the brightest. They will learn it.

03-00:44:15
Rogers: Right.

03-00:44:16
Geraci: But the passion.

03-00:44:19
Rogers: Yes. I think that over the forty years that has ensued since then, I have learned many, many lessons. And whether the lessons I've learned have application for the next generation, they'll have to determine. But I think I know many things that I surely didn't know then and I've had the chance to test them in the real world and I've had the chance to think about them and I can articulate what I think are some of the key perspectives on how to get the most out of life or how to become successful. That's what I hope to do in this entrepreneur

in residence role, is have a chance to share with kids who are just getting started.

03-00:45:21
Geraci: Do you realize the network that sets up for them?

03-00:45:23
Rogers: Well, I hope so. I like being a mentor. As we've talked, I had mentors. I think to have some of these very high potential young business people—I always learn as much from them as they learn from me, for sure. I've done quite a bit of this. And I always enjoy getting to know these people. They're just so wonderful and so provocative. So stimulating.

03-00:45:54
Geraci: Let's go back to grad school for a second.

03-00:46:01
Rogers: Okay.

03-00:46:03
Geraci: You were investing in stock. Did you continue that after you got out of school?

03-00:46:06
Rogers: I did. Oh, after I got out of school, no. I did for a short period of time, but I was so busy at McKinsey and I was making good money at McKinsey and that bull market that had sustained me through business school turned around there in '68 and '69. I don't think I lost much money but I wasn't having the continuation of the trends that had sustained me through business school. So for whatever reason, I put it aside with the idea that someday I could get back to it and I never have.

03-00:46:47
Geraci: Well, I'm just fascinated. It seems to be a system that worked. Did you ever write about this system, publicize this system?

03-00:46:56
Rogers: Well, actually, I told you about the *Forbes* article when I was a Baker Scholar and graduating. But there was another *Forbes* article about me. Somehow *Forbes* learned about this trading system and how I was paying my way through school with it and they came and interviewed me about that and did an article about that. I had hundreds of letters from people all over the world that wanted to know about my system and I had people sending me money in the mail, literally cash, asking, "Will you invest this for me?"

03-00:47:30
Geraci: It's like the TV infomercials.

03-00:47:33
Rogers: Yes. It was amazing the response from this one article. Of course, I had to return this cash. I wasn't going to become a money manager, especially when I was in school and so busy. It was very interesting. In those days at Harvard you had to do a second year project. It wasn't like a PhD thesis or anything. So I did my project around this trading system. I wrote it up and it was very well received. Why I left it behind, I can't really explain. I haven't been motivated by money. That sounds very strange given the success I've had. But it isn't the money that motivates me. What motivates me is the challenge of building. I think what I like is building something. Building companies, for example.

03-00:48:39
Geraci: It's the process.

03-00:48:41
Rogers: My favorite poem is the poem by Rudyard Kipling. It's called "The Palace." And it's the story of a king who sets out to build himself a palace. He sends his minions out into the field. They start digging the foundations for this palace and they come across the ruins of the palace of an earlier king, which has been covered with dirt and dust. So they dig out the foundation of this earlier palace and written on many of the stones is the following: "After me, cometh a builder. Tell him I, too, have known." And the king thinks about that and continues to begin the building of his palace and he's stricken. He becomes sick. His doctor tells him he doesn't have long to live and he knows that he's not going to be able to finish this sumptuous palace that he had planned. But he tells his workers to go out and carve on the stones of his palace, "After me, cometh a builder. Tell him I, too, have known."

And that message comes back to one of the things I learned in crew. The joy in life isn't in the achievement and it isn't in the bank account. The joy in life comes from the process. It comes from the workouts. It comes from meeting the daily struggles. It comes from being persistent and working through issues. If you don't get joy out of every day—we all have to have long-term goals—but in my experience, when you achieve that long-term goal after ten or fifteen years, you celebrate for a day and then you just set a new goal. So if you have to wait for five or ten or fifteen years to feel good about yourself, that is far from an ideal life. To me, an ideal life is you wake up in the morning and you say, "What am I going to get done today?" And when you go to bed at night, you say to yourself, "How did I do?" and maybe some things get carried over to the next day.

03-00:50:59
Geraci: It's the little victories.

03-00:51:01
Rogers: It's the little victories that are cumulative. It's the day to day struggle. I go back to this crew metaphor, which I always use. But they pull the boats

together and they change the men in the four seat, for example. You've rowed for six minutes and you found out which crew was the faster and then the coach pulls the two together and changes someone for you. So you step into that boat and he steps into your boat and you go another six minutes. And you find out what you're made of, because if the lead changes, it means you're not pulling your weight. If you go faster, then you are pulling your weight. Well, it's welcoming that kind of challenge every day. Showing what you can do, what you can achieve every single day.

03-00:51:51
Geraci: Did you pull your weight today?

03-00:51:53
Rogers: Yes. Did you pull your weight today, and you have to ask yourself that. Even now, at age sixty-eight, every night before I go to bed I take a short hot tub. And I'm only in that hot tub for maybe ten minutes but that's the exercise I go through. I get in that wonderful hot water and I think to myself—maybe I don't use those exact words, did I pull my weight today—did I achieve what I set out to do today? Was today a good day? If I were going to spend that day again, would I spend it the same way? And then, what am I going to do tomorrow?

03-00:52:26
Geraci: And knowing that even if it wasn't a good day, how can I improve it tomorrow?

03-00:52:30
Rogers: Exactly. Exactly. And so you go out there tomorrow and you set a little goal for yourself and you try to. You say, "What am I going to get done today?"

03-00:52:39
Geraci: I get the feeling Gary Rogers is a very reflective person.

03-00:52:41
Rogers: Well, I've become more in my old age.

03-00:52:45
Geraci: I guess maybe age does that for us, also.

03-00:52:47
Rogers: Yes, I think it does. But, yes, I like to think about things. I like to think about the impact I'm having on my family and on people and how I can best spend my time. I'm quite conscious of the fact that my clock is running down. Not that I'm an old, old man but I know that I'm into my retiring years, even if I'm not retiring. And I think it's important for all of us to make sure that we understand that the joy of life is in the struggle.

03-00:53:27
Geraci: I take it as far as Boston is concerned, you really didn't learn that much about the city.

03-00:53:37
Rogers: I didn't learn anything about the city. I only got downtown twice and that's when this father of a good friend of mine who was the treasurer of Kaiser Steel would come to town on business. He would take mercy on us and he would call me and invite us to come have dinner with him at the Ritz Carlton Dining Room. I'll tell you, it was such a joy for Cab and I to put on whatever we had in the way of good clothes and go down there to the Ritz Carlton Dining Room, which we could barely find, and have this beautiful dinner which we could never afford on our own nickel.

03-00:54:13
Geraci: So I take it you never became an East Coast advocate?

03-00:54:17
Rogers: No, no. I was eager to get back to California.

03-00:54:18
Geraci: You're a California boy.

03-00:54:21
Rogers: Yes.

03-00:54:22
Geraci: Now, you said that Cab was pregnant when you were there during your first year?

03-00:54:29
Rogers: We had our first child born in the summer of that year of business school. So he was born in August of '67. Andy, our oldest son. But that meant we had an infant with us the second year and, son of a gun, Cab, I don't know how this happened, but she got pregnant again. So we had a baby and a pregnant mother and a big Labrador retriever. And if it hadn't have been for my stock trading system, it just never would have worked.

03-00:55:05
Geraci: Things would have been tight.

03-00:55:06
Rogers: Things were tight anyway. But we managed pretty well. We actually had a really good time.

03-00:55:11
Geraci: So Andy is your oldest son and he was born in '67?

03-00:55:20
Rogers: Yes. He is now a Cal grad. He rowed on the crew. Like father, like son. And then my second son, Matthew, was born shortly after I graduated.

03-00:55:35
Geraci: So that would be back here in California?

03-00:55:37
Rogers: Yes. Just barely back here in California. Then a couple of years went by and then we had a third boy, Brian, who also went to Cal. Wasn't big enough to row. Tried it but was just too small. And then a fourth son, John, came along about a year after that. So we had four boys in seven years.

03-00:56:00
Geraci: Four boys will keep you busy.

03-00:56:01
Rogers: Yes, and I was broke again. I took this high-falutin' job that I've talked about at McKinsey and after three or four years I was making $48,000 a year, which was a princely income in 1970. But I had this friend, very good friend, by the name of Rick Cronk, who I had known from college days. He and I would commute back and forth from the city, ride sharing, if you will. He was a stockbroker and he didn't like being a stockbroker very much. So one day on the way to San Francisco, he said, "I'm going to quit my job as a stockbroker and I'm going to open up a restaurant in Orinda." He lived in Moraga, which is the next city over. He asked my advice about that. "Restaurants? That's the worst business there is and four out of five restaurants fail within five years and you're going to get stuck in the dish pit at 2:00 in the morning when the dishwasher doesn't show up. It's an awful. terrible idea." So he said, "Well, I'm going to do it anyway. Will you help me?" I said, "Oh, god, I'm going to continue to try to talk you out of it."

But it got me looking at the restaurant business and I saw the huge success of a company called Steak & Ale, which had been founded on $35,000 of paid in capital and at that time was worth $200 million in the stock market, the owners having taken it public, with never another nickel of paid in capital into the business. I thought, "My goodness, those are pretty fancy numbers." At that time Victoria Station wasn't that developed but it was coming along on the same schedule. I thought, "If you do it right, you can really have a huge success in the restaurant business." So I went back to Rick and I said, "Rather than opening one restaurant, why don't we start a chain of restaurants." And he said, "Great." So that was it.

03-00:58:13
Geraci: So this is the business school side of you coming out?

03-00:58:15
Rogers: Yes, yes. Consultant, business school, all that good stuff.

03-00:58:20
Geraci: Right.

03-00:58:20
Rogers: And naiveté, believe me. The restaurant business is really tough. So we evolved a restaurant concept Called Vintage House and the idea was to have medium-priced wines and what in those days was called a limited menu

concept. I think we had eight or ten items on our menus, wines priced quite reasonably and the inside of our restaurants looked like a winery. We opened that restaurant in Orinda and it was quite successful. Rick was right. There was a market there for it and we did quite well.

03-00:59:02
Geraci: Now, what year is this?

03-00:59:03
Rogers: This is 1974.

03-00:59:06
Geraci: Okay. We're going to stop right here because I'll change tapes.

[End Audio File 3]

[Begin Audio File 4]

04-00:00:28
Geraci: This is Vic Geraci. This is interview number two, tape number four, with Gary Rogers at Gary Rogers office, Rogers Family Foundation. This is July 11, 2010. Okay, Gary, when we left off we were talking about Vintage House.

04-00:00:49
Rogers: Vintage House.

04-00:00:50
Geraci: I like the idea of the wine theme. That's kind of early for that kind of theme. Today is wouldn't surprise me but I think then it would have.

04-00:01:01
Rogers: Yes. And today it might have worked. We were forty years ahead of our time. Short story is we opened two restaurants in California, one in Orinda and one in San Jose that did very well. Then we got full of ourselves and we decided that we were going to build a national company and if we were going to do that we had to have what we called pods. We had to lay a base in other parts of the country. We debated, and we decided, for reasons I can't even remember, but we decided to go to Texas. It was a horrible marketing decision but we built these huge restaurants, one in Houston and one in San Antonio and they opened within six months of one another. And these were 210 seat restaurants.

04-00:01:54
Geraci: That's a good-sized restaurant.

04-00:01:56
Rogers: Big restaurant built right in the center of each of these cities. We were so full of ourselves. We thought for sure this was just going to be great. Again, limited menu but good food and good wines, reasonably priced with a wine country setting. The restaurant was built to resemble a Sonoma winery. It was

the old Hanzell winery, almost a copy of it. It was beautiful. But Texas wasn't ready for us. The first clue was when we were training waiters in Houston, before we opened the Houston restaurant, I pretended like I was one of the customers and I asked this waiter for his recommendation on the menu and he said, "Well, the abnignon is very good." We tried to sell abalone and chardonnay to Texans who wanted chicken fried steak and red, white or pink. It was that simple.

I remember one night about three months after we opened in Houston. I was down there and we were not doing well. It was a 210 seat restaurant. We served about ten dinners and I was one of them. Can you imagine? A 210 seat restaurant serving ten dinners! It was just horrible. So I was totally depressed and I got up from my dinner and walked down the street and about a block away there was another steakhouse that was just packed. The parking lot was overflowing, there was people waiting at the front door. I walked up in there and I asked to see the wine list. They produced this beautiful leather bound parchment paper wine list that said, "Wine list." Number one, red, number two, pink, number three, white, and then it said, "Please order by the number." We just completely missed the market and it almost put us under. We never went bankrupt but we were certainly close. We had people that had put up the money to build these huge restaurants that we had to go to after six months in operation and say, "Look, we're going to go broke. You'd be better off to let us give you back the building and maybe you can get somebody else to operate it that can do better than we can." These poor landlords really didn't have any choice. They took the restaurants back.

04-00:04:50
Geraci: So how did you finance all the operation? First of all, it seems to me you had to have some sort of business plan. Obviously you did.

04-00:04:57
Rogers: Yes, yes.

04-00:04:58
Geraci: To open a restaurant, you're talking cooks, you're talking a chef. Somebody has to design menus; somebody has to train staff, waiters, and wine staff. Who's selecting wine?

04-00:05:10
Rogers: Yes, yes. Well, we did all that.

04-00:05:12
Geraci: When you say 'we'? You, hands on?

04-00:05:14
Rogers: Well, there were three partners. There was Rick Cronk, whose idea this was, and I've described that. There was a fellow by the name of David Hacman who was a good friend of ours who joined us. I was the president. Rick was the vice-president and Dave Hacman was the chairman. Dave was in charge of

the financing side of the business and I was in charge of the basic business plan and concept and execution, if you will, and Rick was the operator. He actually ran the restaurants. But it was just the classic mismatch between a product and the market. The people in Texas didn't want what we had.

04-00:06:07
Geraci: You've already reflected, but you had no idea? You hadn't done market research?

04-00:06:14
Rogers: Well, we'd gone down there and driven around. We just missed it. We were so full of ourselves. We were doing great here in California. I don't know. The alternative was to go to Chicago. We had considered that. I think if we'd gone to Chicago I might still be in the restaurant business. Who knows. But for all of the financial travail, it turned out, like so many things in life, to be a wonderful thing for me. I had all this great pedigree of Harvard Business School and McKinsey and all this stuff and I found out what I was really made of. I was a total failure. I told you that when I left McKinsey I was making $48,000 a year. Well, when we started this restaurant company I cut my pay in half to 24,000. So I was making $2,000 a month. And then when things got tough I cut it in half again, so I was making a thousand dollars a month. I had four boys and a wife. Four boys under the age of ten at home. And then for two years I took no salary. Every credit card was maxed. I had no money and I was desperate when the restaurant thing finally came to an end.

I knew I was employable. I probably could have gone back to McKinsey. I could have gotten a job with the telephone company or Standard Oil or god knows who but I had had the joy, even though it was unsuccessful, of having had my own business. I knew we'd made some big mistakes, but I also knew that I had learned some very important lessons and that I had accumulated a team of people who were very competent, in spite of the disaster we'd had. People I had a lot of confidence in and who were very loyal to Rick and me. I didn't want to leave all that behind.

04-00:08:24
Geraci: There's one thing there maybe we should pull out a little bit more. The joy of owning a business. You mentioned earlier in the interview, even when you were in school. Early on your goal was to own a business. There's a passion in you to own a business?

04-00:08:44
Rogers: Yes, there was. And I loved it, even though it was unsuccessful. I loved the dealing with the process and the issues and the people. Hiring a great team and figuring out how to do it on a shoe string. All the experience that we had in the restaurant business. I looked back at it; it was a time of great joy. We had so much fun. We worked hard. We were working seven days a week, twenty-four hours a day trying to make this thing work. Rick can tell you

about literally crawling to the door one morning in Houston. He was so tired. He'd wrenched his back but he had to come to work. He was the day manager and he literally got out of his car and crawled to the back door of the restaurant and knocked on it. Somebody opened it up for him. That was the kind of thing we were going through. My wife would ask me questions about how are we going to pay the mortgage or how are we going—we got these kids, we got to put food on the table, what are you going to do? I said, "Look, we've gone through tough times before and we'll get through tough times again."

And I had a list that I had written down over the years, sort of ideas for a rainy day, and it was a rainy day. But it was the worst time in my life in the sense that I knew I had options but I also knew I didn't want to pursue those options. I didn't want to go back to work for somebody else. But I had no claim, no right to keep being an entrepreneur, keep doing what I had been doing. I couldn't do it in the restaurant business anymore. We were out of money and I had no right to say to anybody else either, "Follow me," or "Let's go start a business." I had failed. It was a very difficult time.

04-00:10:52
Geraci: How was it leaving McKinsey knowing that you're going from, as you put it, $48,000 a year? That's a comfortable living in those days. What did Cab have to say about cutting our living expenses by one half?

04-00:11:09
Rogers: She thought I was crazy but she always thinks I'm crazy. She's been a really good advisor and totally supportive. We discuss these things and she says, "Gary, I think you're crazy but if you want to do it, I'll support you." It's always been that way and I've done some crazy things. I've done a lot of crazy things. Among my friends, there's an expression, which is "Never go outdoors with Gary Rogers." I always bring them back alive but there's always an adventure. There is always an adventure.

04-00:11:53
Geraci: That's not saying what shape they'll be in but they'll be alive.

04-00:11:58
Rogers: Right. Maybe bruised shins and mosquito bites. But we always come back alive. But we've had some close calls. But the same thing's been true in life. It's just been one adventure after another. Coming off the restaurant business—this is before Dreyer's—I had a list of things I wanted to check out.

And here's one of these lessons of life. Another mentor of sorts was a guy by the name of Peter Redfield, who in those days was the CEO of Itel. And Itel was a really sort of super finance company. Today they'd probably get in trouble. But they were doing pretty sophisticated financings of all kinds and it was a kind of a go-go environment run by this very smart and successful CEO by the name of Peter Redfield. I had gotten to know him because he was a

McKinsey client. Somewhere along the line he told me, "Eighty percent of the really high- talent people in the world gravitate to about twenty percent of the SIC codes." The SIC code is standard industrial classification. It stands for a type of business. Farming, warehousing, high-tech, whatever, ice cream.

04-00:13:34
Geraci: The traditional businesses.

04-00:13:36
Rogers: Well, somebody in the government has gone through and has labeled every type of business and given it a number. Garbage collecting. Every industry, if you will, has a number and they call those standard industrial classifications. SIC codes. Well, think about this. Eighty percent of the high-talent people in the world gravitate to twenty percent of the SIC codes. I got to thinking about that and I thought about my McKinsey days when I was consulting down in Silicon Valley and every Silicon Valley company startup, or even the successful companies, the Ampexs and the Memorexs of that day, you'd go in there and every office was filled with some super educated hard charging very bright young entrepreneurial employee. But the company across the street that they were competing with was filled with the same kind of people. So this was Peter's point. If you're going to succeed in an industry like that, plastics of the day, you're going to succeed in an industry like that, you have to be really, really good.

But his point was that in eighty percent of the SIC codes, everything else, tire re-treading, barging, ice cream, people weren't running to them nine flat hundreds. The average competitor wasn't very good. His point was that opportunity is a function of both supply and demand and young people, in his view, tended to overemphasize the demand side of the equation. Sure, these rapidly growing businesses are very attractive if you just look at demand, but if you look at the supply side and you see that all these companies filled with these really capable people are popping up to supply that demand, generally. Or the supply quickly outstrips the demand. And he said, "Look in these slow-growing or not- growing businesses at all, you don't have that dynamic. If you're just better than the average Joe, you can make a lot of money." I got thinking about that. So most of the opportunities on my list that I was checking out were in that category of not very sexy, slow-moving, slow-growing, probably not populated with really great executives or employees.

04-00:16:36
Geraci: And no restaurants?

04-00:16:38
Rogers: No restaurants. Restaurants were a good example of that. But the ice cream business was a really good example of that, because almost all the ice cream in those days was supplied by dairies. The dairy would produce the milk and the milk contract would be negotiated with a restaurant chain or a hotel or whatever, and then the ice cream was kind of an afterthought. All these dairies

got into the ice cream business because they were already in the milk business and because you make ice cream out of milk or cream. But what was really interesting was that in the milk business you have to be local. You can't transport milk, for example, from San Francisco to Los Angeles, and be competitive because it's heavy and the transportation costs are significant. So you have to compete in the area where the milk is produced. You can't milk a cow in Northern California and sell the milk in Ohio. You'd never be competitive because there are cows everywhere.

So what had happened was that the ice cream business had been held hostage by the dairy business. So ice cream doesn't have that problem. You can ship ice cream all over the place and do it competitively. But because the dairies were constrained by how far they could ship milk, their ice cream business would also be constrained by that factor. So what you wound up with is all these regional dairies being in the milk business, but also being in the ice cream business. But when the ice cream business could lend itself to broader distribution and large consolidation over as much as a national scale, it had never happened. So it was sitting there waiting to happen. So I had done a little research into some of these different businesses.

04-00:18:51
Geraci: But ice cream had been specifically one of the ones?

04-00:18:52
Rogers: Yes. I had thought about it a little bit. I'm not sure exactly where I was in that logic I just gave you but I thought about it some. I had an idea of where there might be opportunity in that. And I was looking at a whole lot of other things, too.

04-00:19:09
Geraci: I know we're getting to the Dreyer story but what other types of things possibly were you looking at?

04-00:19:16
Rogers: Well, a wide range of things. Food distribution more generally. Tire re-treading, of all things.

04-00:19:28
Geraci: Now, that seems a little bit outside of your pattern at this point.

04-00:19:34
Rogers: Yes, but tires need to be re-treaded, oil needs to be replaced. Machines need to be serviced.

04-00:19:43
Geraci: Could your old agricultural roots have had any tendency towards—even with food distribution, to you researching at ice cream.

04-00:19:54
Rogers: I did look at farming. I thought about farming because, again, it was part of my family heritage. I can't remember everything that was on the list. But there were like twenty different thoughts or areas or SIC codes that I was exploring. But I didn't have much time because I didn't have any money.

So I was aware of this little local ice cream company called Dreyer's and I was aware of it because the owner did his own radio ads. I remember hearing his radio ads. He had a little high squeaky voice and his name was Ken Cook. I knew where their building was down on College Avenue and I might even have gone in there once for an ice cream sundae or something. But one of the businesses I thought would be interesting and maybe apropos to what I thought I'd learned about the restaurant business was to get into ice cream retail and ice cream shops. It turns out it was a terrible idea. Good thing that didn't happen. But that's what took me down there in the first place. I walked into the office and I didn't have an appointment. Just went up to the receptionist.

04-00:21:32
Geraci: Now, this is to Dreyer's?

04-00:21:33
Rogers: Yes, to Dreyer's on College Avenue in Oakland. I asked her whether the company had a franchise program or was in the business of ice cream shops. And she said, "Well, why don't you talk to the man in the corner office." And it turned out that was her father. I didn't know it at the time but she was the daughter of the owner. She was the part-time receptionist. So I got talking to him and I wasn't in his office for more than five minutes and the phone rang and he took this call. I could tell it was a very important call and I offered to excuse myself. He said no. So I waited and he hung up the phone. He had tears in his eyes. And, again, I apologized and said, "Look, I can come back another day." He said, "No, let me tell you what just happened." He said, "That was Wells Fargo Bank and I desperately need a loan to expand my factory and they just turned me down." And he said, "I don't know what I'm going to do." And I blurted out the words that changed my life. I said, "Well, have you ever considered selling the company?" Now, where that came from, I don't know. I didn't go in there to buy an ice cream company. I didn't have any money.

04-00:22:51
Geraci: You were just looking for a franchise opportunity.

04-00:22:53
Rogers: I was looking for a franchise operation, or something like that, and it was one item on a list of twenty. It was a Tuesday or something. I just happened to check this out today. But here's what I think happened. My favorite quote is from Louis Pasteur, who said, "Fortune favors only the prepared mind." And what I've come to believe in my years in business is that we all see a stream

of opportunity in life. Some seize it and most let it go by. When Ken Cook said that, "I don't know what I'm going to do," in that was embedded an opportunity. I think most people would miss that opportunity. They would feel sorry for him and they would try to introduce him to another bank or they'd excuse themselves or they'd show empathy or sympathy.

But I think I was ready for that. I think all my training, all those cases I studied at the Harvard Business School, and all that work I'd done at McKinsey and the experience I'd had in the restaurant business and my current—here, again, I was being driven by poverty. I think I was at my best because I had to be. I play tennis with a guy who plays much better tennis when he's down at the end of a set. His tennis game just cranks up when it has to. I think I was like that. So I just blurted out those words without even thinking about it. "Have you ever considered selling your company?" And he said, "No, not until just now." And three days later I had an option to buy his business for a million dollars.

Now, many people, having heard that story since then, have said, "Boy, were you lucky." I think that successful people are often characterized as lucky. There's no question that there's good fortune in life and luck in life. But, here again, I think Louis Pasteur got it right. Fortune favors only the prepared mind. I was prepared and so I got lucky. So often in my experience, people who are lucky were ready to be lucky and they were able to recognize opportunity that others wouldn't see. And I think that's a really key thing in life.

04-00:25:39
Geraci: I understand theoretically you were ready for a business opportunity. It was there. The door opened, or at least it cracked open a bit and you pushed it the rest of the way and stepped in. What did you know about ice cream?

04-00:25:57
Rogers: Nothing. Nothing.

04-00:26:00
Geraci: But you had faith in your business ability?

04-00:26:02
Rogers: Yes, yes. I'd done a little bit of thinking about dairy and ice cream. I didn't know much about it but I had done some of what I've just described. I sensed there might be an opportunity there. What I negotiated was an option. I wasn't committed. I didn't have to buy the company. But I got him to agree to sell it to me for a million dollars and I had three months to decide whether I was going to exercise the option or not. So I put myself in a very attractive situation. I didn't have any money. He asked me, "How are you going to pay for this?" I said, "I'll give you a check." I didn't lie to him. I didn't tell him it would be my check and the fact is I did give him a check. I was able to raise

the million dollars. I got half the million dollars in a loan from Wells Fargo Bank that turned him down for less money than that.

04-00:26:55
Geraci: They had turned him down.

04-00:26:56
Rogers: Well, it was a different kind of loan, of course. But anyway, Wells Fargo loaned me half the purchase price and this is where the business school connections came in. I knew people who had gone to work on Wall Street and who had what today would be called a private equity company. In those days we called it leveraged buy outs or asset deal companies.

04-00:27:24
Geraci: Now, see, this is where I think the commoner doesn't understand the process.

04-00:27:28
Rogers: Yes, right.

04-00:27:30
Geraci: You had all faith that you could raise a million dollars. If I went to ninety-nine percent of the American people on the street and said, "Here's a business opportunity for you. You just have to raise a million dollars." They wouldn't know where to start.

04-00:27:42
Rogers: That's right. And I knew that was the least of my problems. This is something else that I want to share with these young graduates from Harvard. Money's easy. Good ideas are hard. There's much more money than there are good deals. Therefore, never get yourself tied up with the guy that's going to put up the money until you have the deal tied up. Because if you have the deal tied up, and if it's a good deal, and if you can present it well, there's never a problem getting it financed. I knew that because I'd been through all that. But you're right. Most people don't know that and that brings me back to Louis Pasteur. I was prepared. Fortune favors only the prepared mind. I knew what I could do and I knew what I couldn't do.

04-00:28:37
Geraci: But I guess in another way that it is even more amazing is you were just coming off of a failure.

04-00:28:43
Rogers: Right.

04-00:28:46
Geraci: And this is absolute faith in your ability.

04-00:28:48
Rogers: But I had also seen that it wasn't like it was unique to me, because in all these cases I had studied in Harvard. It's a common understanding. It's almost

conventional wisdom that failure early in one's career makes one stronger. So I didn't look at that failure in the restaurant business as by any means a shortcoming. I had had a business experience that hadn't gone well but I had a lot in my background that told me I should be able to leverage that into a successful experience. How many entrepreneurs are there who have failed before they succeed?

04-00:29:33
Geraci: Every one.

04-00:29:36
Rogers: Yes. Well, see, I applied that to myself. I was desperate because I was worried about my obligations to my family and I was a little surprised that I had run into the wall at my first business venture but it didn't destroy my self-confidence, that I had the stuff to be successful someday.

04-00:30:02
Geraci: It seems that you're somewhat at ease with why the restaurant had failed.

04-00:30:08
Rogers: Well, not really. Even to this day, it was one of the great frustrations coming off that experience. Especially then. I couldn't tell you let's start again, we'll do it again, and this time I'll succeed. The restaurant business is a strange animal and there's a lot in there that I, to this day, don't understand. Although since then I've been on the boards of some very successful restaurant companies.

04-00:30:42
Geraci: And we're going to talk about those. Now, as you're approaching Dreyer's, you still are in the restaurant?

04-00:30:51
Rogers: Well, it wound down. We were down to just the Orinda restaurant. We had sold the others off or closed them and the Orinda restaurant we had leveraged up so many different ways there was hardly anything left for Rick and me. Rick was still running it. But I left him. I think I still owned half of it but, like I say, it wasn't paying us a salary. Hadn't been for two years. I left Rick to run it and I headed off on my own. So I had left by that time.

04-00:31:30
Geraci: But you obviously liquidated the Texas ones first?

04-00:31:35
Rogers: Yes. Liquidation is a kind way of saying it. We gave the buildings back to the people who put up the money. We had raised the money from local real estate investors to build those buildings. Those buildings cost about two million dollars a piece.

04-00:31:50
Geraci: That was during the Texas boom, wasn't it?

04-00:31:52
Rogers: Yes. And we had found people who would put up the money to build those buildings and rent them to us. But after only about six months into a twenty year lease, we had the ignominy of going back to these people and saying, "Look, you better take it now because it's going to get uglier rather than better and we're not going to be able to meet our obligations. We don't want to declare bankruptcy," and we never did, "but we might have to and you might be better to get another operator in here while things are still well-maintained."

04-00:32:30
Geraci: Just out of curiosity. Were they able to get another operator in there?

04-00:32:34
Rogers: Yes. There was a succession of operators and ultimately they didn't succeed. The idea of a Sonoma winery in the middle of San Antonio, no matter what you did to it wasn't going to work.

04-00:32:44
Geraci: Although today, there again, it might work. The Texas wine industry is very strong.

04-00:32:48
Rogers: Yes, that's right. Today it would be a different deal. This was forty years ago.

04-00:32:54
Geraci: So at that point, you literally were on your second year of no salary, part owner of a business that's not giving you any returns. So this ice cream opportunity was, in some ways, maybe a point of desperation?

04-00:33:12
Rogers: Yes. It was certainly a result of necessity and desperation entered into it. It kind of had to succeed. I couldn't afford to go through another one of these. My kids wouldn't have any food on the table. It was that bad. So it's an interesting story because I got one of my business school buddies, who was a junior partner in what's called a private equity firms today and showed him my business plan and he was interested enough to show it to his senior partner. Two of the senior partners in that firm flew out here. I met with them and they looked at the deal. My proposal was that I needed—seems like such a small amount in today's terms but thirty-five years ago it was a lot more money. But I needed a half a million dollars in equity because I had arranged a half a million dollar loan with Wells Fargo Bank. So to get to the million I needed for Ken Cook, I needed a half a million dollars in equity. So my proposal was you put up the entire half a million, I don't put up anything, and we split the ownership fifty/fifty.

04-00:34:40
Geraci: So that's the business plan?

04-00:34:41
Rogers: That was the plan. That was the proposal supported by a business plan. And these two finance guys looked at the business plan and studied it and said, "You know, Gary, based on your numbers that sounds like a reasonable deal. Your plan seems well done. So we don't have any problems with the returns that you're proposing. But we just think you ought to put up, as a matter of good practice, you ought to put up some of the equity." I said, "Look, I don't have any money." And they said, "You've got to put up something." I said, "What is something?" And they said, "A hundred thousand of the 500,000." And I said, "It might as well be ten million. I just don't have it." So we negotiated and negotiated and negotiated and we finally came up with $28,000." How we got to that number I can't remember. So they were going to put up the 472,000 balance. So I had to raise $28,000. Right in that timeframe I made what was probably the toughest business decision of my career. Here, for $28,000, I had this opportunity to own half of this ice cream company that the more I looked at, the more I studied, the more I did business plans around it, the better it looked. And I began to see a huge opportunity there. And somehow, someway, I could raise $28,000 if I had to, I'm sure.

But what was going through my head was, if I'm going to do this, if I'm going to build a major company based on this little ice cream company that I'm about to buy, would it be more fun to do it with Rick? Here I had this relationship with my best friend in college. We'd been through hell and back. It'd be like going to Iwo Jima and back. I told about Rick crawling up to the door of the restaurant. It was a tough crucible that we went through and our friendship had really blossomed. I think we found out that neither of us had an ego that couldn't handle failure. That's really important. We could deal with whatever was dealt our way, even when it was really, really, really tough and we remained good friends. I got thinking about it. I said, "Would it be better to have half of what we can build together or all of what I can build by myself?"

I also knew that if I was to bring Rick in, it would have to be *pari-passu*. He would have to be an equal partner. I couldn't give him ten percent. We had always been equal partners and it just wasn't going to work otherwise. It was basically free. I was offering him a quarter of this company for $14,000. This was my deal. I controlled it. I could have kept it to myself. But I decided in the end that it would be better to go through this next stage of my life, even having to divide the cake in half again, but to do it with this guy that I had huge confidence in. I knew that the pie would be bigger if it was the two of us. I knew his skills complemented my skills. I knew that this was going to take a while and that it was going to be a lot more fun if we did it together. So for whatever reasons, I decided to offer Rick that opportunity and, of course, he jumped at it.

04-00:39:40
Geraci: And I guess the next question that came to mind, just listening to you right there, what are the skills that both you and Rick—both of you have mentioned to me how your skills complement and make you a whole. What are those? As you see them, what are the skills you have and that he has that make you a team?

04-00:40:02
Rogers: I am much more left-brain, rational, by-the-numbers; make a decision based on carefully thought out, scrutinized reasons. That's me. I'm a more classic business guy and until recently, I really haven't had much of a right brain. People that have dealt with me over the years, they would never characterize me as sympathetic or compassionate or sensitive or any of those things and Rick is just the opposite. Rick is all those things. He's not very rational. He's not trained as an objective problem solver. But he has a wonderful style and people love working for him. They'd run right through that wall for him. They'd much rather be with him than be with me on a bus ride to LA or something. And Rick has a way of making life just a joy. For a long time there, technically, Rick was in charge of marketing and sales and I was in charge of administration and finance. Technically, I was the CEO, so everybody reported up to me, but Rick and I operated as partners. So, in effect, that was what the organization chart was.

But what we found over time was that for almost any business problem in any of those four functions, people would come to me for a business decision. But on the other hand, anything that had to do with the soft side of the business, or people, would go to Rick, particularly when we were a smaller company. Rick was the father confessor if anybody was having a problem with their wife or their kids or parents. People would just open up to Rick. I scared them. People were afraid to even come to my office because they thought I'd chew them up. The word was you got to go and see Gary, you better be prepared. You better have your ducks lined up and don't waste his time with something that's silly or not well thought out, because he'll throw you right out on your ear. That was my reputation. People told me all the time, "Gary, you're so intimidating." I never thought of myself as intimidating, but I guess I was.

04-00:43:00
Geraci: That's what I was just going to ask. Did you perceive yourself as being intimidating in any way?

04-00:43:06
Rogers: No, no. I didn't. But in retrospect, I can see how I was. I did have a high standard and I did expect people to be prepared. I was very busy. I didn't expect people to waste my time and I wasn't very patient if they did. So I can see how I got that reputation. And, again, most of the business problems were flowing to me, so I had a very full docket all the time. But I felt very fortunate to have Rick over there taking care of the other side of the business. There was a lot to be taken care of there. So it worked very well. And the two of us,

we'd laugh about it. We both sort of understood what was going on. It really worked.

04-00:43:57
Geraci: It's almost like parents. It's almost like a mom and dad.

04-00:43:59
Rogers: Yes, yes. He was definitely the mom. I was the dad.

04-00:44:02
Geraci: No, but just listening to you. But together it makes it work.

04-00:44:06
Rogers: Yes, it really did work. Yes.

04-00:44:10
Geraci: So you approach Rick at that point. I'm sure he was willing to move beyond the restaurant by that time, too.

04-00:44:19
Rogers: Well, yes. He was still running the restaurant but we knew it was in a wind down mode. I don't know what Rick would have done. I'm sure he wasn't going to stay in the restaurant business.

So I went to Rick with this proposal and, of course, he jumped at it. So I was going to get a quarter of this company for $14,000. And now it became a game, because $14,000 is so close to zero. I was bound and determined to make it zero. I scratched my head and the one asset that I had from my high-falutin' days with McKinsey was a Porsche that I had bought, which I looked up in the Blue Book on it and it was worth $14,000. Perfect, okay. So I went to the people who were putting up the half a million, essentially, and I negotiated a contract that I was going to make $50,000 a year as the CEO of this new company and I was going to have a company car. Well, guess what. I sold my Porsche to the company for $14,000 and that became my equity and I kept the car as my company car.

04-00:45:59
Geraci: That's a pretty sweet deal.

04-00:46:00
Rogers: It was a pretty sweet deal. That car ultimately burned up in the fire that destroyed our Oakland home in 1991. But when I retired, my four boys went out and they found an old Porsche of the same color, same make, same little Porsche somewhere in the Midwest, and they bought it and had it shipped out here and they gave it to me the night I retired thirty years later. It was pretty cool. I still have it up on my ranch in St. Helena. That's fun.

04-00:46:31
Geraci: So you were back to the same original car again.

04-00:46:32
Rogers: Yes.

04-00:46:34
Geraci: So how did Rick come up with his?

04-00:46:35
Rogers: Oh, I'm glad you asked that. He never told me. He came up with it but I wasn't sure how. So four years later, I'm sure we'll get to this, we took the company public and happy days were here again. Money was coming in over the transom. So one day Rick showed up at the office with this fancy brand new Porsche. Bright red Porsche that he drove to work. It was pretty flashy. I knew, I think my wife had told me that at their home in Lafayette, there was also a brand new Suburban on the driveway and that Janet was jetting around town in a brand new Mercedes.

04-00:47:22
Geraci: That's his wife?

04-00:47:24
Rogers: Yes. So as partners will do, I invited Rick to lunch, and I asked him about all this. I said, "Rick, rumor has it that you bought three cars in the last couple of weeks. Your Porsche, your wife's Mercedes, and a Suburban." I said, "Don't you think that's a little ostentatious? I know we're doing better financially, but people are talking, Rick." This is what I love about Rick, see. When you interview him, you'll see what I mean. But he just sat back in his chair and he went like this. I said, "What's that? You waving at me?" He said, "It's not three. It's five." I said, "Five? You bought five cars?" I said. He said, "Yeah." He said, "Gary, I never told you, but when I had to raise my $14,000 for my share of Dreyer's, I went to my mother-in-law. I went to Janet's mother and asked her for a loan. She was very quick to agree to the loan, and I, in my enthusiasm"—he's the most enthusiastic person you'll ever meet— "I said, we're going to do great in the ice cream business and when we do I'm going to buy you a brand new Mercedes." So he said, "I've long since paid back the $14,000, but when I was going to take Janet in to buy her Mercedes, I called her mother and I said, it's time for you to collect. I promised you a Mercedes and I'm ready to honor the promise." And she said, "Oh, Rick, that's silly. You've paid me, you've paid me interest. You don't owe me a Mercedes. I never took that seriously." He said, "Well, then, come on down and help your daughter pick out her car." She said, "Well, I guess I can do that." And, of course, before she got out of the dealership, Rick had persuaded her to get the new Mercedes. I said, "That's a great story," I said, "but that's only four." He said, "Rogers, you're smarter than that." He said, "You don't buy your mother-in-law a new Mercedes and not buy your mother a new Mercedes."

04-00:49:41
Geraci: So he was paying back those old debts. That's true. That could be cause for some family issues, couldn't it. So, basically, then, you both had your $14,000

and were able to, with a Wells Fargo's loan and your investor, buy Dreyer's. Do you mind mentioning who this investor is or the group?

04-00:50:03
Rogers: It was a group called the Charter House Group. The two senior partners were Merrill Halpern and Jerry Katz. This was the third deal they had done. I would say it was a moderate sized deal then. It would be a tiny deal today. But they were very wise. I'll tell you the numbers that they enjoyed. It turned out to be the most successful deal they ever did.

04-00:50:41
Geraci: That's amazing.

04-00:50:44
Rogers: We closed the purchase and we gave Cook his million dollars in May of 1977 and by sometime in 1980, three years later, maybe almost four years later, we had a board meeting down in Palm Springs. Things were going very well and we were on the pool deck after the board meeting just enjoying lunch or something and Merrill Halpern, the senior partner, said to me, "You know, Gary, in our business we don't like to stay in investments for more than three or four or five years and it's time for us to begin to talk about realization." And I knew that. I had expected this and had thought about it. I said, "Well, what do you have in mind?" And he said, "Well, we think that the company today is worth about fifteen million dollars." This is a company we'd bought for a half million dollars three years before. So that's a thirty times growth factor.

04-00:52:07
Geraci: It's not often you can increase your money by that magnitude in that short a period.

04-00:52:12
Rogers: Right. Well, just wait. So he thought the company was worth fifteen million. And I said, "I think that's a little rich. I think maybe twelve would be more like it, so six million for your half." You put up half a million and you get six million back in three and a half years, that's not so bad. We discussed that. It was among friends. There was no vitriol. But he said, "You know, Gary, maybe one way we could find out what the company is worth is to see what it would be worth if we took it public." I said, "Oh, no. I am not going to run a public company." He said, "No, no, don't misunderstand me. I'm not saying we go public. But let's just use it as an index." He said, "I'll be fair." He said, "I'll take at least a twenty-five percent discount from whatever you determine the public value would be." I said, "Well, that seems fair. So I'll go do some research." So I went and talked to a couple of investment banks and I was glad to hear they thought we were a little premature and they weren't really ready to commit. That's what I wanted to hear.

But then I made the big mistake. I went to Hambrecht & Quist. Now, Hambrecht & Quist in those days was an almost exclusive high-tech underwriter. They were the go-go firm on Montgomery Street in San Francisco. They did the high tech deals. They had only done one consumer deal, which was Neutrogena, which had been a big success. So I went in there with my numbers and my projections and they took a look at it and they were running some numbers on the back of an envelope. There were a lot of jokes about the fact that, "Well, we ought to do this deal. All of our other deals have chips in them, all of our other products have chips in them." So I said, "Well, what do you think? If you took us public, what do you think the valuation would be?" They ran some more numbers on the back of the envelope and they said, "Well, somewhere around forty million dollars." Well, the minute they said that, I knew we were going public, because even with a twenty-five percent discount I was in no position to buy out Charter House's half of thirty million or something, or fifteen million.

So we went public in June of 1981 and it wasn't thirty-five million, it was forty-five million. That's what the company went public at. So we went from half a million dollars in equity value to forty-five million dollars in three and a half years. Which meant that Charter House got ninety times their money in less than four years. It was amazing. It was absolutely amazing. In the ice cream business.

04-00:55:24
Geraci: And we're just finishing up on this tape and I think that's where we'll pick up on our next interview, now, is that you've purchased Dreyer's. We've got you financed, we've got it in.

04-00:55:36
Rogers: Went public.

04-00:55:37
Geraci: What is it that you did in those first few years? You had a business plan. We've talked about that. You didn't know ice cream. And all of a sudden, to be able to take a small regional business and move it to that level. That's where we'll pick up.

04-00:55:57
Rogers: It goes back to what Peter Redfield told me. I learned that the competition wasn't very good. We were up against these dairies and dairies are run by farmers. I don't mean to put down all farmers. Remember, I was maybe going to be one myself. But there were huge competitive advantages that we could bring to that business. Even in the first four years, we were able to begin to realize on those. And then the other thing we learned was how to sell futures. I don't mean literally futures like in the futures market, but we learned how to play the game as a public company and how to tell a really good story and have people tell you a very high multiple for your projections. I'll tell you

what, that's a theme that went all the way to the sale to Nestlé thirty years later.

04-00:56:50
Geraci: Is that a theme that you picked up at Harvard?

04-00:56:55
Rogers: I think it came along the way, all the way along the way. I don't mean to say there wasn't substance. I learned how to tell a really good business story. Now, we also made it come true.

04-00:57:13
Geraci: Yes. That's the difference.

04-00:57:14
Rogers: Okay. You look back. People that bought stock—I just told you how crazy that price was. Forty-five million dollars for this little ice cream company that we bought four years before. We had made a million and a half dollars after tax. So people paid thirty times earnings for that ice cream Company in 1981, which was a very rich multiple, and that was a high tech multiple. But if you had purchased stock in that offering and held it until we sold the company to Nestlé, you would make twenty-one percent per year for twenty years.

04-00:58:00
Geraci: Oh, that's amazing.

04-00:58:01
Rogers: So the substance was there but we were able to project that substance and have people pay for it before we delivered it.

04-00:58:09
Geraci: Gary, thank you very much. We'll finish up here for today. That is great.

[End Audio File 4]

Interview #3 August 3, 2010

[Begin Audio File 5]

05-00:00:28
Geraci: I am Vic Geraci, food and wine historian from the University of California Berkeley's Regional Oral History Office. Today's date is Tuesday, August 3, 2010 and seated with me is Gary Rogers. Mr. Rogers is a University of California graduate, spent thirty years as chairman and CEO of Dreyer's Grand Ice Cream, chairman of the Levi Strauss Company and chairman of the Federal Reserve Bank of San Francisco. This interview is being conducted in Gary's office at the Rogers Family Foundation in Oakland, California. Gary, what I'd kind of like to do is pick up where we left off last time.

You had just purchased Dreyer's. We somewhat jumped ahead in to taking a look at going public, so let's back up a little bit and start with when you bought it?

05-00:01:14
Rogers: Well, Dreyer's was a very small company. Dreyer's had just done six million dollars in revenues the prior year, which was 1976, a record year for Dreyer's. It had thirty employees and it was breakeven if you stretched it. Over the years the company had lost money for a long time and then broke even and made a little bit of money. But it hadn't been a financial success over the preceding decade. It was typical of a small regional ice cream company that had managed to maintain a tradition of quality all the way back to Bill Dreyer. An ethic of doing things right and of quality had been maintained in everything the company tried to do. For me it was a whole new industry, a whole new company, a whole new set of people, a whole new set of challenges. I came to it with no relevant experience. I obviously had trained in business. I had had business experiences. I had worked for a consulting firm. But to be thrown into this little ice cream company as the new president and CEO was a very challenging experience.

There's one story that I think really captures the essence of the ice cream business as I look back on it and on my first day on the job I called my marketing director—we didn't have a VP but we had a marketing director—into my office and I said, "How many flavors do we have?" And he said, "Sixteen." I said, "Can you bring me a list of how those flavors sell? Give me a ranking." And so he came back with that ranking and, of course, number one was vanilla. Number sixteen was a flavor called Bavarian Cheesecake. So my first executive decision was we don't need sixteen flavors. Let's cut one. We'll go with fifteen flavors. "Terminate Bavarian Cheesecake." He said, "Yes, Sir." And Bavarian Cheesecake was out of the line. About two months later I was spending a weekend down in La Jolla and I was the guest of friends of friends and I was seated next to the hostess. When she learned that I was the new president of Dreyer's Grand Ice Cream she got all excited because

she went on to tell me how she and her husband just loved our Bavarian Cheesecake ice cream. She actually got me up and took me into her kitchen, where she had a floor-to-ceiling freezer. She opened the door and two-thirds of it was Dreyer's Bavarian Cheesecake ice cream. She said, "I was shopping for this party and I was restocking my Bavarian Cheesecake and I went from store to store around San Diego. I couldn't find Bavarian Cheesecake anymore." I didn't have the heart to tell her that we had discontinued the flavor about a month before. So I went back on Monday morning to my office in Oakland. I called that marketing director back into my office and I said, "I changed my mind. Put Bavarian Cheesecake back on the line."

05-00:04:52
Geraci: And what did he say?

05-00:04:54
Rogers: He said, "Yes, Sir." But that story is what happens in the ice cream business. It doesn't matter how poorly a flavor does as a percentage of the total. Here it was, our worst selling flavor. But there are going to be people out there who absolutely would kill for that flavor of ice cream. And in those days we had sixteen flavors. Later on, Dreyer's had hundreds of flavors or separate items. But the toughest decision was always on discontinuing one, because you discontinue even a very poor selling flavor and there are literally millions of people out there who like it.

05-00:05:34
Geraci: There's a following that really enjoys that flavor.

05-00:05:37
Rogers: Yes, yes. And often the most unique flavors, the flavors that are going to capture someone's interest. But these flavors are not going to be your mainline sellers. The favorites are going to be the vanilla and chocolate and rocky road flavor.

05-00:05:59
Geraci: The three flavors, basically, wasn't it strawberry, vanilla and chocolate?

05-00:06:05
Rogers: Yes. That's always a misnomer because if you look at Dreyer's today, vanilla's number one. There are now four different vanillas. So if you put them all together, they're thirty percent or thirty-five percent of the business. And rocky road is number two. And to get to chocolate, you have to get all the way down to eight or nine. And to get to strawberry, it's all the way down around twenty. So yes, going way back in the ice cream business, maybe it was vanilla, chocolate and strawberry that they served in ice cream fountains or something.

05-00:06:44
Geraci: But vanilla has still maintained its lead?

05-00:06:47
Rogers: Vanilla is the iconic ice cream flavor. It's used for a la mode and when people want a pure ice cream experience, they'll go for vanilla. So different forms of vanilla account for better than a third of the ice cream business.

05-00:07:04
Geraci: Now, you mentioned you're coming into this little regional operation. Traditionally it was dairies that produced ice cream. Now, here's a person that's not a dairyman. What's the connection? Where is he getting his milk from?

05-00:07:21
Rogers: Well, that was our big advantage. All over the United States, dairies, local dairies, had supplied the milk. You can't transport milk very far. If you're in the milk business, you can't milk a cow in Northern California and sell the milk in Southern California because the transportation costs kill you and there's going to be a dairy in Southern California that's not going to have those transportation costs. So all over the country you have these regional dairies that dominated the milk business.

But over time, because they were bringing in the milk, they would use ice cream as a loss leader. The dairies would also make ice cream and they'd sell the ice cream to their customers and they'd also use pricing on the ice cream to keep the dairy business. So ice cream followed the economics of milk. If there were a dairy operating in Northern California, you wouldn't find its ice cream in Southern California. But if you look at ice cream as a separate business, which is what we did, you can ship ice cream. The margins on ice cream are sufficient that you can make ice cream in Northern California and sell it in Nevada or Oregon or Southern California. But nobody was doing that because ice cream was following the economics of milk.

05-00:08:50
Geraci: It was following the old model.

05-00:08:52
Rogers: Yes, which was driven by milk.

05-00:08:58
Geraci: In the era that you're buying this, milk, as a commodity, is really shifting. It had always been supported and the federal government had always made sure that the dairy industry stay profitable if not at least manageable.

05-00:09:23
Rogers: It surprises almost everyone to learn that the price of milk in the United States is based on formulas set by Congress. It's the only commodity where pricing by law is dictated by the use of the commodity. So if you milk a cow and you sell that milk to someone who's going to put it in a container, a bottle or a carton and sell it as a beverage, the farmer, the dairy farmer, gets one price. If you sell it to somebody who's going to make ice cream or a frozen dairy

dessert out of it, there's a second price in the law which is lower than the beverage price. It's the same milk going into that product but it gets a different price. If you sell it to a cheese maker like Kraft, by law, there's a third price and if you sell it to someone who's going to make butter and powder out of it, there's yet a fourth price. So there are four prices. They differ by as much as fifty percent. The farmer is selling the same commodity but the price he gets is driven by what the end use is and it's crazy. It's absolutely crazy. Almost no one knows that, no one understands that, but it's so locked in. These price supports and formulae that were put in place during the Depression to secure a supply of fluid milk for babies.

05-00:10:59
Geraci: Under the pro-rating of agricultural products with the AAA, the New Deal?

05-00:11:02
Rogers: Well, the theory was that we need milk for our babies, so let's structure the price of milk so that the beverage part of milk stays profitable for the farmers, so the dairy farmer will continue to produce milk.

05-00:11:16
Geraci: Well, that goes back even to the Progressives prior to the New Deal. The Sheppard-Towner Act and providing milk as a substance for babies. This is the future-of-our-nation type of thing.

05-00:11:30
Rogers: But it has become so convoluted. Today this country produces so much milk that it winds up in surplus products which are purchased by the government at yet another subsidy and shipped overseas and sold at a discount. There's no risk of not having milk for babies and yet that philosophy got built into dairy products and still pertains. As I came into the ice cream business, I had no idea that this was the way that milk and cream were sold. It literally took me years to figure it out. It isn't like somebody hands you a sheet and says, "Here's the way it works." It's all convoluted and complex. It's based on these very complicated formulas. But when you dig through it like that, number one, the prices are set by formula, endorsed by the Congress. And when you say Congress, what it really means is that there's an agriculture committee in the House of Representatives and there's an agriculture committee in the Senate and those agricultural committees have subcommittees which are the dairy subcommittees of the agricultural committee. Well, guess who sits on these subcommittees? It's all the representatives from the dairy-producing states. You go through those subcommittees. Every single member is from a big dairy state. So the idea of going to those dairy subcommittees and doing anything that is counter to the interest of the dairyman—I tried to do it and learned it is impossible politically. It is just insane.

It gets too complicated to get into here, but some of the practices lend themselves to price fixing and collusion. And because these legislative

committees are so friendly to the dairyman, it has opened those doors. Every year there's a big meeting called the Dairy Forum and everybody from the dairy farmers to the ice cream makers to the butter makers to the cheese makers all come to this forum. Twelve hundred people, maybe. And every year they would have a CEO panel at this forum. On my left was the CEO of the biggest dairy co-op in the United States, a fellow by the name of Gary Hanman. We'd be asked questions about dairy prices and I would say—the first year I said it politely, the second year I said it not so politely and the third year I was rude—I said, "If you want to know what dairy prices are going to be, just ask the man on my left because he fixes them." And the first year, Hanman sort of laughed it off and then the second year he responded, "Oh, Gary, don't be silly. We set these prices back in Depression days when we needed milk for our babies and it's served us all well since then." The third year I said, "This man sets dairy prices in the United States," because I knew he did. The fourth year I wasn't invited back. But about five years later, Gary Hanman went to jail for eighteen years for fixing dairy prices in the United States.

So between the crazy formulas that are set into law by the dairy subcommittees of the Congress, which there's no way you're going to get changed, and the price fixing that goes on in setting the inputs that go into those formulas, it's a pretty rotten business.

05-00:16:04
Geraci: Every five years we have a new agriculture bill, some master plan, and that can shift drastically in one direction or another. If you were making a widget, you had to bring all your parts or your raw materials together and milk is your raw material. I would think as a businessperson, you need to have an efficient, cheap way to bring your raw material in. The best quality raw material. And what you're telling me is this is not that easy and since it's not a market economy you can't really make deals with individual dairymen.

05-00:16:50
Rogers: No, that's right. It is so driven by these Congressional rules. I'll give you one quick example. I was up in my house at Tahoe one Christmastime when I got a phone call from a friend of mine in the dairy business. He said, "Gary, you're not going to believe it but there's a representative, a congressman, from the state of Wisconsin." I'll give you his name. His name was Gunderson. He's on the dairy subcommittee. "He's about to propose a new regulation that would require that in the United States all milk has to be fortified." By fortified, what they meant is they were going to take milk powder and add it to fluid milk from the cow. You'd have to add milk powder from previously powdered milk into the milk from the cow before you could sell it in the United States, which, of course, would increase the cost of milk to everyone. But this guy Gunderson was a very influential congressman and according to my source, he was about to introduce this bill. They were right

up against the deadline for the dairy title in the agricultural bill. But they were going to run it through very quickly. That was what I heard.

So I jumped on a plane. I actually made a couple of phone calls before leaving and I got other influential people in the dairy business, other dairy manufacturers, including the CEO of Kraft, to join me in Washington. We met in Washington the next day or the day after and we went to see Gunderson. We just walked to his office and we got to sit down with him. I told him. I said, "I understand you're preparing to introduce a bill that would require fortification of all milk in the United States." He said, "No, we're not. No, no, no." He said, "You have it wrong." Well, in the meantime I had gotten an embargoed copy of his bill. I actually had the draft legislation and I put it under his nose. I said, "Well, what is this?" He said, "Where did you get this?" I said, "Well, where I got it is not relevant. What is it and when do you intend to introduce it?" And he started yelling at me and he got up and he stomped out of his office. We chased him down the hall at the Congressional Office Building. In fact, he introduced the bill the next day.

Well, in the meantime, through a friend of mine, we had gotten Dan Rather of CBS News interested in this story. In the next two weeks Dan Rather did five segments on the evening news focused on this issue and focused on the secrecy of it and how preposterous it was, but also on how it leveraged this enormous power that the dairy farmers had. Based on that exposure that we got through Dan Rather's evening news, we were able to defeat the vote. That was historic. No dairy legislation like this had ever been defeated before.

05-00:20:38
Geraci: What's the timeframe on this?

05-00:20:41
Rogers: Oh, this took place in the early eighties. But it's just one example of what we were up against. There's no way that the product side of the dairy business can in any way influence price.

05-00:21:04
Geraci: And you're learning this through the school of hard knocks.

05-00:21:06
Rogers: Oh, yes.

05-00:21:07
Geraci: You're into this company. It's new and I think most people would think, "Okay, you just go to a dairy and you buy milk and you shop for the best price you can get and the best quality. And you make your ice cream.

05-00:21:22
Rogers: It's much more complicated than that. It is true that what we faced at Dreyer's was being faced by our competitors. It wasn't that we had in any way unfair trade practices or price fixing that was directed at us. But over time, as I

became a leader in the dairy industry and I saw some of these practices, I made attempts from time to time to try to either bring them to light or to find ways to influence them. I remember talking to Speaker Gingrich when he was Speaker of the House and John Boehner. I had many conversations with both of them. We tried to blunt some of the power of the producers over the years, because what they were doing was so wrong. It's such an abuse of their power. But it was like pushing water uphill.

05-00:22:17
Geraci: It's really upsetting the idea of a market economy.

05-00:22:28
Rogers: We make fun of the Soviet Union in the old days where they made too many left shoes and not enough right shoes. What we do in this country with milk would make a Soviet planner proud. It goes way beyond anything I ever read about in the Soviet Union. It's such a fixed market. Such a government controlled market for no real reason. There are other commodities that are as important as milk that don't face any of these issues. Anyway, all this was learning for me as I got into the dairy business.

05-00:23:06
Geraci: Now, at this time did you have the thought or was anybody thinking about what about a vertical integration within? Buying up your own dairies?

05-00:23:18
Rogers: We thought about that from time to time. But I learned long ago that you don't fix one bad business by merging with another bad business. For all I've said about the power of the dairies, there's too much milk produced in this country and we do too much to encourage the small dairyman. For some reason, small dairymen have gotten the attention of Congress and the voting public. It's almost a crime to put a poor guy with fifty dairy cows out of business when he's competing with some guy that's got 10,000 dairy cows. And somehow that business isn't allowed to consolidate and operate like most other industries do because there's something American about the small dairy farmer we have to continue to support. But the result is we always have way too much milk. And, as I say, we wind up exporting milk products all over the world at subsidized prices.

05-00:24:34
Geraci: This is just one aspect as you're taking over the company. What other things were happening? It seems to me that when you bought the company, as you said, you had six or seven million dollars in sales?

05-00:24:49
Rogers: Right.

05-00:24:50
Geraci: They really weren't making a profit. Could it have been that they were in that position of being too small to make a profit and that's the reason he needed this loan to do the expansion.

05-00:25:06
Rogers: I think they were just barely at a point where the business could benefit from what's called operating leverage. They had fixed costs and they needed more volume to drive the curve to the point where they could cover their variable costs and have enough of a contribution to cover the fixed costs and still leave a profit. So it was a business that desperately needed volume.

Our solution for that was direct-store delivery. But this became, together with the culture we built, the most important strategy we pursued over the years at Dreyer's. It seems kind of strange. Most people would say, "Well, look, the ice cream is delivered to the grocery stores on a truck. Why does it matter whether it's your truck or the grocer's truck?" And even in those days most of the big grocers, like Safeway, would operate a warehouse somewhere in a region like the Bay area from which they would ship their own private label ice cream to the store. So on the face of it, it would be more efficient to sell the ice cream into that warehouse, let the ice cream be put on the same truck as the chain's private label and have the efficiency of one big truck going to the store with all the ice cream. A lot of the grocers encouraged us to do that. In fact, there was great pressure to sell into the warehouse as opposed to direct-store delivery where you're operating your own little fleet of trucks going to the store.

05-00:26:50
Geraci: I take it by encouraged they demanded this?

05-00:26:52
Rogers: They demanded. Some demanded it, some encouraged. This is really the core of what we did, because when we bought the company it was really impressed on me by Ken Cook, who sold me the company, what was really important was quality, going all the way back to Bill Dreyer. As Ken Cook put it, "You make the best ice cream you possibly can, you sell it for a fair price, and consumers will pay that price." That was the way he had run the business. And I know that ethic went back to Bill Dreyer. But he said in maintaining that quality it was really important to have your own delivery trucks. I was a little skeptical and he explained to me that if you let the grocer handle your ice cream, say, out of a warehouse to the store, there are going to be periods of time when the ice cream is going to go through heat shock as it's loaded out of the warehouse onto the grocery store's trucks. They won't handle it as well as we would. Maybe the ice cream would sit on a loading dock and partially melt before it was refrozen in the truck. Or, more importantly, when it got to the store, if the store clerks were doing the stocking, they'd bring a pallet load of ice cream or a basket load of ice cream out from the freezer in the back and into the ice cream aisle and then maybe they'd get called to go work on the

check stand for a while and the ice cream would sit there. Again, it would melt. As we all know, when ice cream melts and is refrozen, it turns into a pretty big mess.

05-00:28:33
Geraci: A hard block.

05-00:28:34
Rogers: Well, very unattractive, not that wonderful texture that we all desire in ice cream. Our ice creams weren't stabilized and emulsified with artificial stabilizers and emulsifiers that sort of commercial grade ice creams use and therefore they were more sensitive to heat shock. So it was really important that we manage the logistics right into the grocery store freezers. And by freezers I mean in the aisle. We were able to train our own route salesmen to do that well. But if we turned our ice cream over to the grocery store chain to handle the distribution and the stocking, we never would have been able to preserve our quality.

So I came to understand that. That was the first of many rationales for direct store delivery. It was a pretty basic one. But as I looked at the economics, here was this little company. We had six or seven ice cream delivery trucks. They'd drive to a store and they'd take a modest amount of ice cream into the store. But by the time you figured the cost of getting the truck to the store or the little bit of ice cream we were selling, it was hard to make it pencil. So here was that first tension I faced. Do you maintain the ethic and the tradition of the company, what the guy who sold it to you has emphasized as very, very important when you know that the economics are extremely difficult or do you take the easier way and sell the ice cream into the warehouse, not have the cost of the trucks and all those route salesmen out there running around.

So again and again over the life of this company we elected to do it the right way, the tough way, the long-term way even at cost in the short-term. So we subscribed to direct store delivery like it was God given. We didn't sell one half gallon of ice cream in the entire 30 years I was there that didn't come off of our own trucks. It's amazing. Now, when we went to Los Angeles for the first time—that was our second major market—Ralph's, which was the largest chain in Los Angeles, would not buy from us—I went in there and talked to the CEO of Ralph's. He said, "You will never sell our stores DSD. All ice cream comes into our stores through the warehouse. Everyone's ice cream comes in through the warehouse. If you insist on direct store delivery, Mr. Rogers, you will never sell Ralph's." Well, Ralph's at that time accounted for something like thirty percent of the grocery business in Los Angeles. You couldn't operate a profitable direct store delivery system in Los Angeles driving by all the Ralph's stores. No way. And yet that's what we did. It took us five years. For five years we sucked it up. We bore the cost, we took the losses and we drove by every Ralph's store in Los Angeles as we built our business in the other seventy percent of the stores. And after five years,

Ralph's finally said, "Okay, you win," and we started selling to Ralph's, on a DSD basis.

05-00:32:42
Geraci: What do you think may have changed their mind?

05-00:32:43
Rogers: Well, consumer demand. We built the business to the point where customers were coming in and saying, "Why don't you have Dreyer's Grand Ice Cream?" We can get it at the Safeway, we can get it at the Lucky, we can get it at the Albertson, we can get it at the 7-11. Why can't we get it at Ralph's?" We were the best selling ice cream in the market by that time and it wasn't in Ralph's. And that story continues.

Years later, when we entered Washington, DC, the leading grocer in the Washington, DC market was, and still is, Giant, and they had something like forty percent of the market. If you walked into their stores, their ice cream displays were perfect, the best I have ever seen. They had an ice cream truck that went from their warehouse, to their stores—every single store in their chain, every single day—and their ice cream displays were the best in the grocery business. They were perfect. So here again I go in there and I'm visiting with the president of Giant, trying to convince him to buy from us on a DSD basis. And he said, "One hundred percent of our ice cream comes through our warehouse. Nobody operates a better distribution system than we do. We're very careful about quality. We stock our stores every single day. Why should I make an exception for you, Mr. Rogers?" And I told him the truth. I said, "You're right. You deliver ice cream probably better than we do, or at least as well as we do. But if I sell you through your warehouse, then Safeway across the street is going to demand that I sell them through their warehouse and they don't handle ice cream like you do. So as a supplier, I have no choice. I have to sell everyone on a direct-store delivery basis." He got up from behind his desk, he came around to me, he grabbed me by the scruff of my neck, grabbed my shirt collar, picked me up, took me to the door of his office where there was a little platform leading onto stairs that went down into the street and he threw me down the stairs. As god is my witness. That's what we faced. Again, it took five more years before we sold Giant on a DSD basis. But we had to stick to our principles. That was really, really important.

05-00:35:46
Geraci: Considering that you had gone public in 1981, this was all happening while you're public. How do you convince shareholders for the long term? The wine industry always has had this problem. It takes a long time to really begin turning a profit and this is affecting the bottom line.

05-00:36:12
Rogers: I have learned over the course of my career and the course of my life you just tell the truth. You tell the stories like I just told you. If shareholders are

looking for short-term results and short-term results only, then let them buy another stock. Our stock traded up and down. It was as volatile as any food stock you've ever seen. But the long-term gain plan was consistent throughout.

I'll tell you one more story which I think answers your question. When we first entered St. Louis it was a fairly typical new Midwestern market for us. And we built a warehouse, cost us a couple million dollars, and we bought half a dozen brand new delivery trucks. We had no business. So we'd never sold one gallon of ice cream in St. Louis and we built this big warehouse, bought these new trucks at a hundred thousand dollars per truck. We hired some salesmen, route salesmen and we trained them. They were in shiny bright white uniforms. So first month of our operation back there I went out to see what was going on and they put me on a truck with a guy by the name of Henry Litigen. Henry had been delivering ice cream for other companies for a long time. He was a real pro and we had hired him to kind of lead our sales force. So I get on the truck with Henry, and we're driving and we're driving and we're driving. I'm thinking to myself, " Two-million-dollar warehouse, hundred-thousand-dollar ice cream truck, high-paid route salesman. This is a long way to the first stop." We get to the first stop and I'm used to doing routes in California. Well, there's a dolly that's hooked up underneath the truck and you unhook it and then you load it up with this great big pile of ice cream and push it into the store. So I started to unhook the dolly and he said, "Oh, no, boss, we're not going to need the dolly." And he pulled about three bundles of ice cream out of the side of the truck and he walked into the store carrying them in his arms. It was a thirty-dollar invoice. And I was scratching my head. I'm thinking, "We drove for forty-five minutes, we had a two-million dollar warehouse, hundred-thousand-dollar ice cream truck, high-paid route salesman, we aren't going to pack it with thirty-dollar invoices." But that's what we did. That is the way we built this business.

Three years later, we were the best selling ice cream in St. Louis, making a good profit, because we did it right, because we took the long-term view, because we knew what worked.

This direct store delivery system, which was rooted in quality, started out as being quality based, as I've explained. We began to learn there were so many other benefits that came from that. For example, laziness in the retail business is legion. And our route salesmen found out that every time they delivered our ice cream, there would be some little section in the ice cream cabinet that the guy in charge of that cabinet in the store hadn't filled. These people were always overworked. But we would say, "Why don't we just put a little bit of our stuff up here." And, of course, the ice cream clerk was, "Fine, fine." And our route salesmen knew that if they got two or three inches every time they were in that store, generally they'd keep it. And two or three inches when you're in the store twice a week and then later four times a week, over the course of a year the amount of space you got for your products was huge. And

we learned that your sales in this business were almost directly proportional to the amount of space you had in the store. So there was no more effective way to increase our sales than to expand the space in those stores. Every store had a schematic that had been published by somebody at the corporate headquarters but every store was a different size, all the cabinets were a different size and it was really hard for the chains to control. So we got a little bit here and a little bit up here and a little bit down here. And over time, we'd do these surveys. We were always over spaced relative to our sales and that in turn drove our sales. So that was kind of the second advantage of direct store delivery.

The third advantage of direct store delivery was that it gave us a direct interaction with every single store. So our route salesmen could learn what flavors sold in that store. We always had more items, more flavors than you could get into any particular store, but what we learned in the ice cream business is that there are some stores that are, for example, chocolate and nut stores where chocolate flavors and nut flavors sell like crazy but you can't give away a fruit flavor. And as close as a mile away, there would be another store in a different neighborhood where fruit flavors sold like crazy and nobody wanted chocolate. Well, you can't do that with a schematic that's the same for every store in the chain, which is what our private label competitors would do. They'd give so much space for every flavor and every store would be the same. But we found that we could maximize our sales by tailoring the flavors to the particular neighborhood. That was a huge advantage and over time, we gravitated from having the route salesman do that, as the business got more complicated, to doing it by computer. So we knew what we were selling to that store by flavor and that would go into the computer. So over time we developed these programs that would give you a suggested order for that store. That was a huge advantage. So between quality, what we called "cold hands in the case," and expanding the space, and tailoring flavors by store, that really helped us build our business.

The biggest thing that ever happened was something that we came up with called scan-based trading. With this system we would say to the grocer, "Look, instead of the complex system that we use, today there is a better way. Today our route salesman comes to your rear door, rings a bell, and your clerk comes and answers the doorbell. Our route salesman is standing there with a dolly loaded with ice cream. He goes through and checks every single item and signs the invoice, we put the ice cream away and later maybe come back and stock it into your freezer. I'll tell you what we'll do. If you let us come in through the front door twenty-four hours a day, we will put the ice cream in your store on consignment, which means we continue to own it. We take the risk of loss. If somebody steals the ice cream, or the ice cream goes bad, it's on us. You won't have any responsibility for paying for that ice cream until that ice cream goes over your scanner. The instant that you sell it to your customer, you buy it from us." Grocers loved it. They loved it.

05-00:44:30
Geraci: Takes all the risk out of it for them.

05-00:44:32
Rogers: Takes all the risk out of it for them. If you think about it, it was actually to our advantage because ice cream sells very fast. If we were restocking our stores, the average ice cream would only be in the store for maybe a week or ten days. So the grocer would be paying the bill every week. At best we'd be paid thirty or forty-five days later. So the grocer actually had our money for, let's say, forty-five days minus the ten days that the ice cream was in the store before it was sold. So he didn't have to pay us for thirty-five days after he sold it to his consumer. So he was benefiting from that cash for thirty-five days.

05-00:45:30
Geraci: It helps increase their cash flow.

05-00:45:32
Rogers: Well, that did, but think about what happened when we went to scan-based trading. All of a sudden, the minute he sold it to the customer, he bought it from us and our deal was that he would pay us within ten days of that date. We were getting paid every Monday for what went over his scanner the preceding week. So it actually moved the working capital to our favor but the grocers loved it because of the concept of no shrink or loss—There isn't much loss in ice cream but they thought there was. People don't take a half gallon of ice cream and put it under their skirt.

05-00:46:09
Rogers: So we were losing about one quarter of one percent of what we were stocking in the stores. So, yes, the grocer had previously been taking that risk, now we absorbed it, but it was de minimis compared to the benefits of this program.

So because of this scan-based trading, all of a sudden we got access to the grocer's scanner data, because it was the basis for our relationship. So now we knew exactly what the grocer was selling every single day and we obviously knew what we had put in the store, let's say, a week earlier. So we had the grocer's purchase from us and the sales to his consumer. And from that you can compute exactly what's in the case.

05-00:47:01
Geraci: At any given time?

05-00:47:02
Rogers: At any given time. So we were able, sitting in our computer center, to say the Safeway in Concord doesn't need service today because we know exactly what it has. So pretty soon we became like UPS. We were rerouting our system every single day and we were only serving stores that needed service, where the preceding approach was for example every Tuesday, Thursday and Saturday that store would get service whether it needed it or not.

05-00:47:35
Geraci: Now, was anyone else doing this type of delivery?

05-00:47:36
Rogers: No, no, no. Ultimately Frito Lay—another big direct store delivery vendor—adopted the system that we had innovated. But no. In the ice cream business, to this day, nobody does it. It is a huge advantage.

05-00:47:57
Geraci: What prompted you to look into the system? Was there somebody in your organization that had this idea?

05-00:48:00
Rogers: Yes. We kept looking for competitive advantages. So we started off with this very simple quality-driven delivery system, something that Bill Dreyer and Ken Cook emphasized as being very important. Then we started thinking about, "Okay, if we're going to do this we have to figure out some way to make it economic and how can we build our sales based on this? How can we drive the advantage? How can we have better quality in the stores? How can we understand better what the consumers want? How can we provide the flavors that are right for that store?" We were working in our best interests but we were also working in the grocer's best interest because we were always the highest priced ice cream line. So if we could maximize the sales of Dreyer's, it was going to maximize the sales and the margin of the grocer, as well. So it all works and it helped us build really good relationships with these grocers. They came to appreciate what we did. They mimicked some of our practices with their own ice cream systems. It made us the expert.

We did a lot to try to enhance the way they laid out their ice cream aisles in terms of how the product was arrayed in those ice cream aisles, what made the most sense in terms of the flow of the consumer as she pushed her grocery basket past the ice cream. From the standpoint of in-store sale techniques, all kinds of things came out of this. But it was all rooted in that very early emphasis that Ken Cook gave me to me when I bought his company. He said, "Now, it's very, very important that you be direct store delivery." In the early days I didn't understand that but I wasn't going to take the risk of saying, "Well, Ken Cook was wrong." So we started out with the system that we bought and we looked for ways to enhance it. We came to appreciate how important it was but we also had huge pushback from the grocers that we had to overcome. And we did overcome it. In every single market we ultimately prevailed.

05-00:50:23
Geraci: Now, one thing that's crucial in this system are the skills of your sales people. How are you training them? Where are you getting them?

05-00:50:34
Rogers: Yes. We would hire our route salesmen from other direct store delivery companies. Coke, Pepsi, Frito Lay, some of the bakery companies. So they'd

had experience driving our kind of trucks, bringing product into the store, working with store personnel, all those kinds of things. So we would start there. One of the other things that we did that was really key was we stayed non-union. So we didn't have the issues that come with split loyalties between, "I work for Dreyer's but I also belong to the union, Teamsters union or whatever." We were always successful in keeping our people happy, well compensated, well motivated, appreciated and every single time that there was a union push, and I counted thirty of them, we were successful in getting our employees to turn down the union. Pretty amazing.

The ultimate story was when we entered New York. We went into New York and we interviewed all the big grocery chains and here's what they told us. They said, "There are twenty half gallon brands of ice cream in distribution in this market already. Twenty. Which is more than twice what we need. So we actually want to prune the number of half gallons, not increase it. Number two, every single one of those twenty half gallon brands comes through our warehouse. There is no DSD in this market. Forget it. We just don't have DSD and we're not even going to entertain it. Three, this is a union town. Every trucking operation in this town is union and you guys are non-union. There's no way. There's no way you're going to survive. Go back to California. You're so naïve. There's no way that you're going to have a non-union operation driving trucks on the streets of New York. Number four, even if we were to put you in, which we're not, you're going to pay huge—" what are called slotting fees. "You're going to have to buy the space in our stores." And when we added up all the slotting fees, it was about five million dollars just to get distribution.

` Also, the advertising costs to build a brand in that market are huge, it's the most expensive advertising market in the world, and we hadn't sold one half gallon of ice cream when we started advertising. Nobody knew our brand, which was Edy's (to avoid confusion with Breyers), and nobody knew who Edy's was in that market. Nobody had ever heard of it. And like I say, there were already twenty ice cream brands in distribution.

There was also an unscrupulous operator in the ice cream business in New York who was very clever and very good who had seen us coming and had changed his package so that it looked exactly like our package. I went to my lawyers and said, "How can they do that?" And they said, "Well, you don't operate in that market so you can't control what he's done in that market. And because he's done it in that market before you got there, he's got the rights to that trade style and he can keep you from entering that market." He was sending me letters telling me that he was going to keep me from entering that market.

Nobody in his right mind would have continued in the face of that set of obstacles. It was just an impossible task to enter the New York market. But we had as our mission to become the leading premium ice cream company in the

United States. The New York metro market is the biggest ice cream market in the world. How could we achieve our mission of becoming the leading premium ice cream company if we didn't do business in the biggest market?

So we could have caved. We could have gone warehouse maybe and gotten in that way. But we decided we were going to stick to our values and we just started pounding away and we paid the slotting fees.

05-00:55:51
Geraci: We need to come back and talk about the idea of Edy's and Dreyer's.

05-00:55:55
Rogers: Yes, yes.

05-00:55:57
Geraci: But go ahead.

05-00:55:57
Rogers: Well, as the grocers pointed out, "Nobody knows your brand in this market. You have no experience with this brand." So we had to step up and build brand awareness in the mind of the consumers from scratch, which was horribly expensive. We paid the five million in slotting fees and we bought very expensive TV advertising to launch the brand.

I learned later that one of the established brands in that market was colluding with another established brand to keep us out of the market. So as we came into the market, they timed their promotions so we would never get a foothold. So one brand would be on sale in January, the next one on February, the other guy'd come back in March and April and they were doing this in a collusion that was specifically designed to keep us out of the market. So we just strapped up and went to work and every day we were thinking hard about how we could break down some of these barriers. We went in there with a non-union operation and we took what business we could get and we paid the slotting fees and we kept our people non-union. We came up with a very clever way of making our route salesmen independent contractors so they each technically owned their own truck and therefore weren't employees and kept the unions at bay. We took each of these issues one at a time. We actually acquired the brand that had copied our trade style from its owner. I decided it was cheaper to buy his business than it was to litigate with him. So we acquired the business. It cost us twenty-five million dollars.

05-00:57:58
Geraci: What was the label?

05-00:58:00
Rogers: It was called T&W. It stood for Terwilliger and Wakefield. But if you look at it you would have said that's a Dreyer's or an Edy's package. So we bought his business. We gradually phased it out as we phased Edy's in and five years

later we were the best selling ice cream in New York. But we did it by sticking to our values. I'm very proud of that.

05-00:58:27
Geraci: Didn't take the short cut or the easy way.

05-00:58:30
Rogers: Well, we believed in the combination of optimism—we were ripe with optimism—and persistence. I've come to believe that the combination of optimism and persistence can achieve anything. Woody Allen said once, "Eighty percent of success is just showing up," and we showed up. We were there every day. We were knocking on doors. We made friends with these nasty grocers who told us there was no way. We used the oldest trick in the book. We hired a very attractive female to lead our sales force. She'd go in there and she'd call on these crusty old grocers. It was easy to get an appointment. They'd see her five days a week just because she was so charming. But she was also very smart and she came up with all kinds of ways to improve the total ice cream sales of those stores, to refresh these old grocery stores and to refresh the way the ice cream aisles looked. Ice cream aisles are the coldest thing on earth. It's these aluminum and glass doors that you have to open and they're usually frosted over before you can get to the product. Well, we found ways to brighten that up, improve the lighting, improve the color, make it more attractive and in some cases we would help grocers. We paid for some of these things, which endeared us to them, and pretty soon they began to soften their stance and they'd run a test on DSD. Maybe they'd give us ten stores or twenty stores and we'd show how we could increase sales in those stores. So piece by piece, bit by bit, puzzle piece by puzzle piece, we were able to overcome all these obstacles and in the end we won.

05-00:60:22
Geraci: Let's do a little bit of a backtrack for a second. This is the early eighties. It seems you've already decided you want to be a national brand. It's almost like a mission statement.

05-00:60:36
Rogers: Well, I think what we started with is we wanted to be the leading premium ice cream company in the Bay Area and that happened very quickly. Then we said, "Well, okay. We're going to expand." It was very aggressive. "We're going to expand our mission to become the leading premium ice cream company in the west." It was only after we had achieved that and after we had dealt with the Dreyer's name issue that we then raised our sights to be the leading premium ice cream company in the United States.

05-00:61:10
Geraci: Let's talk about the name issue. That's with Breyer's ice cream, isn't it?

05-00:61:15
Rogers: Yes.

05-00:61:15
Geraci: What happened?

05-00:61:16
Rogers: Well, it's a very strange coincidence because here we had this little company that had been founded by Bill Dreyer in 1928 and had grown in Northern California. And through pure coincidence there was a brand called Breyer's that had grown up in Philadelphia that actually predated us. It went back to the late 1800s where a fellow by the name of William Breyer had opened an ice cream shop in Philadelphia. They were both premium ice creams. They both had what were called upward slanting script displays. And if you look at the old Dreyer's package it's a script Dreyer's on a slant and if you look at the Breyer's, which was completely coincidental, it's an upward slanting script. They're almost like they were designed by the same designer. So there were an amazing number of coincidences.

[End Audio File 5]

[Begin Audio File 6]

06-00:00:11
Geraci: I'm Vic Geraci. This is the August 3, 2010 interview with Gary Rogers, tape number two of interview number 3. Gary, when we left off we were talking about the brand names and how you had just made this, I guess it's a deal with Kraft. You would keep the thirteen states in the West for the Dreyer's brand and then you would move to the Edy's brand on the East Coast. You had mentioned a little bit. How did you find the name of Edy's or how did you decide on that as a brand name?

06-00:00:45
Rogers: Well, we now had to come up with a new brand name for the Midwest and the East and we looked at many different choices. But in the end we decided to do the honest thing. Bill Dreyer, from the very beginning, had had a partner whose name was Joe Edy and Joe and Bill in 1928 had opened their ice cream and candy business on Grand Avenue in Oakland and for a number of years the business was actually called the Edy's Ice Cream and Candy Company and later Edy's Grand Ice Cream. So there was some historical validity to using the Edy's name. I think Edy is kind of a strange name. It's not what you would probably pick if you were looking for a name that was naturally attractive to people. But we decided to do the honest thing and so we would be Dreyer's in the thirteen Western states but we would be Edy's east of that.

And it's interesting that today Edy's Grand Ice Cream is a much bigger business than Dreyer's Grand Ice Cream. I think the Dreyer's company, if you will, with two brands, sells twice as much Edy's as it does Dreyer's because Edy's covers a much larger geographic territory.

06-00:02:29
Geraci: It seems that around the mid-1980s, then, you also start expanding the ice cream business as far as the brand, just making ice cream. There was a Popsicle.

06-00:02:45
Rogers: I think over the thirty years that we ran Dreyer's, we had relationships with almost everybody else in the ice cream business. Because this distribution story I told is so important to the economics and because distribution, your own distribution is so expensive, it made good business sense to distribute for other people. So when there were others in the business that we could interest in adding products on to our trucks and therefore increasing the base of our business, particularly products that weren't directly competitive with ours, we would be interested in doing that. So over the years we distributed for many, many people. An early example was Popsicle.

06-00:03:31
Geraci: With a scale of efficiency here.

06-00:03:33
Rogers: Yes.

06-00:03:33
Geraci: Keeping those trucks filled and delivering all the time makes it more profitable.

06-00:03:37
Rogers: And it really worked better for us, because obviously if we were handling, especially in the early days, a higher volume of products—we called these products purchased products—but it would give us scale, which would allow us to serve the stores more frequently. And because we could serve the stores more frequently, we could sell more of our own product in there and it was just a reinforcing strategy.

06-00:04:02
Geraci: When you say Popsicle, it’s owned by Sara Lee at this time?

06-00:04:05
Rogers: Actually, when we first did our deal with Popsicle, it wasn’t owned by Sara Lee. We did a distribution agreement with the people who owned Popsicle and then ultimately sold it to Sara Lee. As it turned out, when Sara Lee bought the business, they didn’t honor the distribution agreement we had. So as was so often the case, we had to fight for our rights. We were this little company against this huge monster Sara Lee. But we sued them and we prevailed and Sara Lee wound up paying us ten million dollars.

06-00:04:48
Geraci: They had just dropped out of the distribution deal?

06-00:04:51
Rogers: They wanted to go warehouse. They wanted to sell their Popsicles through the warehouse, so they stopped selling to us. We had to sue to enforce our rights and we wound up with this big fight with Sara Lee. It was interesting. We found out through discovery in the lawsuit that they had booked a ten-million-dollar reserve to provide for any unfortunate, from their standpoint, result from this litigation. That shouldn't have meant anything, because companies can reserve whatever amount they wish. But it impressed the judge that they had booked ten million dollars, and we ultimately got that judge to award that ten million dollars to us.

06-00:05:41
Geraci: And in the meantime it seems that you turn to another interesting arrangement. This would be Ben & Jerry's.

06-00:05:50
Rogers: Yes. We had concluded that becoming the leading premium ice cream company in the country was a big enough mission for us. And by premium I mean ice cream sold in half gallons. There was another segment of the ice cream business which was referred to as super premium, which was ice cream sold exclusively in pints, and the biggest player in the super premium business was always Häagen-Dazs. Häagen-Dazs is a great story and it's another company that was built by direct store delivery. But I tried to acquire them many times and also proposed a distribution arrangement to seven different presidents of Häagen-Dazs and I was never able to win the day. To their credit, they decided they were going to keep their own distribution system, which was very expensive for them. But Häagen-Dazs was sold at such a premium price that they were able to afford this expensive distribution system just to deliver their pints of ice cream to the store. But for all the reasons that I cited that it was important to us, having their own distribution system also proved to be very important to them. So I was never able to get across the line in terms of having Häagen-Dazs use us as a distributor.

But the only other player in the super premium business was this upstart from Vermont owned by two hippies, by Ben Cohen and Jerry Greenfield called Ben & Jerry's and it was quite a sensation in Vermont. They had just begun to enter the Boston market and they were selling through the warehouse, which would have been death. A little super premium product like that is going to get lost when it goes through the warehouse. So I flew back to Vermont and tried to convince these two crazy guys that we had this hole in our strategy, this wonderful opportunity for them, which was to become the super premium link and as we went across the country with Dreyer's, we would also introduce Ben & Jerry's on a national basis as a super premium product. Not that we would own it or merge, just that we would be their distributor. But, again, the economics of that business were so attractive that they could really afford to pay a very nice margin to someone like us to distribute their product. So it made a lot of economic sense for them because of the exposure it could give them, especially if we succeeded, but it was also very attractive for us

because the margins were so good. They agreed. So from the Boston market on, we were their distributor. It's little known. If you read the history of Ben & Jerry's, it's almost never mentioned. I think in the books that Ben & Jerry have written there's maybe one page devoted to Dreyer's Grand Ice Cream. But we were a huge part of their success, and, again, as we marched across the country, we brought Ben & Jerry's with us and in almost all major markets we were successful in getting distribution for them just as we got distribution for ourselves.

06-00:09:33
Geraci: It seems that you're also following a pattern here, that if you're going to have a national brand you need to have different levels of that brand to meet the needs of the consumers across the nation. Everything from the lower echelons to the premiums, super premiums, and you're trying to bring this under your umbrella.

06-00:09:55
Rogers: Yes, but not for that reason. You're right. The opportunity spans everything from water ice to super premium ice cream and beyond and we ultimately got there. But in the early days, we were so consumed with just building the Dreyer's and Edy's business. That was a huge challenge just to do that. But in order to do that we needed to make the economics of distribution work and the economics of distribution depended on having a broad base of products on your truck. So what we learned is in addition to having the Dreyer's or the Edy's in the East, if we could also be distributing the Häagen-Dazs or the Ben & Jerry's and if we could also be bringing in the Popsicle or the Eskimo Pie or the Skinny Cow or whatever it was, the economies of scale were such that it really worked to our advantage and therefore did a better job of building the Dreyer's/Edy's because we could afford higher service frequencies and a better system.

06-00:11:02
Geraci: Were you modeling yourself off of other industries? Because this is happening throughout all the sectors of the society. It seems to be happening especially in the food and beverage industries.

06-00:11:22
Rogers: Well, that just made commonsense. If, when you drove that expensive truck to a grocery store, if your incremental margin was $500 instead of $200, you could obviously afford to do more of it. It was really just that simple.

06-00:11:44
Geraci: Then by 1997, you enter into a production of a newer product. That would be your light products.

06-00:11:55
Rogers: Oh, yes.

06-00:11:58
Geraci: The national craze at the time is Americans are beginning to worry about health.

06-00:12:01
Rogers: Fat. I remember when the Department of Agriculture came out with this new food pyramid and simultaneous with publishing that food pyramid they made a big deal out of the importance of reducing the amount of fat in the American diet. They said the number one goal of the nutrition effort in the Department of Agriculture is to reduce the amount of fat in the American diet. I think this is in the late eighties. So we took it seriously and we thought about how could we participate in this trend that the government is encouraging us to do. So we invented a new ice cream that was, instead of fourteen percent fat, which is what our ice cream was, to an ice cream that had only had seven percent fat. And it tasted pretty good. It wasn't quite as good as the fourteen percent but we thought it was good enough. So I went back to the FDA and showed them the package that we were going to market and the package said, "Dreyer's Grand Light Ice Cream." And the bureaucrats at the FDA looked at it and they said, "I'm sorry, you can't do that." I said, "Well, why not?" And they said, "You can't call it ice cream unless it has at least ten percent fat in it." I pulled out the Department of Agriculture brochure about reducing the amount of fat and the new food pyramid and all this stuff. And they said, "I'm sorry. The standards of identity say that if you're going to call it ice cream it has to have at least ten percent fat." The US government so often gets in the way and they can't keep their priorities straight. You got two branches of the government telling you two exactly opposite things.

But anyway, we went back. We scratched our head. We said, "How are we going to resolve this?" And we took the words "ice cream" off the package. So it just said, "Dreyer's Grand Light." Didn't say ice cream. Didn't say anything. But because it was sold in a package that looked very much like Dreyer's regular ice cream, it was never a problem. The consumer assumed it was ice cream. Didn't have to say it. So that was fine with the FDA. We just called it Dreyer's Grand Light. Could have been Jell-O. Who knows. But for a long time we sold that product and it was quite successful.

Then we came to what you were referring to in the mid-nineties where we developed the most significant invention of my thirty years in the ice cream business. We actually hired a scientist from Mars Candy who had worked on this technology for quite some time. And Mars, who was also in the ice cream business, had given up on it. He came to us and he shared with us his research and we decided to put quite a bit of money behind him and behind this new idea he had. And the idea was to make an ice cream under very high pressure and very low temperature and the theory was that if you did that, you take the fat globules in the cream, and break each one up into maybe twenty smaller globules. And if you put those two things on your tongue, so you put one big globule like this on your tongue or you put twenty smaller globules on your

tongue, what you find is you get much more flavor release from the twenty than from the one. And therefore, to get the same taste effect, you could cut the amount of fat in half and still have the same taste. So you take those twenty globules in my example and reduce it to ten, you get as much fat release as you would get from the one initial one, and that allowed us to cut the amount of fat in the ice cream by half and still keep the taste. It was amazing. And it's real. There's nothing phony about it. It's absolutely real. It absolutely works. People can't tell the difference. And we called it "slow churned" and we got all kinds of patents on it and we introduced it in the late nineties and today it accounts for more than half of Dreyer's total sales. It was a huge success.

06-00:16:57
Geraci: Who's the scientist that you used?

06-00:17:01
Rogers: The guy's name is Uve, U-V-E, Tapfer and he and the team we put behind him worked and worked and worked but brought this thing to fruition. We had to completely change our factories to use these much bigger, much higher pressure, much lower temperature production freezers. It took a lot of investment. The result was just this amazing product.

06-00:17:34
Geraci: Speaking of facilities, obviously you're becoming a national brand. Where are your hubs? You have to have some large capital outlay to make this happen.

06-00:17:45
Rogers: Yes. We went through several cycles. We started with a little plant in Oakland that was behind the ice cream store we bought. We expanded that everywhere we could. We bought the warehouse behind it and we added freezer capacity there. Then when we outgrew that we opened a factory in Union City in what had been a defunct ice cream plant that we brought back to life. But by today's standards it was still a pretty small facility but it seemed big to us at the time. We then opened a similar facility in the City of Commerce in L.A.

Then we had to open a separate ice cream factory in Denver because you can't make ice cream at sea level and sell it at high altitude because ice cream is fifty percent air by volume. That's what makes it taste so good. You pump air into the cream and that's what makes ice cream. But because it's fifty percent air in there, if you take it to a higher altitude, it expands and blows the lid right off the top of the carton. So in order to sell ice cream at high altitude you have to make it at high altitude. When the cabinet goes through a defrost cycle, the ice cream softens, that allows the air to expand. You just can't beat that. So anyway, we had to open a factory in Denver in order to serve our high altitude markets of the Rocky Mountains. So that was our fourth factory.

Then we bought a business in Salt Lake City. It was a company by the name of Snelgrove, which had been a classic little local ice cream company that

people had enormous loyalty to. It was owned by a guy by the name of Snelgrove who was very active in the Mormon Church in Salt Lake City and was well known in the city. So in order to be successful in Salt Lake City we decided we had to own Snelgrove and we bought it and then over a long period of time we gradually phased out the Snelgrove and introduced Dreyer's. But in the course of that we got the Snelgrove factory, so now we had a factory in Salt Lake City which replaced our high-altitude plant in Denver.

Then, as we entered the South, we opened a factory in Houston, which was to serve Texas and the South and we opened a factory in Fort Wayne, Indiana to serve the Midwest and Chicago area and then the last step was to open a factory in Laurel, Maryland to serve the East Coast. As we became larger and larger and larger, our economics changed. So it made more sense for us to have two huge factories, one in Bakersfield, California and one an expansion of the Laurel, Maryland factory, and we built these two very large—they were the two largest ice cream factories in the world. To walk around either the Bakersfield or the Laurel ice cream plant, just to walk around the perimeter of the plant, will take you at least a half an hour. They're that big. Huge factories.

As we brought those online, we began to be able to close some of these smaller factories that we built. We closed the factory in Union City and the one in Southern California and we ultimately closed the factory in Houston. The other factories are still operating. But they now produce more specialty items and the mainlined items are produced predominantly by the big factories.

06-00:22:26
Geraci: This is a huge step from the days of a regional dairy producing ice cream.

06-00:22:30
Rogers: Oh, yes. It was just the opposite. The economics of the business began to drive more and more economies of scale in these very large, very fast, very efficient production lines. Huge warehouses for handling ice cream and everything else.

06-00:22:48
Geraci: In just two to three decades you've totally reversed the model.

06-00:22:53
Rogers: Yes.

06-00:22:56
Geraci: I find that to be really amazing.

06-00:22:59
Rogers: It completely reversed the model. But the numbers said that's what you could do and the investments were justified. But it became a very large business,

too. We went from six million dollars in sales to two and a half billion dollars in sales. So a lot of things changed.

06-00:23:23
Geraci: That's a lot of ice cream.

06-00:23:22
Rogers: Yes, that's a lot of ice cream. One of the joys I still have—I haven't really been involved with Dreyer's directly for four or five years. But when I fly across the country, let's say I'm going to New York and we fly over Chicago and I see this huge mass of lights down there from the window of the airplane and I just wonder how many of those people are sitting there in their kitchens eating Edy's Ice Cream. It just makes me feel good because it wouldn't be there if it weren't for our team putting it there. And it's pretty well rooted today. It's not going away anytime soon.

06-00:23:58
Geraci: We've talked about when you speak of your team, your sales people who are so crucial in getting this distributed. In the eighties, you also begin the real advertising push.

06-00:24:11
Rogers: Yes.

06-00:24:12
Geraci: Let's talk a little bit about that. Something that's very important for branding is advertising.

06-00:24:18
Rogers: Yes. To build a premium food product in the United States today you need to have a marketing message that resonates with consumers and we worked so hard at doing that. And we had a lot of false starts. In the early days, we were trying to tell our story. We would talk about how we made our ice cream, we'd talk about the people who made the ice cream and we'd shoot footage in our factories and make that the core of the commercial. What I came to learn is you can't build a brand by shouting out the factory door. People just don't care. What they care about is what's in that bowl or what is it about their experience that's special. But the fact that you use a blah de blah mixer, a do-de-do freezer, Joe Blow is the nice old man that makes the ice cream, it just didn't work. We tried it several different ways. It just didn't work. And when we talked about our distribution system, the story that we've been talking about here, consumers don't get that. The ice cream comes to the store on trucks. Who cares whose truck it is? Nobody's going to buy an ice cream because it comes on your truck rather than somebody else's truck. So we made those mistakes.

Then we got more into the emotional aspects of ice cream and we would tell stories and we hired the best ad man of the day, Hal Riney, who had done the famous Bear in the Wood ad for Reagan and who had done It's Morning in

the Vineyards for Gallo. He was the man, all right. So he took on our product and he produced this spot. We called it Wonderful World. When I first saw it, I broke into tears. It was beautiful. It was all about the wonders of ice cream and how life would change if you ate Dreyer's Grand Ice Cream. Meter maids would put quarters in the meter for you. We had lots of puppies running around and we had a grandfather up in the tree fort with his grandchildren. All this stuff. I just thought it was fantastic. We put it on the air and we put quite a bit of money behind it and nothing happened. Nothing happened. We couldn't see any increase in our sales at all. I was so frustrated.

So somewhere along in there I went to a testimonial dinner for Hal Riney. Harvard Business School made him entrepreneur of the year or something. So I'm sitting there at this table and Riney gets up to give his acceptance speech and he said, "I'm going to show a reel of my ten best ads." And he showed the Bear in the Woods and he showed Morning in the Vineyards and the number three spot on the reel was Wonderful World for Dreyer's Grand Ice Cream. My face is down in my soup. I'm thinking, "What do you have to do? You've got the best ad man, he's saying this is his best work," and I know it didn't do anything for the business. At the end of that night, someone who was sitting at my table came up to me and said, "Gary, I just love that spot that Hal Riney showed. It makes me want to run out and buy a puppy." So we sold a lot of puppies but we didn't sell any ice cream.

So I learned the lesson that in communicating with consumers you have to have a message that has them understand what's better about your product than somebody else's product. What is it going to do for a consumer that's realistic, that's meaningful, that's honest? And you can't just create some little ditty about a bunch of puppies running around and expect to sell ice cream. So we made those mistakes.

The best advertising campaign we ever did was around Dreyer's Grand Light and we had unbelievable spokespeople. This was an unbelievable product, so we really keyed on that. We had these very strange spokespeople telling these completely fanciful stories. Zsa Zsa Gabor and John Erlichman. I can't remember all of them. We had like a dozen of these spokespeople who would be the last person you'd ever pick to throughout your product and they would.

06-00:29:17
Geraci: A reverse testimonial almost.

06-00:28:19
Rogers: A reverse testimonial, but it worked. It worked. It was unbelievable. It got people's attention. It drove home the fact that this was an unbelievable product. An unbelievable spokesperson for an unbelievable product. It worked. It was a new product, it had real benefits. We focused on the unbelievable aspect of the benefit and it drove our sales through the roof. So when marketing works, it really works. If it's designed right and it presents a

benefit that is a real benefit, the consumers can understand you can do great things for your product. But there's so many ways that advertising and marketing can go wrong and then you get nothing for it.

06-00:30:09
Geraci: But in essence, as you said, people went out and bought the puppies. But did the name Dreyer's stick in their brain? Look at the great ads of the era. Where's the beef? The raisin commercials that were coming out. I don't really know if they raised their sales but they sure made an impression. Consumers remembered that in their mind.

06-00:30:34
Rogers: But there's a big difference between driving brand identity or driving brand awareness and driving sales. You have to get awareness, yes, as the first step toward actually getting someone to buy something, but there are many, many advertising efforts that you and I could cite which were well liked, which were broadly exposed, which people talked about and never drove anyone to do anything different in their behavior. It's amazing how much money is wasted in advertising. Some famous ad man said fifty percent of all advertising expenditures are totally wasted but it's trying to figure out which fifty percent that is the challenge.

06-00:31:19
Geraci: Look at the Super Bowl and the amount of money spent on those commercials. Millions and millions and millions of dollars for these spots on one day a year. Does it really drive sales up that much?

06-00:31:36
Rogers: The analyses that I've seen almost never justifies the cost of a Super Bowl commercial. Almost never in terms of direct impact on the business. But if you take the question that you just asked, does it drive brand awareness, does it make people have a different view of a well established brand like a Budweiser? Budweiser comes back to the Super Bowl every year and they keep laying out these millions of dollars. Maybe it's just to sustain an image in people's mind that creates a platform from which you can drive changes in behavior. But I've learned. I learned at Dreyer's, I learned at Levi Strauss, it's easy to throw money away in advertising. Even advertising that people really like. The question is does it change their behavior? Does it make them buy something they wouldn't otherwise buy? And that's a much tougher test.

06-00:32:32
Geraci: What does it take to pass that test?

06-00:32:36
Rogers: Well, as I say, you have to communicate that there's a reason to buy this product, typically in lieu of another product. What is it about this product that's different, that's better, that says you just have to have it?

06-00:32:56
Geraci: I have to have it. Apple seems to be able to do that.

06-00:33:01
Rogers: Yes. Yes. That's a good example. This gets really tricky. But there's something about Apple today like there was about Levi in the eighties, where there was a platform laid where it was cool, where it was current, where there was an association. If you owned Levi's in the old days you could pretend like you were James Dean. If you were Apple today, you can identify with high tech and Steve Jobs and all that good stuff, right. So there's a platform there. Now, that in and of itself isn't going to drive you to go buy the latest iPad or something. But if, given that base of it being cool and in and current and hip and everybody's talking about Apple, if they can show you that iPod or that iPad or that iPhone that is really, really something that you can use in your life, sure, you're going to be more inclined to buy it. So maybe it's the Super Bowl ad that creates the base and then maybe it's a more specific message that creates the purchase impulse. It gets very complicated.

06-00:34:21
Geraci: I have your attention. It's to get their attention. Once I have your attention, I can throw the little bits out.

06-00:34:28
Rogers: Yes. But I tell you what. An awful lot of marketing expenditures are wasted. Today there are so many other ways to communicate with consumers. We learned with Dreyer's that the really good way to communicate with them is when they're standing right there in front of the ice cream cabinet. If you could come up with a clever point of sale device or some way of communicating with the consumer at the instant he's making the decision on what ice cream to buy, you can have a lot less expensive and a lot higher impact than spending millions of dollars for some TV commercial.

06-00:35:16
Geraci: Now, as part of advertising, was Dreyer's doing any of the coupon or the reduction store incentives?

06-00:35:22
Rogers: Sure. Continuously. Yes. You'd do trade promotion, you'd pay the grocer to run your product at a lower price or to put it in his ads. There was an awful lot of money that went to the grocer to incent him to put your item on sale or to promote it in his own communications in the Sunday circulars or whatever.

06-00:35:49
Geraci: It seems to me that that's better for sales. At least for me as a consumer.

06-00:35:53
Rogers: Yes.

06-00:35:54
Geraci: I'm more tempted to do that than what I see on the TV.

06-00:35:57
Rogers: Sure. And it all comes down to what works and what's the cost benefit. We would do tastings. With ice cream, everybody likes to try a new flavor. So we'd hire people to go into the stores, set up a little card table, and, "Here, have you tried our new mango ice cream," or "our new fudge tracks," or whatever. And that would drive people to buy product. There's nothing that hasn't been tried.

06-00:36:30
Geraci: And Dreyer's has been there to try them all.

06-00:36:32
Rogers: We've tried them all. Yes.

06-00:36:37
Geraci: Let's shift just a little bit. Who are your main competitors at this time?

06-00:36:41
Rogers: Well, as time evolved, Dreyer's and Unilever became the major players in the ice cream business in the United States.

06-00:36:52
Geraci: Uniliver is English Dutch owned?

06-00:36:56
Rogers: English and Dutch owned, Unilever had wound up acquiring the ice cream business of Kraft, which was Breyer's and other products by that time. They had also wound up acquiring Ben & Jerry's. So the combination that I had always wanted of Dreyer's and Ben & Jerry's did not happen. We should go through this. But at one point I had wanted to put together Dreyer's and Breyer's because I thought you want to be the leading premium ice cream company in the United States, put those two brands together and you've done it. That was one dream I had that didn't work. Another one was, given our close relationship with Ben & Jerry's and how we had put Ben & Jerry's into business all over the country, we should merge. We should acquire Ben & Jerry's because it would be the natural link between a strong super premium brand and a strong premium brand.

Well, Unilever was doing the same thing. They bought Breyer's and they bought Ben & Jerry's. So I was stuck. I either had to acquire Häagen-Dazs. I had to do something in order to stay competitive with this archrival of ours, Unilever. It's interesting the way it turned out because the company that wound up buying Häagen-Dazs was Nestlé. I tried over and over and over again. But the company that got it was Nestlé and that was part of what led to the Nestlé Dreyer's combination.

06-00:38:39
Geraci: So it seems that the competitors out there were Dreyer's, Unilever, and Nestlé.

06-00:38:47
Rogers: Well, the Nestlé Dreyer's train came together. So what you had at one point in time was Dreyer's and Breyer's and then you had Dreyer's and Unilever and then you had Nestlé and Unilever.

06-00:39:00
Geraci: What was Carnation in all of this?

06-00:39:02
Rogers: Oh, Carnation was part of Nestlé. Years before Nestlé had acquired Carnation and Carnation was a very small player in the ice cream business. They had an ice cream business in certain pockets around the United States but it was never a major player.

06-00:39:22
Geraci: It had Disneyland though.

06-00:39:23
Rogers: Yes, it had Disneyland. That was a large account. And for all I know, Carnation is still sold at Disneyland. But anyway, the Carnation brand is owned by Nestlé.

06-00:39:45
Geraci: Speaking of buying and selling, in 1989 there was an offer to purchase Dreyer's.

06-00:39:55
Rogers: Oh, boy. Yes.

06-00:39:57
Geraci: Let's talk a little bit about that.

06-00:40:02
Rogers: Well, as we succeeded in the ice cream business and approached our goal of becoming the leading premium ice cream company in the United States, it was clear to me that we were going to have to find ways to fend off the big ice cream players in the world, which really meant Unilever and Nestlé. We were either going to have to acquire businesses that those companies couldn't acquire for anti-trust reasons or we were going to have to put some defense in place.

06-00:40:51
Geraci: Now, you're worrying about a hostile takeover?

06-00:40:52
Rogers: Yes. Or even a friendly takeover. One of the things that you learn when you have a public company is that your destiny is not really your own when you have a much bigger company that wants to own you. And although you put certain protections into place, none of those protections will ultimately get in the way of a high enough offer to purchase your company. If you are a company like we were that had a successful business model but wasn't yet

mature in the sense that we were expanded throughout our national geography of the United States or hadn't yet built out our product line or hadn't yet been able to really optimize our profitability as our economies of scale got larger and larger, paying a premium price for a company like that is a classic way for a big acquirer like a Nestlé to gobble up somebody that then they expand. We faced all those problems.

06-00:42:09
Geraci: The incident I'm referring to right now is a Chinese businessman, a Mr. Li.

06-00:42:12
Rogers: Oh, okay. All right. That's a different story. That was anything but a hostile takeover. When we bought Dreyer's, as I say, most of its business was in the San Francisco Bay Area. But for strange reasons, there was this little, tiny Dreyer's Ice Cream business in Hong Kong.

06-00:42:44
Geraci: How did it get there?

06-00:42:45
Rogers: Well, I'm not even sure I remember. But there was a little guy who sold premium meat in Hong Kong who, for whatever reason, had wanted to add ice cream to his product line and he'd wined and dined Ken Cook and Ken had made him the distributor for Hong Kong. The guy had a little office and a freezer that was no bigger than a typical grocery store upright freezer. It wasn't very big and it had a little bit of ice cream in it. He was the ice cream distributor for Hong Kong. My wife and I flew over to Hong Kong to meet this guy. I began to look around the Hong Kong market and it looked to me like there was a pretty interesting opportunity there. So because there wasn't anybody else in our company that I could logically assign this to, I decided to keep the responsibility myself. So I became in charge of the Hong Kong business and was almost all the way through the Dreyer's history. It led to a lot of really interesting adventures. But over time we bought out the original distributor, and we wound up appointing a new distributor, which was the Park and Shop. They were one of the largest grocery retailers in Hong Kong, which was part of a much bigger combine called the Hutchison Group, which owned ports and communication companies and all kinds of things, was owned by Mr. Li, a Chinese gentleman who at that time was the richest man in the world. I never met Mr. Li but I certainly knew about him. But the people that I was dealing with were on a subsidiary of a subsidiary of Mr. Li's empire.

But anyway, they became our ice cream distributor in Hong Kong and because they had the biggest grocery store chain in Hong Kong—the ins and outs and ups and downs were fascinating. But we sold not only at the Park and Shop chain but we sold to their arch competitor and we did all kinds of things to build the business. But we became the largest ice cream company in Hong Kong. We had thirty-five percent of the total ice cream business in Hong

Kong. It was amazing. We were selling our product at twice the price we sold it for in the United States. It seems very improbable but, anyway, we built a big business there.

So in the course of that, I was making a lot of trips back and forth to Hong Kong. I was over there maybe once a quarter. And if you've traveled to Hong Kong, I think it's still true, but certainly in those days, if you were staying in one of the nicer hotels like the Peninsula, or the Regent Hotel, which is right on the harbor, they would come meet you at the airport in a Daimler or a Rolls Royce. It was something the hotels did. It was a wonderful tradition. So I got used to coming off the airplane and getting in a very nice hotel car and being taken off to my hotel. I loved it.

Well, one day there was an added element. I couldn't quite tell what it was but I could tell it was even a little bit more special. The car was there waiting for me. Everything was obviously teed up. I didn't think too much of it. I was staying at the Regent Hotel. We got to the Regent Hotel and standing there with a clipboard was a little man in a morning coat. He said, "Oh, Mr. Rogers, we've been waiting for you." He said, "You need not check in. Let us show you right to your suite. We've upgraded you to a harbor view suite on the top floor of the hotel. By the way, all your expenses at the hotel have been taken care of." I thought, "By whom? What is this? I don't get it." So they whisk me up to this huge suite on the top floor and in the middle of the room is this coffee table and on that coffee table was everything you can put on a coffee table. Flowers, candy, notes from the manager, nuts and Champagne and in the middle of the coffee table, on a little silver tray, was a vellum envelope with my name on it. So I open up the envelope and it was an invitation to have lunch with Simon Murray at his penthouse suite office the next day on the Hong Kong side of Hong Kong. Hong Kong is an island. I knew who Simon Murray was because I had read about this enterprise that we were associated with. In those days, *Tai-Pan* and *Noble House*, books by James Clavell were widely read and I had read them given my involvement with Hong Kong. These stories always involved a very rich Chinese owner, like a Mr. Li, who had hired a Scottish tai-pan to run their business in China. In this case, it was the real deal. Mr. Li had hired Simon Murray, who was a Scottish businessman, to run his Hutchison Group in Hong Kong, which meant he had the responsibility, among a million other things, for our little ice cream business in Hong Kong.

This was so puzzling to me. I just couldn't figure out why he would want to have lunch with me. But I accepted and I went over there the next day. The executive elevator whisked me up to the penthouse office suite of this Simon Murray and I was shown out onto a beautiful deck where we were going to have lunch and a table was set up with silver and china and all this stuff. A few minutes later Mr. Murray arrives with his entourage of three or four other executives and they sat down. Everything was very pleasant but I had no idea what the business was. We had this delightful lunch. White, crisp uniformed

servants with silver trays and beautiful wines. It was just unbelievable. So we talked about politics and we talked about world affairs and we talked about all kinds of things but we didn't talk about any business. Then it was time for dessert and they brought out these little truffles. I call this story the truffle for the tai-pan, because over dessert Simon Murray looked me in the eye and he said, "Oh, by the way, Gary," he said, "Mr. Li would like to buy Dreyer's Grand Ice Cream." I said, "Really? Oh." This came with no warning, no prelude.

06-00:50:43
Geraci: This is just out of nowhere?

06-00:50:44
Rogers: Out of nowhere. Just like, "Oh, by the way." I said, "Well, I don't understand." He said, "Well, Mr. Li is a little concerned about what's going on in mainland China today and he's trying to diversify his interests outside of China and he's bought Husky Oil in Canada and he's bought this big communications company in the U.K. and we've been quite impressed with what you've done in Hong Kong with Dreyer's Ice Cream and we understand you're building it across the United States and we'd like to buy it." I said, "Well, it's not for sale." He said, "Okay, thank you." That was it. That was it. That was it. He then said, "Would you like to come out with me on my yacht in the harbor tonight? We're going to have a cocktail cruise." I said, "Sure."

And then that night on the cocktail cruise, he said to me, "You know, Gary, I was thinking this afternoon that although you don't want to sell us your whole company but maybe we could just buy a partial interest. Twenty percent or something." I said, "Well, we really don't need capital. I'm very flattered and please tell Mr. Li thank you very much but it just doesn't fit our plans at this point." "Okay." That was it. There was no argument.

06-00:52:08
Geraci: Very civil.

06-00:52:09
Rogers: I love it. That's the way you do business in Hong Kong. Put it out there and it either floats or it doesn't. So the last chapter of this incredible story is about five years later, when we had decided, because of some of these concerns we had about these Nestlé and others who were beginning to circle us, that it was in our interest to have some large players own a piece of the company in what's called a white squire strategy and we can come back to that in a minute, if you want. But I was quite interested in having a friendly investor buy about twenty percent of the company. So I came home one day from work and I said to my wife, "I'm going to call the tai-pan." She said, "What are you talking about?" I said, "Well, just listen." I got on the phone and I called Hong Kong. For some reason the call went right through. I talked to his secretary and then it went right through to Simon Murray. I really thought he wouldn't even remember who I was. It had been five years and this man has a million

different meetings. He came on the line and he said, “Oh, the ice cream man.” I said, “Oh, I’m flattered that you remembered.” He said, “What can I do for you?” I said, “I accept.” He said, “What are you talking about?” I said, “You said you wanted to buy twenty percent of Dreyer’s. I accept.” He said, “Oh, you’re too late.” It was just like this. I said, “Well, why?” He said, “Mr. Li’s changed his mind. Now he wants to invest in China.”

06-00:53:55
Geraci: That’s right. The strategy had shifted at that time.

06-00:53:57
Rogers: Yes, yes. It was so funny. But no talk about price or any of the details of a transaction. It was just all kind of at that level.

06-00:54:07
Geraci: That’s when you know that a person is extremely wealthy. There’s never a price tag.

06-00:54:13
Rogers: Yes. Well, we would have gotten a price.

06-00:54:15
Geraci: Yes, but in the initial conversations.

06-00:54:17
Rogers: This all fit the context of over truffles. “Well, we want to buy your company.” “It’s not for sale.” “Okay, fine.” In the United States that conversation would take three months.

06-00:54:30
Geraci: There’d be a much larger dance and courtship going on is what you’re saying.

06-00:54:44
Geraci: That’s a perfect end spot for us for today.

06-00:54:46
Rogers: Okay, all right.

[End of Audio File 6]

Interview #4 February 3, 2011

[Begin Audio File 7]

07-00:00:00
Geraci: I am Vic Geraci, food and wine historian from the University of California Berkeley's Regional Oral History Office. Today's date is Wednesday, February 3, 2011 and seated with me is Gary Rogers. Mr. Rogers is a University of California graduate. Spent thirty years as chairman and CEO of Dreyer's Grand Ice Cream. Served as chairman of Levi Strauss and Company and presently serves as chairman of the Federal Reserve Bank of San Francisco. This interview is being conducted in Gary's office at the Rogers Family Foundation in Oakland, California.

Well, Gary, welcome back. It's been a while since we've been on tape but I think last time, basically, we ended up right around the late 1980s. And I think maybe a good point to start here would be—before we get back to the business story, which is still a business story, the Grooves. How many corporations have a business plan that really is trying to utilize people for their growth also? And I see the Grooves as being a way to be a very human-based plan that helps people be better people, which in essence is going to help your company be a better company.

07-00:01:23
Rogers: It's an interesting story, Vic, because it was actually a pretty long trail. We started off in the mid-eighties. Can't remember exactly when but maybe 1985 with some retreats that our whole management team would attend. We were trying to understand what made for excellent companies. How could we be what we called an excellent company? And at one point we had a list of—it was something like seventy characteristics of an excellent company. But it didn't seem like that was really what made sense for us at that stage of our growth. And that evolved into more and more conversations about how do we interact with one another as co-workers? How can we bring out the best in ourselves and in our people? What kind of a culture? Culture today is a very fashionable subject, but in those days, people weren't talking about corporate culture very much. So there were a lot of very stimulating conversations that we had along these various fronts.

And so one weekend, I just went into the office for two days, Saturday and Sunday, and I sat down and I wrote out what I thought was the philosophy that was appropriate to Dreyer's at that point. I didn't think at the time that it was that big a deal but I wanted to get all these ideas that had been bouncing around and that many people had contributed to down on a piece of paper just so I could rest. I didn't want to forget these things but at the same time I felt like somebody, and that somebody was me, had to kind of bring this together.

07-00:03:23
Geraci: Now, do you still have this white paper?

07-00:03:26
Rogers: Yes. I have it.

07-00:03:27
Geraci: This would be great to add to the—

07-00:03:30
Rogers: Well, the white paper became the Grooves pamphlet and the Grooves pamphlet had thousands and thousands of copies printed and I still have enough—

07-00:03:38
Geraci: Right.

07-00:03:38
Rogers: —to give you as many as you want. But the original heading for this, and it's still the title under which this exists, was the "I Can Make A Difference Philosophy," with the emphasis on the I. This was focused on individuals and how those individuals could make a difference in helping us achieve our mission. But it wasn't corporate strategy at all. It was all about human interaction and the interaction between each individual and the company as a body. It originally had eight principles, which over time grew very quickly, and over a year or two grew to ten. So there were ten of these I Can Make A Difference principles, which we nicknamed the Grooves.

The concept of Grooves came from a very famous book. Maybe the best-selling business book of all time, which was called *In Search of Excellence* by Tom Peters and Bob Waterman. And in that book there's only one little reference to this concept, but what they said is that great companies have a way of getting employees in a groove so they know what's right. You just have a sense of what's going to push the company forward. You don't have to be too specific about it. People will know the right thing to do under a wide range of circumstances. And that was so consistent with the philosophy that had developed here that we wound up calling our ten I Can Make A Difference principles or the Grooves. And it was that. It was simply a set of, as you reflect on it, pretty commonsense principles which put people in a position to know what was right.

And as I think back about what drove the success of Dreyer's—we've talked about the importance of direct store delivery, and that is certainly the business strategy or the sustainable competitive advantage, to use the term, that drove Dreyer's success. But right up there alongside it, and maybe equally important, was this culture that the Grooves became. To this day, you talk to people who worked for Dreyer's in the time that we owned it, that thirty year period when we were building the company, and there is no one—I'm sure you're finding this out in your interviews—there is no one from me to Rick to the people who swept the floor who won't emphasize them. You won't talk to them for more than five minutes before the subject of the Grooves comes up.

There was such a deep feeling for this. There was such an inculcation of this across the company. There was such loyalty to it. It became an unstoppable force. By the time we sold Dreyer's to Nestlé, if I, as the CEO, had said, "You know, we've made a horrible mistake. We want to abandon this philosophy," there would have been an all-out revolution. There was no way we could stop this. It became that committed and that deep within the organization.

07-00:07:44
Geraci: It's based on individuals. It's based on the relationship with you as people, with the corporation, a sense of responsibility and accountability. How do you build that in people?

07-00:08:01
Rogers: Well, the point is you don't build it in people. Let me give you a few of the concepts that underlie this. I won't go through all ten of the Grooves. But what I consider the gateway Groove, the key that makes all this work, or the prerequisite, if you will, is you have to be very careful who you let in the club in the first place. We call it hiring smart. There used to be a fellow who would give lectures about hire smart or manage tough. There are two options when you're running a business. You can either be very careful about who you select and hire, in which case all the things we're going to talk about here become easy or you can be sloppy in your hiring practices and then you'll have to manage tough. You'll have to follow people and check on them and discipline them and train them and ultimately fire them. And those are the two choices. And so we really focused on hiring smart. The people who came to work for Dreyer's would often go through ten interviews before they were selected. We had to satisfy ourselves that any candidate for any opening throughout the organization, not just management, but anyone in any role, had to be in the top twenty percent of all qualified applicants for the job opening we had. Which means we had to interview enough people to know what that pool of qualified candidates looked like. We gave no preference to inside people. A lot of companies have a value on promoting from within. We made it very clear there is no premium for promoting from within because we think all that does is breed mediocrity. Now, if it came down to a choice between an outside candidate and an inside candidate and we concluded that these two candidates were equal, we would then give preference to the inside candidate because we thought we knew better the negatives on the inside candidate than we did on the outside candidate because people are often pretty good about hiding their negatives.

07-00:10:15
Geraci: Well, especially in interviews. People never dwell on their negatives.

07-00:10:17
Rogers: Yes. Yeah. But we would do reference checks and we would do credit checks and we would do—everything you can do we did to check on people who would join our company. Once they were in, though, we believed in what we called a Day One Philosophy. You think about this. If you were a good, well

qualified candidate for any position, you're no doubt going to be leaving behind another job somewhere. So on the first day of the new job, first day you come to work for Dreyer's, you're going to be thinking to yourself, "Did I make a good decision? Is this place going to recognize me for who I am? Is there going to be a place for me here? Am I going to be able to contribute and feel satisfied? Am I going to be appropriately compensated? Am I going to have an opportunity to progress in my career? Am I going to be able to make more money?" What better set of attributes is there than that mindset in an employee? And you're a little bit apprehensive, you're a little bit nervous. You want to make sure you fit in. You want to make sure you contribute. As we would say, we don't have to change a person like that at all. They're perfect on day one. They're perfect. And all we as an employer have to do is make sure that ten years later, our people had the same attributes. It's our job as an employer to make sure that that person, ten years later, feels the same way that he did on day one. So we would call that Day One attitude and we would try to sustain that in our employees. Now, we had to train them in the ice cream business, okay, but in terms of the key things that make someone productive or make someone successful in business, they're all there on day one. And that allowed us to extend that philosophy to many, many aspects. But you can summarize them all in the concept of trust. We trust in our people implicitly. We didn't have job descriptions. We didn't have policies of any kind. We used to joke about the fact. We had a great big book. It was this thick and huge and it said, "Dreyer's Employee Policies," on the front in big gold embossed print. And you'd open it up, all the pages were blank. Okay. There was nothing. [laughter]

07-00:13:09
Geraci: [laughter] There was no policy.

07-00:13:09
Rogers: There was no policy. Over time the government forced us to have some policies because legally you had to have certain policies. We said, "Okay, fine," and we'd post those on our bulletin board. But everybody just kind of ignored them anyway. If you were to come to work for us, we would give you a business card. It would say, "Vic Geraci," whatever your title was, sales manager, whatever, and you'd flip it over and on the back it would say, "Dreyer's Policy: Use your own best judgment at all times." That was the only rule.

07-00:13:46
Geraci: Now, according to Sherrie that's an idea you picked up from Nordstrom's.

07-00:13:50
Rogers: Yes. Nordstrom's did that and they were famous for it and so we copied it. We copied shamelessly. Most of these things that I'm going to talk about were somebody else's idea.

07-00:14:00
Geraci: But that's great because why reinvent the wheel if these things are out there.

07-00:14:01
Rogers: No. We had no shame. All these ideas were somebody else's idea fundamentally and we just adopted them. But anyway, so if you came to work for us, we were pretty non-specific about how you were going to contribute. We wanted to know how you thought you could contribute. And obviously you were hired to be part of our marketing team or part of our sales team or part of an administrative team. But we tried not to slot you into a box too quickly. We wanted you to get involved. We wanted you to feel like you were part of the team. One of the things that we said to you very explicitly is one of our values is ownership. And by ownership, you have a responsibility here to be best at something. You find some aspect of what we're trying to do as a business that you can do better than anyone else in the company. It almost doesn't matter what it is. It can be oiling a compressor. It can be typing a letter. It can be selling ice cream to the grocery trade. But we want you to own a piece of what we're trying to do here. We want people to acknowledge you and say, "You know, Vic, you are the best at doing interviews of anybody in this company so we want you to keep doing interviews."

07-00:15:33
Geraci: And we need you here.

07-00:15:33
Rogers: And we need you here. But it wasn't selfish for the company, it was selfish for you because part of what we want is we want people who have that sense of ownership, because with that, with being the best at something, comes a sense of self-esteem. We called it ownership but when your co-workers are saying to you explicitly or implicitly, "Boy, are you good at that," you go home with a smile on your face. We got you. You can't wait to come back and get more of that. You want to drink at that fountain, okay? So it was part of our very insidious scheme to get you involved. We encourage you to get involved in any aspect of the business you chose and we trust you to do what's appropriate. We would say that to you, and we meant it, we said, "You can talk to anybody in this company about any subject at any time." There was no such thing as going around your boss or whatever. If you have a serious issue and you want to talk to the CEO or somebody else about it, you're welcome to do so. You have an obligation to tell your immediate supervisor that you want to have that conversation and your supervisor should understand your point of view so he isn't caught off guard if somebody asks him a question. But having done that, you can talk to anybody in the company about anything you want to talk about at any time. And I would have people come to my office. People did not abuse this. Some of my buddies would say, "How can you do that? You'd have people lined up at your door all day long." You know, good people are worthy of being trusted and they have a sense of appropriateness. People weren't going to come to me as the CEO with some little issue that I didn't need to be involved in or deal with. They also wouldn't come to me

without really having thought through what their point of view was. I didn't get spurious arguments about things. Occasionally people would come with a point of view or a suggestion or something that they wanted me to know about and it was usually very instructive for me. I found it valuable. But it gave people a sense of team, almost family. And we had another value that we called the upside down organization. We would say to people very openly that you really think about a company, the most important people, the people who do the most important work, are the people who make the product, sell the product, collect the bills. Those are the people who make the company go. The rest of us are just here to make those people more efficient or more effective. And therefore we inverted the organization and we said, "The people on top of the organization are the people doing the real work. The rest of us are just here as facilitators." So as the CEO, I was right where the pyramid went right into the ground. I had that sense of holding up the whole organization.

07-00:19:08
Geraci: Holding the whole—

07-00:19:09
Rogers: Yup. So we did a lot of things like that that would symbolize this sense that we trusted people completely. That we knew you weren't going to abuse that trust. That you were free to do whatever you thought was appropriate. We didn't tell you how to dress, we didn't tell you how to behave. We wanted your full personality. We wanted you to be the same person on the job that you were at home. And even beyond that, we wanted to co-opt your brain. We wanted you lying in bed at night thinking about the company's issues, not your issues. So we wanted to get you so engaged that you worked twenty-four hours a day trying to figure out how to achieve our mission. And it worked. We got people in that mode. You've interviewed some of them.

07-00:20:04
Geraci: Well, just to bring that up. One thing I find that's very interesting in all the people I've interviewed so far. There's some common characteristics. I've spent three to five hours with these people and after you have a conversation, you get a sense of their personality.

07-00:20:21
Rogers: Yes.

07-00:20:22
Geraci: Who they are as a person. They're all self-starters. They're all very responsible people who can think outside the box. There's no such thing as a problem. There's roadblocks that need solutions.

07-00:20:38
Rogers: Right. People would come to me sometimes with those frustrations. They'd say, "Oh, my god. How can I sell this customer? I can't get by this issue," or whatever. And my response would be, "Just be glad that the issues you're

facing are worthy of your talents and your experience. Wouldn't it be dull if every day were the same."

07-00:21:03
Geraci: Is the same.

07-00:21:04
Rogers: And that became the attitude of the company: bring on the challenges. We are up for it. There's nothing we can't do. And that attitude, coupled with this trusting—we would hire someone from Pepsi or another DSD company, bring them in for six months of training, put them out on a route in California for a while and then say, "Okay, go put us in business in Florida. Tell us how we can help." Now, what other company would do that? We'd send the guy out, put him on a plane to go to Florida. We didn't have one customer.

We'd never sold a half gallon of ice cream there. Nobody had ever heard of our brand name. There was no way we were going to succeed. And that poor guy would get off the plane and get in a rental car and try to find a warehouse to hold ice cream and lease a truck and hire a route salesman and put us in business in Miami. That's the way we got started in these cities. And because of the trust that we vested in these really good people, they never let us down. It worked. Crazy as that sounds, the way we built this company is by trusting good people. And people felt that trust and the last thing they were going to do is abuse it.

07-00:22:37
Geraci: Well, and that's the part that I find is very fascinating. Also the people we've interviewed thus far, it's also the feeling of, I don't want to abuse it and one of the reasons being is, "My god, I'll let Gary down."

07-00:22:52
Rogers: Yeah.

07-00:22:53
Geraci: He's given me this responsibility, this trust, this challenge. I don't want to let the company down.

07-00:23:01
Rogers: That's what worked. People may have talked to you about "you decide." I believe that the two most powerful words in business, and really in life, are "You decide." And it goes right to what you were just describing. If you work for me and we have some issue in the business and we talk about it, so you understand what I think and I understand what you think. And let's say I'm your—

07-00:23:30
Geraci: Supervisor.

07-00:23:32
Rogers: —supervisor, yeah. Okay. So at the end of that conversation I say to you, "Okay, we've talked about it. We understand one another. Now you decide." Think about your mindset. In a normal subordinate supervisor relationship, a conversation like that, the end of which the supervisor says, "Okay, here's what I want you to do." Well, you're a good employee. You say, "Yes, sir," and you go off and you do your best to implement the decision. But if you have a bad outcome, whether you explicitly say it or not, you're going to think, "Well, Rogers made the decision and I didn't. Okay. So he's responsible for this bad outcome." But if I say to you, "You decide," I've taken away all his excuses. Now you have complete authority for the decision but you also have accountability for the outcome and you are going to work your butt off to make sure that whatever decision you make works out. And I'll tell you, in all my years of business, maybe two responsible people debating an issue are going to come to the same conclusion 85 percent of the time. In that other 15 percent of the time, where the subordinate hears, "You decide," the difference in the energy and the accountability is so much more important than the difference of that 15 percent. The business is going to benefit from that philosophy immeasurably.

07-00:25:05
Geraci: Just to throw something to kind of spur the conversation a little bit. Say that I am the employee and you and I have had this discussion and you tell me, "Vic, you go decide." Normally the relationship would be I'm very much afraid of making individual decisions because of the failure issue.

07-00:25:26
Rogers: Right.

07-00:25:28
Geraci: Not all the decisions we make in life are going to work.

07-00:25:31
Rogers: Right.

07-00:25:32
Geraci: So how does failure fit into this?

07-00:25:34
Rogers: I tell you what. We honored failure. Failure was a good thing. Rick and I came from failure. We had failed in the restaurant business, and in the early days of Dreyer's many of the people that worked for us there in responsible positions were people who had been with us in the restaurant business. So we came from failure, all right. And one of the values that we had in the Grooves, one of the Grooves was ready, fire, aim. It was sort of the concept of failing forward. That many times success was in the implementation, it wasn't necessarily in the decision. And you maybe had to rescue a bad decision by adjusting the plane after you got it off the ground. And the idea of failing forward, of god knows how many times we had new products that we thought

were going to be great and they failed, but every time they did we tried to learn, we tried to understand why did they fail and what can we do better next time that that experience would benefit.

07-00:26:40
Geraci: But that's saying—and I'm not saying this is a bad thing; this is probably a good thing—that failure is an important part of a business strategy.

07-00:26:48
Rogers: Oh, I really think so. I like to hire people who have failed. I like people who aren't afraid of failure. I think failure is part of life. I think it's part of the learning experience and it's something we can't be afraid of and we ought to respect. I believe personally that from the mud grows the lotus. There are many stories, and I'm sure we'll get into them as we go through this, where the best things that happen in the Dreyer's history came from total failure. The worst days of my business life, in retrospect, became the best days. And life is like that.

07-00:27:38
Geraci: Well, I think it's very interesting also in that many of the people that became your closest inner circle were from the Vintage House days.

07-00:27:47
Rogers: Yeah. That was the case of a business where we did a lot of things right regarding people. The roots of the Grooves were born in the Vintage House days but there were some strategic errors we made, errors of judgment we made in that restaurant business. We tried to sell abalone and chardonnay to Texans who wanted chicken fried steak and red, white or pink. It just wasn't going to work. It was—

07-00:28:21
Geraci: It was doomed from the beginning.

07-00:28:20
Rogers: —just bad judgment on Rick's part and my part, and no matter how good we were at other elements of the business we couldn't overcome the bad decisions we made. So there was nothing wrong with the people and there was nothing wrong with the culture. And so this more refined culture that we've evolved at Dreyer's was really a product of some of those experiences at Vintage House, which was a failure.

07-00:28:48
Geraci: But that is an attribute that I think I've seen in all the people thus far, is that there's not a fear of failure, there's an embracing of it as being a natural part of any cycle or part of a life.

07-00:29:01
Rogers: Yeah.

07-00:29:02
Geraci: And I think another thing that's come in that's been obvious is many people have mentioned how the Grooves also became something that was important for them as a human being, not just as a business.

07-00:29:10
Rogers: Oh, absolutely. The Grooves became a code. You really look at the Grooves at first blush and it's just commonsense and golden rule. Trust people and respect the individual and try to select good people. Ask them to contribute to the team and be who they are. Those are pretty simple fundamental good kind of concepts. But so few businesses find a way to apply them. There are other businesses I know of who have similar philosophies but it's really rare and the opportunity we had, thank goodness, is that we started early enough. Dreyer's was still a very small company when we began to implement these ideas and it caught on like wildfire. And so even when we had 8,000 employees, it had grown so that everyone subscribed to these concepts and you couldn't help—as you joined that larger company, were immediately kind of enshrouded. And you've talked to Sherrie Cornett, who was the trainer for all this, and you just couldn't avoid it. It was part of what the expectation was. And yet, it was much more complex than it sounds at first blush and it was much more integrated than it sounds in first blush. And it was incredibly powerful but it had tough sides to it. It involved a lot of discipline. It involved a lot of work to inculcate and build over time. But it became, as I say, one of the most important things we did.

07-00:31:02
Geraci: Now, in any business you have a work culture. There had to have been people that the Grooves were not their cup of tea. Some people need to have their hand held and move from step—

07-00:31:16
Rogers: Yes.

07-00:31:18
Geraci: How do you work with that within the Grooves?

07-00:31:26
Rogers: Well, Vic, it was so interesting. You're right. There were people who were very uncomfortable with the idea of find a way to contribute, find a way to own something. You're accountable now but we're not going to tell you exactly what we expect you to do. And what happened was, in our culture, the co-workers disciplined the organization. I can't tell you how many times I was on my way to have a tough conversation with somebody or perhaps terminate somebody and I would meet them coming the other way to resign. People would invariably resign before we fired them.

07-00:32:06
Geraci: Self-select out.

07-00:32:08
Rogers: They were just uncomfortable. And it was their co-workers saying, maybe implicitly, "You aren't pulling on the rope. You're not making enough of a contribution. We're all working our butts off around here. Where are you at 8:00 in the morning, okay?" And those people, as Rick used to say, we'd help them succeed somewhere else.

07-00:32:33
Geraci: I like that.

07-00:32:34
Rogers: That's what I say. The subtle aspects of this culture are very tough. We used to talk about weeding out mediocrity. We would talk about the fact that you can't expect your people to fly like eagles if you surround them with turkeys. So there was a real expectation that everyone was going to fly like an eagle. And if you were uncomfortable with that, you didn't last very long.

07-00:32:58
Geraci: Well, that's where hiring smart seems to be crucial to this whole thing.

07-00:33:02
Rogers: Absolutely.

07-00:33:04
Geraci: Because identifying right off the bat there are people whose lives, they must have it written out. I'm your boss.

07-00:33:13
Rogers: Yeah.

07-00:33:13
Geraci: This is A, B and C, what you will do by the end of the day.

07-00:33:15
Rogers: Yeah. And those people wouldn't fit. And there's nothing wrong with them. That's fine.

07-00:33:20
Geraci: No, yeah.

07-00:33:20
Rogers: They can go work for PG&E. But they weren't going to make it at Dreyer's. At Dreyer's you had to be able to accept responsibility, accept accountability for your actions, be able to stand up and either be praised for the results or be criticized for your lack of ambition or risk-taking ability or whatever. Everything was pretty much out in the open. We wanted people who thrived in that kind of an environment, who wanted that environment and wanted to get ahead, didn't want to hide. So it became a pretty interesting place.

07-00:34:04
Geraci: In somewhat of a play on words, you didn't want them to be in a groove so deep that they were in a rut.

07-00:34:08
Rogers: Yeah, absolutely. Yeah, that's good.

07-00:34:10
Geraci: No ruts allowed.

07-00:34:11
Rogers: That's good, Vic. I like that. Yeah, that never occurred to me before. That's pretty good. Grooves but no ruts.

07-00:34:21
Geraci: So as we look at these people that you've brought together, the sense of Dreyer's being—it's a community, it's a way of life, it's what I do.

07-00:34:36
Rogers: And the company trusts me to do the right thing.

07-00:34:41
Geraci: Is this not a business plan?

07-00:34:44
Rogers: Well, it's a business philosophy. Let me give you a couple of examples, all right. I walked into my CFO's office one day and he was on the speakerphone and he was talking to our sales manager in Milwaukee and the problem was this. The sales manager in Milwaukee had an issue with his route salesman. Maybe we had a half a dozen or eight route salesmen at that time in Milwaukee. And here's the issue. They were saying, "You know, we're commission based salesmen. We get paid based on how much we sell and every day we report to the central depot and we have to drive our truck for maybe an hour or hour and a half to get to where we serve the markets and at the end of the day we have to drive the truck back an hour and a half to the depot." Right. They call that stem time, okay. Think of it like a cherry. You have a stem on the cherry.

07-00:35:36
Geraci: Ah, okay. That's a good analogy.

07-00:35:38
Rogers: And what the salesmen were saying is, "Look, we're investing two hours a day, two and a half hours a day in non-productive driving time and we're not selling during that time so we're not getting paid." They all had a base pay, but were not making commissions during that time. "So what we want to do is we want to work ten hours a day instead of the eight. So once we invest the stem time, we can spend more time productively earning commissions and it'll be good for the company, too. And we're not looking for time and a half or double time on our base pay for this. We just want to have the

opportunity." So my CFO was explaining to this manager that there was a law in the state of Milwaukee that if you work people more than eight hours you have to pay them time and a half. Here comes the government again. Knowing, you know—

07-00:36:40
Geraci: Right.

07-00:36:42
Rogers: And that it would be against the law to agree to this unless we paid people time and a half for the extra two hours and that would be a major burden on the company. And if we were to violate that law, maybe we'd get in trouble there and then maybe the issue would spread to Minneapolis or somewhere else. But at the end of that conversation, this CFO said to that sales manager, "All right, we've had this conversation. Now you understand the issues. Now you decide." How many companies do you know that would tell a junior manager like that that he could break the law if he decided to do so. And I never found out what that guy did. My guess is the CFO never found out what that guy did. But think about what was going through that young man's head that night.

07-00:37:48
Geraci: He was hungry. He wanted to make more of this.

07-00:37:52
Rogers: Yeah. And he wanted to make his people happy and he wanted to have the business succeed. I don't know what he did. But that's an example of what I'm talking about. Another simple example but I think telling happened one day when I was leaving the office. It was the day before Thanksgiving or the day before some holiday and the receptionist, as I walked by the desk—I was leaving about 2:30 or 3:00 in the afternoon—she said, "You know, Gary. There's hardly anybody left in the building. Tomorrow's Thanksgiving. Most people left at noon. We haven't had a phone call in twenty minutes. Would it be okay if I put the phone system over to the answering service and leave myself?" Without even thinking, I said, "You decide." I found out the next Monday that she stayed there until five o'clock. Now, think about what went through that young lady's head. She fully expected me to say, "Sure, go. Absolutely, go." And if I had said no, I would have been Scrooge. I would have been the meanie. But when I said it to her, all of a sudden she had the accountability and my guess is that went through her head, "This is a hundred million dollar company. There are important people who have issues and want to talk to somebody here and I have an important job handling these phone calls and by god I'm going to stay until five o'clock." I don't know. But this concept had that kind of power.

You asked does this philosophy spill over to people's families? In my family, my kids and my wife get so tired of me saying, "You decide." They hate it because it gives them the responsibility instead of me making the decisions.

My wife and I will decide to go to a movie and I'll want to go see "Spartacus" and she'll want to see some chick flick and we'll talk about it. And I'll say, "Well, you decide." Well, now, think about the mental state she's in. She can either let me see the movie I want to see and have a happy husband, or she can drag me to some romantic whatever and live with me for the next week as I grump about that waste of time. But it becomes her choice, see. You decide only works if you really mean it.

07-00:40:36
Geraci: He is.

07-00:40:37
Rogers: Here is another good example. Tyler Johnson was in charge of marketing for Häagen-Dazs. He was in charge of the Häagen-Dazs brand and he would come to me in our normal reviews of the business and I would say, "You know, Tyler, we have this technology, slow churn, that has been enormously successful in Dreyer's and I don't see why it wouldn't work equally well in Häagen-Dazs. We could sell Häagen-Dazs with half as much fat and it will taste every bit as good as Häagen-Dazs does today and it'll be cheaper to make. People will like it better because it's currently a high fat product. Let's make it a low fat product. I really think we ought to do that." And Tyler would say, every year he would say, "You know, Gary, I don't think that technology is appropriate to Häagen-Dazs. I think at Häagen-Dazs it's the authentic, it's the real thing, people want the fat." They don't want a high technology factor in that business. And we would have that debate and at the end of the debate I would say, "Tyler, you decide."

Well, for years—I was the CEO, for crying out loud but I didn't get my way. Häagen-Dazs never did convert to slow churned. Now, who was right? We'll never know, okay, but he felt strong enough in his responsibility. He owned that, okay. And he felt confident enough in it that he was going to put his reputation with the CEO on the line. Year in and year out I would pound on that but at the end of the day he made the decision. Not too many companies would operate that way.

07-00:42:34
Geraci: Well, and that's crucial. This is the upside-down leadership style, in essence.

07-00:42:41
Rogers: Yes.

07-00:42:45
Geraci: Because normally a lot of corporations are run from the top down.

07-00:42:49
Rogers: Oh, of course. Right.

07-00:42:50
Geraci: If that's what you wanted, that's what would be done.

07-00:42:52
Rogers: There's magic in this stuff. There really is.

07-00:42:59
Geraci: How come more corporations haven't done it?

07-00:43:02
Rogers: Well, first of all, that hire smart gate is really important. You couldn't do this with just any group of people. It has to be people who are well selected. And it's very hard to impose a culture like this on an established organization that has always had a top down theory X kind of approach. It's very hard to change if you have a whole management team that is used to giving orders. It's hard to say, "You don't give orders anymore." It's very, very hard. So you kind of have to have an organization that grows up in this culture.

07-00:43:53
Geraci: So this would be a model that would work for people that are starting some sort of enterprise.

07-00:44:01
Rogers: Oh, absolutely. That's what works best is for people—

07-00:44:03
Geraci: But if you're established, this is not going to be something—I mean, I can see going into a company where you had this and it has thousands of employees and they've already been hired under an old system. And as we talked about, some people like top down.

07-00:44:19
Rogers: Well, as you know, I was—

07-00:44:20
Geraci: And they're going to be uncomfortable.

07-00:44:22
Rogers: I was recently the Chairman of Levi Strauss. Levi Strauss is a fine company with a highly respected culture, all right. But I tried to begin to implement some of these ideas in the 12,000 employees at Levi. There was no way. Just no way. It was so different from the way they'd always operated that you couldn't start the wildfire.

07-00:44:51
Geraci: Or at least if you started the wildfire, there was going to be a price to pay.

07-00:44:55
Rogers: Yeah. Just a lot of people in an organization that size and with that kind of tenure that can't change their stripes. It just requires a fundamental new way or different way of thinking. And even though it's very basic, and like I say, very much just kind of golden rule sorts of things, you have to walk the talk. You have to believe it. You can't have your management team, especially the CEO, disregarding these principles or the whole thing falls apart.

07-00:45:30
Geraci: Would it be a fair statement to say that as you and Rick are putting this together you brought in the Vintage House. These were people that you had built relationships with. You knew these men, you knew these women. You knew them very well and it's that core, then, who can go out and follow this. From there it just evolves. They're hiring smart continually but it starts with that core group.

07-00:45:54
Rogers: That's right.

07-00:46:00
Geraci: Have you seen any other companies that would come to mind that would have this type of—

07-00:46:06
Rogers: Well, it's interesting. eBay. I had a meeting at eBay not too long ago and they have a big wall on their lobby and usually statements of philosophy on the wall of a lobby are a joke, okay. But they've had—it's like a mural. The whole wall is painted with sort of their version of the Grooves. And I was really struck by how many of those ideas, in different words but were the same ideas that we applied at Dreyer's. And so I don't know the details but I have a hunch that eBay was built around some of these same philosophies of how people in the organization deal with one another. It was very rewarding to see that. I think that was built. I think it had a lot to do with the success of eBay, especially in the early days. But I haven't run in to too many. No, it's pretty unusual for corporate cultures to have these characteristics.

07-00:47:13
Geraci: And it's not necessarily what's being taught in business schools or in schools of management where we're bringing in our HR department and people that are trained in human resources. It's a very top down—

07-00:47:27
Rogers: That's right. We didn't even have a human resources department at Dreyer's. We didn't. We felt that the most important role of a manager was people issues. So our managers were responsible for hiring and inculcating and training and dealing with all the people issues. That was their number one priority. So we didn't need a human resources department. Now, over time we had what we called a people department to deal with the details of insurance and—

07-00:48:02
Geraci: Well, and it would seem that obviously—

07-00:48:05
Rogers: People support we called it.

07-00:48:05
Geraci: —during this time also you have a huge increase in the amount of state and federal laws for workers.

07-00:48:11
Rogers: Yes, yeah. I'm currently in this role of entrepreneur in residence at the Harvard Business School and I find much of what I talk about is lessons learned from forty years of business building. And many of the lessons that I reflect on come right out of this philosophy we're talking about. But one of the things I say is never count on the government for help. In my experience, I've never had the government help me as a business person and yet, if you really think about it, however many dollars—I was a very successful businessman, okay, and I made a lot of money for myself and my family. But however much I made, the government, state government, the federal government, made multiples of that amount. When we had sold Dreyer's to Nestlé we had 8,000 employees. I figured there were 30,000 people who were relying on Dreyer's Grand Ice Cream for their welfare. The families of those 8,000 people.

07-00:49:25
Geraci: Right.

07-00:49:26
Rogers: Thirty thousand people, all right. Now, you think about the fact that whatever Dreyer's made as a company, it paid—I think our effective tax rate was around 40 percent. So about 40 percent of everything we earned went to the government, and then me personally, over the course of my lifetime, the incremental tax rate has been on the order of 50 percent. If you add up state and federal and everything else it's about 50 percent. So over and above what the company made, whatever I took out of it, another half went to the government. And when I die, they're going to take another roughly half. Now it's 35 percent but it's sort of been bouncing around. Say roughly another half. So my heirs wind up with 20 percent, 15 percent of the product of my work over a lifetime and all the rest has gone to the government.

07-00:50:28
Geraci: And also—

07-00:50:29
Rogers: And you extend that philosophy to those 8,000 employees and the 30,000 that they're supporting, that's the reality. Now, given that, you would think that our governments—and don't get me started on this topic—but you would think that someone would say, "We need an ombudsman. We need to figure out some way. How can we help business thrive as opposed to constantly be fettering it with new taxes or new regulations or new strictures or imposed policies?" You have to hang the fire extinguisher so many feet off the ground or we're going to fine you kind of philosophy. And we would do so much better as an economy and so much better as a nation if we had a little

friendlier, little better understanding of that forced partnership that I just described.

07-00:51:26
Geraci: But even beyond that partnership, within all aspects of our society, we've become so litigious and so rule and regulated. We want to have laws to cover all aspects of everything we do and that's an impossibility, number one, to police, to enforce.

07-00:51:46
Rogers: Yeah, they try it. Sometimes it's just ludicrous. I have a letter in my file. Early in our days at Dreyer's we advertised ourselves as the West's finest gourmet ice cream. In those days we were competing with Knudsen, whose line was the dairy best or often the very best. They called themselves the very best. The very best ice cream. So I got a letter from some lawyer for the State of California challenging our line, the West's finest and saying, "You really can't use that line unless you can prove it." And I wrote back and I said, "Well, our primary competitor is Knudsen. They call themselves the very best. So if they call themselves the very best, can't we call ourselves the finest?" I have a letter in my file explaining to me the difference between best and finest and how best falls on one side of the law and finest falls on the other. [laughter]

07-00:52:53
Geraci: [laughter]

07-00:52:54
Rogers: It's a five page letter explaining how it's legal to say best but it's not legal to say finest. Oh, thank you very much.

07-00:53:02
Geraci: Somebody had far too much time.

07-00:53:04
Rogers: Oh, gosh, but I could tell you stories like that all day long.

07-00:53:09
Geraci: But those are the things that go into this whole story. You built something from the ground up. I think what's interesting is that in acquiring, you're bringing the Vintage House group into what was Dreyer's at that time. And just talking to JT, there was a big fear on the part of those workers, "Oh, my god, what's going to happen?" And JT felt that Dreyer and Cook had both built their own sense of a Grooves, that there was already a community there and they were worries about these two young guys, Gary and Rick.

07-00:53:52
Rogers: Yeah, yeah. It was truly a small company culture but you're right, it was a culture. Ken Cook had a wife whose name was Thelma and she was a terror. And so Thelma would come in. And poor JT, he was the general manager of the company. Ken was the owner and the president. Thelma would come in

and she'd throw her keys on John's desk and she'd say, "My car needs new tires. Get me new tires." And so with all the things he had to do, he'd have to take her car down and get new tires. That's kind of who Thelma was. So our very first management meeting after we bought the company, and this was in that timeframe you were describing where John was sure we were going to fire him. We had a meeting. As I remember, it was down in Carmel for some reason. But anyway, we had maybe the twenty-five people, the key people at Dreyer's together. We were kind of getting to know each other. Thelma was there. This gathering included wives. And so Rick was up doing his thing with his arms in the air talking about how great this company was going to be. In fact, as I remember, he was on top of the table, classic Cronk style. He was on top of the table holding forth. And Thelma made some wisecrack from wherever she was sitting. I think she was trying to get in the spirit but she made some crack. And I was seated next to JT and you could see that JT kind of stiffened when Thelma made this comment. Rick pointed at her and he said, "Thelma, are you going to be quiet or are you going to go sit in the car?" And JT, he smiled from ear to ear. He had this grin like, oh, my god, this is a new day. [laughter]

07-00:56:07
Geraci: A new era has come upon us.

07-00:56:09
Rogers: He had no idea. He was so happy. I'll never forget that. It was just an incredible day. Just amazing. So John welcomed the new culture to some extent even though he didn't understand it at that point. But anyway—

07-00:56:27
Geraci: And just in finishing up with the Grooves. When you're starting, at the beginning it seems that it was more of the upper levels and management type people that the Grooves begins with and then over time, you take this to all aspects—

07-00:56:43
Rogers: Yeah.

07-00:56:44
Geraci: —of the company.

07-00:56:45
Rogers: Yeah. Everybody.

07-00:56:47
Geraci: And that's where Sherrie Cornett's job comes in—

07-00:56:47
Rogers: Right.

07-00:56:47
Geraci: —in doing the training.

07-00:56:52
Rogers: You're right. We had to start with the management, but ultimately, and pretty quickly, it involved everybody in the company. It was pretty small in the early days. But we had a Grooves survey every single year and if you had worked for the company for a year or more, you got a survey form. It wasn't required. Your name wasn't on the form so we didn't know whether you had specifically turned one in or not. But we did code the form so we knew what department you were in. It was amazing. We had 85 percent of the employees would fill out these forms and return them. I've never heard of something like that. People really cared. It was a pretty short survey but it would ask you to score on a zero- to ten-point scale, zero being strongly disagree, ten being strongly agree. On that scale, we asked whether you agreed or disagreed—and these were hard core questions. Questions like, "I feel like my supervisor trusts me," yes or no. "I feel like I can do my job my way," yes or no. Those are hardball questions, okay, and it gave people an opportunity to say, "Hell, no," you know what I mean? But right from the very beginning the scores were really good, 8.5 on the ten-point scale. These were incredible answers. And then there was an open-ended invitation to comment at the end of the survey. And I'll tell you, from the day we started until the last day I was there I read every single one of those comments. At the end, I'm not kidding you, there were 800 comments that I had to read. I'd take the whole weekend and I'd read those comments and then I would—Sherrie helped me with this eventually. But we would categorize them so I would know what the most frequent comments were. And apropos to your point or to your question, one of the most frequent comments was, "My supervisor or the management here doesn't walk the talk." That would be what a lot of people would say. And so we would play that back. I would write a response to the entire company and I would tell them what the most common comments were. I listed the top ten subjects and I would lay out an action plan for here's how we're going to deal with each issue. And I think people really respected that process. They felt like they were heard. They felt like, Yeah, I know things aren't perfect. There are some issues here and there. But by god, the leadership of this company, they heard us and they're doing their best to address it.

07-01:00:11
Geraci: My voice was heard.

07-01:00:15
Rogers: Yeah. And people were responding.

07-01:00:20
Geraci: Now, it must have been very difficult to manage the Grooves, especially once you get up to the point where you become the national leader. And the company is growing in the nineties leaps and bounds.

07-01:00:34
Rogers: Right.

07-01:00:36
Geraci: How do you keep that same sense of the community with—

07-01:00:41
Rogers: Actually, Vic, it got stronger because we institutionalized it—people believed in it so strongly that if you were a newcomer, you were immediately inculcated into this culture. You didn't have any choice. And everyone went through training. I forget whether it was every year or every two years. We would re-Groove. So people would go back and revisit the principles that we've been talking about.

07-01:01:08
Geraci: Re-Groove. I hadn't heard that.

07-01:01:10
Rogers: And then every profit center, every center around the company, and ultimately there were hundreds of them, had a Grooves taskforce where we would just take people who would sign up for this, eight people maybe, and their job was to find ways to continue to strengthen this philosophy in that particular center. All kinds of things from signs to games to various ways to try to get people to continue to understand and operate within this culture. It worked. It really worked. It took care and feeding. We had to keep doing it. But it was so worthwhile.

07-01:01:57
Geraci: An important part of the Grooves was letting people know when they were successful. Thus the hoopla.

07-01:02:05
Rogers: Yeah, right. Hoopla was tied to ownership. It extended from that. We had a lot of hoopla around all kinds of things but the original idea of hoopla was that it was the compliment to ownership. You really didn't own something until your co-workers said to you, "Boy, you're good at that," or, "You own that," all right.

[End Audio File 7]

[Begin Audio File 8]

08-00:00:00
Geraci: Vic Geraci. Today's date is Wednesday, February 3, 2011 and seated with me is Gary Rogers. This is interview number four and this would be tape number eight. Okay, Gary, let's talk now and shift gears a little. Let's talk about products that Dreyer's has had through the years. And I know one of the things that's dear to your heart is the light. So let's start with that.

08-00:00:27
Rogers: Okay. Well, let me do a little prelude on that because it's an interesting story how—when we first bought Dreyer's, I didn't know much of anything about the ice cream business and for a couple of years there, Rick actually didn't

work for Dreyer's. He continued to run what was left of our restaurant venture. So in my first day on the job as Dreyer's new president, I called in what was then called the marketing director, I guess. His name was Chris Lierly, and I said, "Chris, how many flavors do we have in this business?" And he said, "Sixteen." I said, "Oh, really. Can you bring me a list of how they sell ranked?" He said, "Oh, yes, sir, no problem." So he was right back with this list of sixteen flavors. And I noticed that the sixteenth flavor was a flavor called Bavarian cheesecake. So my very first executive decision as the new president of Dreyer's Grand Ice Cream was, "We don't really need Bavarian cheesecake. Fifteen flavors is plenty. Drop Bavarian cheesecake." "Yes, sir." So we didn't make any more Bavarian cheesecake.

And now this is about a month or six weeks later. I was with some friends for a dinner party seated next to the hostess and she heard that I was the new president of Dreyer's Grand Ice Cream. All she could talk about was Bavarian cheesecake. How she and her husband loved our Bavarian cheesecake and she got me up and walked me into her kitchen and she had a huge full door freezer and she opened the door and from top to bottom it was Dreyer's Bavarian cheesecake. And she said, "You know, Gary, I've been out shopping. I was shopping for this dinner party and I was trying to find more Bavarian cheesecake and it's getting very hard to find in the stores." And I didn't have the nerve to tell her what I'd done. So I went back to the office the next day and I called in the marketing director and I said, "I changed my mind. Put Bavarian cheesecake back in the line."

Now, that was a great introduction to the ice cream business for me because the truth is, there were all these flavors that elicited that kind of emotion and that kind of response from some consumers but didn't sell enough to justify being in the line. And in the ice cream business, if you listen to that kind of input or those letters or people, you'd have hundreds of flavors over time. Hundreds and hundreds of flavors. And so one of the things I learned early on is that you can only make some of the people happy some of the time, but that's enough." Okay? And I had to learn that lesson in the ice cream business. You can only make some of the people happy some of the time but that's enough.

So anyway, we cruised along and we sold a limited flavor line of very high quality ice creams for a long time and we built up the business geographically and so forth. But into the eighties, light products began to be quite popular and the Department of Agriculture published a new food pyramid and along with this food pyramid they said the number one nutritional goal of the Department of Agriculture is to reduce the amount of fat in the American diet. So as a responsible manufacturer I thought about that and we talked about it as a team and we concluded we were going to try to come up with an ice cream with half as much fat in it. And so we worked on that and we came up with, instead of 14 percent fat, which our ice cream had at that time, we came up with an ice cream that was seven percent fat. And it tasted pretty good. There was

nothing really that sophisticated about it. It was later on that we came up with ways of having a low fat still taste like a lot of fat. But in this product it was clearly less rich but we thought it still tasted pretty good.

So I went personally to the Food and Drug Administration in Washington, D.C. I went to the FDA to get permission to market this new product called light ice cream. And we had the package I was going to show these people. I thought they'd give me a badge, major ice cream manufacturer cuts its fat in half. Well, they took a look at it and they said, "I'm sorry, you can't do this." I said, "Really? Why?" They said, "Under the law, ice cream has to have at least ten percent fat in it." I said, "Wait a minute." The Department of Agriculture was right across the street. I said, "The guys across the street are saying their number one goal is to reduce the amount of fat in the American diet and you're telling me I can't market this fine product because it doesn't have enough fat under the law? Come on." It's the same government.

08-00:05:52
Geraci: At least you think it is.

08-00:05:53
Rogers: Yeah. And they said, "No, I'm sorry. If you're going to call it ice cream of any kind it has to have 10 percent fat in it." So we scrambled around and tried to figure out what to do. We came up with a really ingenious solution. One of our people said, "Look, just take the ice cream off the label." It's in a package. The consumers are going to think it's from Dreyer's. It's in a package that looks like a normal ice cream package. Just call it Dreyer's Grand Light. Don't say ice cream. The consumer will assume it's ice cream." So that's what we did. It was really ingenious. It was a huge success. It increased our business by 50 percent.

08-00:06:34
Geraci: That's a lot of ice cream to be selling.

08-00:06:35
Rogers: A lot of light ice cream. It was a huge success. And we had to dance around the FDA to do this but it was a great example of being innovative both with a product and with the approach and we did a really good advertising campaign and it was a big success.

08-00:06:58
Geraci: So that's a huge product introduction that really boosts the bottom line?

08-00:07:01
Rogers: Yeah. Yes, absolutely. Among the most successful we ever had. It was the first light ice cream out there and consumers loved it.

08-00:07:16
Geraci: Now, you're talking about not being able to call it ice cream. Was that part of like agricultural policy or legislation to protect the dairy industry?

08-00:07:25
Rogers: Yeah. Yes. The dairy lobby is among the strongest in the country. I took it on so many times in my history and the Dairy Farmers of America have been successful, particularly in dairy states, in electing legislators, both in the Senate and in the Congress, who are so indebted to their dairy backers that they'll basically do anything that those dairy backers want. And you have a system. Not very many Americans know this but you have a system where both in the Senate and in the Congress there are agricultural committees. And as subcommittees to those agricultural committees, there are dairy subcommittees and those dairy subcommittees are always populated by legislators from dairy states.

08-00:08:23
Geraci: Gee, Wisconsin and California.

08-00:08:26
Rogers: Yeah. And you look at those subcommittees and you say, "There is no way I'm ever going to get anything past these guys that is in any way modernizing this archaic dairy industry." Among the things that very few Americans know is that milk, there's no more fungible commodity than milk. Milk comes from a cow. It's a liquid. That's milk kind of by definition, all right? Well, you take that fungible commodity and sell it to someone, who's in the beverage business, and he turns around and sells it as beverage milk, and you pay the farmer one price. That'd be the highest price, okay. If that farmer sells that exact same commodity to me, who makes ice cream out of it, I pay another price which is significantly less. If it's sold to Kraft who makes cheese out of it, the farmer gets even less. Significantly less. And if you sell it to someone who reduces it to butter and powder, which are sort of the primary components of milk, the farmer gets even less. So by law, Congressional mandate, there are four different categories of what they call classes of milk prices, all for the same commodity but specify totally different prices. It makes what the Russians did look like child's play.

08-00:10:01
Geraci: But I don't quite understand how that would be beneficial for the farmer? For the dairyman himself.

08-00:10:10
Rogers: It's beneficial to the farmer because this classification was put into effect during the Depression and the idea was we've got to keep milk prices up for fluid milk in order to guarantee a supply of milk for our babies. That was the basic goal.

08-00:10:27
Geraci: And that goes all the way back to the turn of the past century, the Sheppard-Towner Acts.

08-00:10:31
Rogers: Yes, right.

08-00:10:34
Geraci: A milk supply for the babies of America.

08-00:10:35
Rogers: But it's become a game that the big co-ops know how to game and they play these formulas like a fiddle. Every year for three years in a row, I was invited to be on a panel, they call it the CEO panel, at the Dairy Forum. The Dairy Forum is a huge convocation of all elements of the dairy business. Probably 2,000 people that attend it. So for these three years, at eleven o'clock in the morning I'd be up there on the stage in front of 2,000 people, basically the dairy industry of the United States, and there'd typically be three of us. Somebody from the cheese business, me in the ice cream business and typically this guy Gary Hanman, who ran the biggest dairy co-op in the United States, Dairy Farmers of America. I knew about what was really going on because I was an old hand. I'd been around this for a long time and I'd seen it. The subject of dairy prices would come up and what were dairy prices going to be for the next year? How were these formulas going to be moving up and down because they'd sort of move with the commodities and all that stuff. And the first year I said in a joking way, "Well, you know, Gary, you know, understands this better than any of us. Why don't we ask him where dairy prices are going?" And he would sort of shrug his shoulders and give an answer. The second year I was much more direct. The subject of dairy prices came up and I said, "You know, Hanman here has more to do with dairy prices than any of us. Why don't we let him answer the question." The third year, I was rude. I said, "Hanman here sets the dairy prices. Why don't we, you know, let him answer the question." And he said, "Don't be silly. These dairy formulas have been put in effect since the Depression. We need the milk for our babies," and all this kind of stuff. He just sort of shrugged off my accusation. Well, four years later, Gary Hanman and Dairy Farmers of American settled an antitrust suit over price fixing for $159 million. So I was making this accusation in front of the entire industry, 2,000 people, and I was right. I knew I was right. He was fixing the price. He was fixing the price for this huge industry and I called him out on the stage. Now, the fourth year I didn't get invited back because I think people thought I was too rude. But four years later I got a call from the head of the Dairy Association saying, "You know, Gary, you were right." I said, "Yeah, I knew I was right." Anyway, it was just an interesting little chapter in my time.

08-00:13:40
Geraci: And it seems that now with your new light product, then obviously you're having to use less milk or less cream, less butter fat—

08-00:13:48
Rogers: Right.

08-00:13:49
Geraci: —involved in this, so that provides even a better profit margin for each individual unit.

08-00:13:54
Rogers: Yes. Absolutely. It's a little more expensive to make. You have to run at lower temperatures and a slower freezing process but that doesn't begin to offset the fact that it's cheaper from an ingredients standpoint. So yes, it had better margins, no question about it.

08-00:14:16
Geraci: What other types of products, then, through the years has Dreyer's—both successes and failures.

08-00:14:23
Rogers: Well, there were more failures than successes. And one of the things I learned was that you can do all the research, you can be as careful as anyone can be and what people say they'll buy is often very different from what they will actually buy. And in order to introduce a new product into the grocery industry in the United States today, particularly in a category like ice cream, where you have a limited amount of freezer space available for all the competing products, you have to have a home run. You have to introduce a product. You have to be able to convince the grocers to give you at least two rows in the cabinet, otherwise you're just going to get lost. And then you have to sell at a rate that justifies that much space or somebody else is going to come along with another idea and the grocer's going to take the slotting fees or whatever it is for the space in his store.

08-00:15:19
Geraci: Because they're all about turning product.

08-00:15:21
Rogers: They're all about turning product and in some markets they're all about selling space. I'm sure we'll talk about New York. But the New York grocers for many years didn't care how much product you sold, they just wanted to charge you for the space. It's like subleasing space in their store. You paid a huge fee for it. They didn't care what you did with it. But we had so many products that when we introduced them, I was so sure they were going to succeed. We had one product called American Dream that was a fat free ice cream. We actually literally made a fat free ice cream. We called it American Dream. It didn't make it. We had a product that was lactose-free. There are a lot of Americans that have a lactose intolerance product and we got together with Lactaid, which is a very successful product in that category and we made a lactose-free ice cream which tasted great. Didn't make it. We had a wonderful product called Dreyer's Delights and they were basically a hot fudge sundae in a little cup ready to eat. If you wanted to, you could put it in the microwave and it would heat up the hot fudge, partially melt the ice cream and it just made this wonderful tasting—it had nuts and whipped cream. It was a sundae, ice cream sundae ready to go. Didn't make it. We had a kids ice cream called Megamouth. It was a character on the ice cream cartoon. These products would be well launched and we'd advertise them. We thought we

were doing everything right as a consumer products company but we ran right into the wall.

But we also had our successes and luckily the successes were huge. Following on the original Dreyer's Grand Light story that I told, about ten years later we hired an engineer from Mars, the candy company, who also had gotten into the ice cream business. He, for them, had worked on a technology to freeze ice cream at a much lower temperature than normal and a much higher pressure and that had the effect—this was just an idea. They hadn't perfected it. But it potentially had the effect of taking a fat globule in the product and breaking it up, so instead of one fat globule you'd have ten smaller ones. The chemistry is such that if you take ten of those little marbles, instead of one big marble, for less fat, you get the same flavor release on your tongue. So with half as much fat, but smaller fat globules, we can give the same rich taste of a product that has twice as much fat. It was the real deal. So we invested a huge amount behind this man's ideas and it took years and years and years. But we ultimately perfected it and we had to have special steel to handle the pressure in these freezers. The only other use for that particular steel is torpedo tubes. Really very high tech for a low tech industry like ice cream. This was high tech stuff. But we introduced Slow Churned and it had a real benefit. It had half the fat and all the taste.

08-00:19:29
Geraci: Now, who was the person who is helping you develop this?

08-00:19:34
Rogers: Uve Sorenson, an engineer, really smart, interested, committed man who really believed in what he was doing. And, again, in our culture, once we hired him we just trusted him. We said, "Here. Open checkbook. Go do what you have to do, just don't screw it up."

08-00:20:00
Geraci: Yeah. Just don't screw—

08-00:20:01
Rogers: Well, we had talked about you decide. Rick would always add the line, "But don't screw up." So we'd say, "You decide but don't screw up." It was sort of consistent with the idea that you're also accountable for whatever you decide to do.

08-00:20:17
Geraci: Right.

08-00:20:19
Rogers: Anyway, that was a huge success. A huge success. Really revolutionized the ice cream business and all of our competitors tried to match it. We had patents on a lot of our technology so no one was really successful at matching it but they all tried to. And then we had another product. The ice cream industry, the entire ice cream industry in the United States is about a twenty billion dollar

industry at retail. And the snack food business, potato chips and corn chips and snacks, is over a hundred billion dollars. So our marketing and new product people kept thinking, "What can we do with ice cream that will put us into the snack food business?" And they came up with this idea called Dibs. We ultimately called it Dibs. Little nuggets of ice cream that would be coated in chocolate or nuts and extremely complicated to make. To invent a machine that could make tens of thousands of these little nuggets of ice cream and successfully put them into containers was pretty tricky. But we figured out how to do it and introduced this product called Dibs that was over a hundred million dollar business in its first year in the marketplace.

08-00:21:41
Geraci: Whoa.

08-00:21:41
Rogers: Again, just a huge success. And then we also had some successes with new product acquisitions. This was a pretty neat story. I tell this to a lot of my budding entrepreneurs at Harvard. It's really a good way, I think, to leverage up a good idea. For example, there was a duo that had jumped into the ice cream business in New York—we called them two guys with a cell phone. These two very smart characters dreamed up an interesting idea for a low fat sort of diet ice cream product which they called Skinny Cow. And it had clever little advertising. The cow would talk and the cow had a tape measure around her waist and she was appealing to women who are looking for a low fat or low calorie treat. But all they had was a little tiny office and a cell phone. They contracted out the manufacturing. They contracted out the distribution. They had somebody doing the marketing and they built this business in New York that very quickly grew to a very successful business just in that one market. But they had no infrastructure at all. And, of course, they were having to give up a lot of the margin because they had all these cold packing and outside contractors who were doing the real work. So our people were always watching for things like this and we went to those two guys and we said, "Here's the deal. Your company today is probably worth, pick a number, eight million dollars, ten million dollars, something like that. If you will give us an option to buy your company for fifty million dollars, we will put you in distribution in all of our markets and we will get you distribution in virtually every grocery store in America. So we will help you create that value that we will then pay for." Because what we were saying to ourselves is we think this is a hundred million dollar idea. And these guys had stars in their eyes. They thought they were going to build this huge success. But we convinced them that this was a sweet deal for them for sure.

08-00:24:17
Geraci: Well, it was a sweet deal for what they had.

08-00:24:19
Rogers: Yeah, exactly. So it was a win-win. So that's exactly what happened. We began to make this product for them and we put them into our distribution

system and very quickly we grew up to a business that was worth at least fifty million dollars. We then exercised our option. We bought the company and lo and behold, Dreyer's had a successful new line called Skinny Cow that has been a huge success. We did that with other products. I don't remember the exact details but we acquired an old name in the ice cream business, Eskimo Pie. Also became a success in the marketplace. Still out there.

08-00:25:06
Geraci: So you were doing some acquisitions as part of this whole growth?

08-00:25:08
Rogers: Oh, yeah. Yeah. We also acquired a lot of distributors. Over the course of my time at Dreyer's, we acquired about forty independent distributors, some of whom had been our distributors, people that we had gone into contract with in the early days who had taken a certain territory and built it up and then we bought them out at an intermediate stage and integrated them into our own route structure. Others were distributors who were handling other people's products and we then put our products into their lines. But we grew about every way you can grow. We—

08-00:25:52
Geraci: Were you doing some production of other people's products also?

08-00:25:55
Rogers: No. That was a business we, with rare exception, avoided. We manufactured for Ben & Jerry's when we were their exclusive distributor but that made more sense because it was sort of a full business arrangement.

08-00:26:13
Geraci: Right.

08-00:26:15
Rogers: And Ben & Jerry's was committed to having their own plants, but at a time when they were growing very rapidly, partly because we were their distributor, they had to build a new plant. They didn't get it up in time so we sort of buffered that timeframe for them and we made a lot of Ben & Jerry's in our Fort Wayne plant for about a year.

[brief interruption]

08-00:27:06
Geraci: Anything else on your product lines?

08-00:27:09
Rogers: No—I think we've covered reasonably well the products that were Dreyer's products that we either introduced, innovated or acquired. We had a huge array of relationships of products we distributed because in order to make this business model work, especially in the early days, we had to have more mass. We had to distribute for other people. Not so much for the profits, although those became quite profitable relationships, but more to be able for us to

afford the level of service that was necessary for our own products. So in many ways what we called partner brands, which were products for whom we distributed, became a very important vehicle for us in building our own business. And over the years we distributed for everybody. I can't even remember all the products that we carried. And we experimented with pizzas and other frozen products. But ice cream brands over the years—everything from Popsicle to Mud Pie. You name it, we distributed it for other people.

08-00:28:29
Geraci: Well, in particular, since your distribution system on your trucks. These trucks are specially designed for ice cream low temp.

08-00:28:35
Rogers: Right.

08-00:28:37
Geraci: It's not just like other frozen—

08-00:28:37
Rogers: No, exactly right. I'll tell you a story. When we first entered Saint Louis, we did what we usually did. We went in there, we built a new two million dollar warehouse and we bought four or five $100,000 trucks. And we didn't have any accounts at that point. And we started to sell accounts. After we'd been in business there for a few months I went to sort of see how things were going. And so I asked to ride a route. So I was put on one of these brand new route trucks with this brand new route salesman. I'll never forget. The guy's name was Henry Litigan. He was a great big ex-linebacker, good-looking guy, and very proud. We got in his truck and we started to ride down the highway and we drove and we drove and we drove and we drove. We didn't get to the first account for an hour. And we were driving by lots of supermarkets and we didn't sell them. But we finally got to one we had sold. So we stopped the truck. I was used to riding routes here in the West so I knew what to do. I got out and I started to unhook the dolly that we used to haul ice cream into the store. We stack the ice cream bundles on the rack and roll the rack into the store. Henry said, "You know, boss, we're not going to need the rack." I said, "Well, why is that?" He said, "Well, watch." And he took three bundles of ice cream and walked it into the store. It was a thirty dollar invoice. Thirty dollar invoice. And you don't have to be a math major to know that that's not going to work.

08-00:30:17
Geraci: That's a loss.

08-00:30:18
Rogers: [laughter] Yeah, that's not going to work. You drive an hour with this high paid route salesman in his brand new truck and a two million dollar warehouse and you sell a thirty dollar invoice. That's not a very good business. But that's the way we did it, and three years later, we were the best-selling ice cream in Saint Louis and we were making money hand over fist. So

the fundamental proposition worked. And all the things we've talked about in terms of direct store delivery and the way we dealt with our people, those things came into play and the business built and we ultimately made it work.

08-00:30:56
Geraci: Now, with all these products and all this growth that you're going through, where are your production plants? Obviously you're having to expand in actual production facilities as you're—

08-00:31:07
Rogers: Right. Well, when we bought the company in '77 there was this little plant on College Avenue in Oakland. It was the only plant we had. And we expanded that every way you could expand it and we quickly outgrew that and we opened another plant here in the Bay Area down in Union City, which became a pretty sizable plant over time. Named it for John Thomason. It was the John Thomason Ice Cream Center. We opened another plant down in the city of Commerce in Los Angeles. We then, as we needed it, we actually bought a plant and converted it in Salt Lake City. It was a brand in Salt Lake called Snelgrove that we bought and ultimately converted the Snelgrove over to Dreyer's. But that became our plant for high altitude product because you have to make product, ice cream that you sell at high altitude, you have to make it at high altitude. Ice cream by volume is 50 percent air and because of the difference in pressure, the product expands so it would blow the lid off if you had a product made at sea level and tried to sell it at 5,000 feet. It just doesn't work. So that was our high altitude plant. And then as we expanded we built a plant in Houston, Texas. We built a big plant in Fort Wayne, Indiana. And then just before we sold the company to Nestlé really, I'd say five years before that, we had gotten so large that it really made sense for us to build super plants and we built the world's largest ice cream plant in Bakersfield, California. Just a huge facility. It would take you an hour to walk around the outside of it. And we built an equivalently large facility in Laurel, Maryland. And these two plants were sized so they could really serve the entire United States and so we shut down some of the smaller plants. Ultimately shut down the plant in Los Angeles, shut down the plant here in Union City. We shut down the plant in Houston. Fort Wayne plant continued to be part of the system but we were able to serve the whole United States out of those much, much larger plants.

08-00:33:49
Geraci: And JT tells the stories about going in and setting up. Although he wasn't part of the Maryland.

08-00:33:55
Rogers: Right. Oh, but he was always on call. We relied on JT for lots of things, including his character.

08-00:34:11
Geraci: [laughter] One of the stories in the expansion of plants that JT mentions is this had been Ken Cook's really—your serendipitous moment but Ken Cook's real problem in that he had built his business and was expanding, expanding. They had superseded any production they could do on the College Avenue store and that's the reason he needed that loan to expand.

08-00:34:34
Rogers: Right.

08-00:34:35
Geraci: Although we said once you came in and bought it, you still didn't do the expansion for a while.

08-00:34:40
Rogers: We found all kinds of ways to expand that plant. John and I—

08-00:34:44
Geraci: Well, see, that's what I find is interesting. Ken was looking—

08-00:34:46
Rogers: Right. No, he thought that he was coming to the limit. And he was probably right. What we did was pretty creative. We bought the building right behind our plant and we turned that into our supply room and our container-making facility and we built a jury-rigged hardening room that probably didn't meet the standards perfectly.

08-00:35:15
Geraci: It worked.

08-00:35:15
Rogers: JT was pretty creative. Yeah, it worked damn well. I talked to John about stacking. Ice cream freezers are typically in a line. And I said, "Well, why can't we put one row of them over the other row?" And John convinced me that would never work. But we had lots of conversations like that and we bent and twisted and got the most out of that plant.

08-00:35:42
Geraci: Well, he says you almost increased the production in that plant by fourfold.

08-00:35:45
Rogers: Yeah, we did.

08-00:35:48
Geraci: Which really held off for a few years then to give you the chance to grow and establish the demand.

08-00:35:54
Rogers: Yeah. That's right. It was pretty amazing, really. But the company grew so fast. We were constantly running to keep up with it. It was pretty amazing.

08-00:36:06
Geraci: But that's what you want with a company.

08-00:36:07
Rogers: No, of course. It was a huge success but it surprised even us that were in charge of it. [laughter]

08-00:36:18
Geraci: [laughter] Oh. So actually, that puts us then a little bit into the 1990s. We've talked about the plants coming in. And we've talked a little bit about—maybe you can expand it a little here—chasing the consumer. I deal with the wine industry a lot and there's been a tendency to always try and chase what you think the consumers next taste is going to be. But it sounds from the stories that you've told thus far that that's never been your big success.

08-00:36:55
Rogers: Well, no. I think it was our success. I think it was important. We hired increasingly sophisticated marketing people. We did more and more research. Everything from the flavors in our line to the way we packaged our products to the way we presented our products to the public, the way we advertised them. We tried very hard to be a sophisticated consumer product marketer. But we also had to live under that restraint that you can't be all things to all people. Most businesses make 80 percent of their profits from 20 percent of their customers. I'm sure that was true for us, as well. We tried to balance giving consumers what they wanted with not having 2,000 items in our line.

08-00:37:50
Geraci: And it seems in the ice cream business it always boils down to vanilla's the mainstay to begin with.

08-00:37:56
Rogers: Vanilla was a third of the product, third of the sales when we started and a third of the sales when we finished. It's the core.

08-00:38:04
Geraci: It's the core. These other things will come and go. I think that I was trying to get to is that following those flights of fancy from the consumer, how are you addressing your market? Who is doing that for you? Going out and—

08-00:38:20
Rogers: Well, we had a big group of people doing consumer research inside the company but we also relied on many outside vendors. People would come to us with ideas. I've described some of the things that we tried and failed. We learned the hard way that if you were going to do really new lines, they had to be really well researched and really good and you had to do them in a major way or you just weren't going to succeed.

08-00:38:52
Geraci: And it seems that maybe your partner brand relationships then are helping giving you some of that—

08-00380561
Rogers: That's right.

08-00:38:55
Geraci: —education.

08-00:38:58
Rogers: We haven't talked about that very much but that was a big part of our business. And in particular, the Ben & Jerry's relationship because I wanted from the very beginning to have a relationship with Häagen-Dazs and I tried. Oh, gosh, I tried so hard. Häagen-Dazs was founded by a little couple in New York. They came up with this fanciful name that sounded like it was Danish or something but it really didn't mean anything anywhere. And it was produced in the Bronx. But it became the movie star's ice cream. In the fifties and sixties, it just established itself as this very unique player in the ice cream business. And they were getting an extraordinary price for it. In a time when we were selling half gallons of Dreyer's for a little more than a dollar, they were selling a pint, which is one-eighth of a half-gallon, and they were selling it for 99 cents. So it was like eight times as much per serving of ice cream. And yes, it's a little more inefficient to handle pints and the distribution costs of that. But eightfold on the revenues. My goodness, it was just a goldmine.

So I knew better than to try to get in that business early on. We wanted to stick with the main half gallons and quarts of a premium ice cream as opposed to this emerging super premium niche—

08-00:40:38
Geraci: Right. Category.

08-00:40:39
Rogers: —that Ben & Jerry's had pioneered. It was a graveyard for many others. There were many, many people who tried to be a Häagen-Dazs but had failed. But Häagen-Dazs had a great future and so I went to them many, many times and tried to convince them to let us be their distributor. They, like us, were the only other players in the ice cream business who had insisted on delivering their own product to the stores. So they had learned the magic of direct door delivery. But because their volumes were so much less than ours on a per store basis, their distribution system was much less efficient. And with those huge margins they were able to make it work, but still we could afford to put them on our trucks as an incremental product and share the margin gain with them and it would be a win-win. I talked to seven different presidents of Häagen-Dazs about this. Seven. And Häagen-Dazs went through this incredible journey which acquired companies often go through. My first dealings were with Reuben Mattus and his wife, Rose, the founders of Häagen-Dazs. My second dealings were with a guy by the name of Kevin Hurley, who was Reuben Mattus' son-in-law. Married Doris Mattus, Reuben and Rose's daughter. All right. So he became the president of Häagen-Dazs. It was still very much a family company. And then Pillsbury acquired Häagen-

Dazs but they made a big deal out of they weren't going to mess with the management, they were going to leave it independent and all that kind of—well, a year or two went by and Reubin was gone and Kevin was gone and they brought in not a Pillsbury guy but somebody who had run a juice company and he was the new president. And then the next thing I know, they had sent somebody from Pillsbury headquarters to Häagen-Dazs headquarters and he was the new president. No longer really specifically Pillsbury. Reported into Pillsbury but was running this quote, "independent" company. And then the next thing I know, Häagen-Dazs is being run out of Pillsbury headquarters by a Pillsbury vice-president who had other Pillsbury lines reporting to him. It just got sucked into Pillsbury. And then the Häagen-Dazs headquarters moved to Pillsbury. So all the way along I was talking to all these people and trying to convince them to become our—what we called partner brand. And it would have made a lot of sense but I never sold the deal.

Well, along the way there, sometime I became aware of this little start-up company in Vermont called Ben & Jerry's that was having a big success in Burlington, Vermont. It was still a very small company but with great aspirations and they were just beginning to enter the Boston market as their first major market. And so I thought, you know, I'm not getting anywhere with Häagen-Dazs and this little company, Ben & Jerry's, is kind of interesting. Maybe I could convince them to be our partner brand. So I went to meet Ben and Jerry and what an adventure that became. These two guys really were hippies. They came to work with bare feet and t-shirts that hadn't been washed in a week. They had dogs in their offices. It was just really a pretty wild scene. And it took a lot of getting to know each other and a lot of talking, but ultimately I convinced them to become a partner brand, so as we were introducing Dreyer's and then Edy's around the country, we would also sell Ben & Jerry's as our super premium partner. And they agreed to that and it was a phenomenon. We probably increased the size of Ben & Jerry's tenfold. It was an enormous hit. It was very popular. Ben & Jerry's did a great job at doing the marketing. These two hippies who were fighting the defense department and then they were sort of caught on the counterculture. Ben & Jerry's would have these carnivals. It was kind of a wild and crazy scene. But the product sold like hotcakes and so it became a big part of our business but we probably had ninety percent of all the Ben & Jerry's sold in the United States were coming off of our trucks.

So at that point, I thought, "Well, my goodness, if we are that big a part of the Ben & Jerry's business, maybe we ought to try to buy Ben & Jerry's," because we had gotten larger and we sort of needed a super-premium brand. If we could acquire one that was as established as Ben & Jerry's now was, it would make a lot of sense.

08-00:46:02
Geraci: Well, you already had the infrastructure in place for it?

08-00:46:06
Rogers: Yeah. It was a perfect—

08-00:46:07
Geraci: Right.

08-00:46:07
Rogers: It was an acquisition or a merger that was meant to be. But trying to do a deal like that with Ben & Jerry's was—I mean, you just can't imagine how difficult it was. They just came from a different place. Here was this straight-laced engineer from the West Coast trying to deal with these two tree-huggers from Vermont. We just didn't speak the same language. It was very difficult.

So somewhere along the line there, I started to try to convince Ben and Jerry to take their company public. We had taken our company public quite successfully. I don't know how it all came together. But anyway, Ben & Jerry's went public. Pretty successful IPO. Well, now there was a public vehicle and a responsibility to the public shareholders that I could kind of play off of. Ben and Jerry were—they didn't want to mess with all the crap of being a public company and dealing with the SEC and all of that, so they brought in a professional president and I could deal much better with him. And he ultimately convinced them that they would do better financially and every other way to sell this public company that had been created for a fair value. So I began to negotiate with him and ultimately he decided, properly, that there really ought to be an auction. So with all this work I'd done, I had to face an auction and it's a long story but ultimately Unilever bid just a little bit more than we did for Ben & Jerry's. So all of a sudden, our arch rival, who owned Breyer's, now also owned our primary partner brand, Ben & Jerry's.

08-00:48:12
Geraci: That's an uncomfortable position.

08-00:48:14
Rogers: That was a marriage that wasn't going to last too long. But by that point we were very dependent on Ben & Jerry's. And, again, 90 percent of the Ben & Jerry's volume, or thereabouts, I don't know the exact number, but a huge percentage of their volume was off of our trucks. So there was a very awkward period there where we still needed the volumes and they desperately needed us as their distributor. We weren't going to send him packing but they also weren't very comfortable having their primary competitor deliver their product. But they didn't have any other way to get it at the stores because selling it to the company warehouses for a little super premium product like that probably didn't make too much sense. It was all that kind of stuff. So over a four or five year period that all kind of got worked out but basically Ben & Jerry's left our distribution system. And so we had to scramble around and try to come up with a super-premium product of our own. We invented a pint product called Dreamery. It was a new super-premium pint to compete with Ben & Jerry's and Häagen-Dazs. But this time it was ours. And we launched

this product. It was extremely successful and it was really—we got up to 20 percent of the super premium business in the United States almost overnight on the strength of our distribution.

08-00:49:41
Geraci: That's a good market share right off.

08-00:49:43
Rogers: Right off. Because our distribution system was so strong we were able to replace the Ben & Jerry's with the Dreamery very quickly and it worked out just great until we got into the conversations with Nestlé, which I'm sure we'll come back to, but remind me to tell you how the super-premium aspects played into the Nestlé acquisition. But anyway, so Ben & Jerry's was the most important partner brand we had but it wasn't the only one. There were others along the way, Popsicle being one. We were the national distributor for Popsicle for a number of years. We distributed—

08-00:50:32
Geraci: Popsicle's been a name that's been around, a brand name—

08-00:50:33
Rogers: Yeah. Well, it certainly has.

08-00:50:33
Geraci: —forever.

08-00:50:34
Rogers: Well, it certainly has.

08-00:50:35
Geraci: You and I can remember, as children, Popsicle.

08-00:50:36
Rogers: Oh, yeah. But it's hard to name an ice cream product or a frozen snack that we didn't deliver—we didn't distribute at some point in our history. We had them all. They came and they went. Various things changed. The companies succeeded or failed or they've had other distributors or whatever. But we built our business depending on these partner brands.

08-00:51:06
Geraci: So it seems that the success of the DSD is partially built on the partner brand. That really is what made that a profitable doable system for your product.

08-00:51:18
Rogers: Yeah. It would be hard to imagine how we could have made it without the products we sold went through our distribution system. We never deviated from DSD on our own products. And it's hard to imagine having that strategy without partner brands. I think we couldn't have made it work. But it gave us critical mass that then allowed us to succeed with our own products. That was

the key. And the partner brands could come and go as long as we had something to fill that niche.

08-00:51:57
Geraci: Something to fill. One of the things, in reading *New York Times* clippings and in talking to other people, it seems that the deal when Ben & Jerry and the Unilever thing is coming, that was really dicey and Ben & Jerry were in some ways maybe their own worst enemy. They feared you, yet they ended up with Unilever, that's even more—

08-00:52:19
Rogers: Yeah.

08-00:52:20
Geraci: —more corporate and larger.

08-00:52:21
Rogers: The guy who was the chairman of Unilever in the United States had an office in New York in Lever House in New York right on Park Avenue. He was the main man. But most of Unilever's businesses in the United States, and maybe all of them, didn't report to him. They reported in to London or Amsterdam or wherever Unilever is. But he was the face of Unilever in the United States. He's a three button suit, vest and tie everyday kind of guy. He's a wonderful man. I can try to remember his name but I got to know him well in our various dealings. Very suave, very cool, very debonair but very buttoned up, okay. When it came to this auction, the auction was held in some lawyer's office in New York and there were only two bidders, us and Unilever and we each had to come present our bid. And so Ben and Jerry were sitting there in their usual hippie garb and there were a bunch of New York lawyers around, investment bankers, whatever. So we submitted our bid and then Unilever came in after us and I have to give this guy credit. Here's this buttoned up guy. He came in in camping clothes with a hat on his head kind of sideways and he says, "Hey, Ben, good to see you." He says, "Ben, by the way, what's your favorite charity?" Ben says, "The anti-defense fund," or whatever. He whipped out his Unilever checkbook and he wrote out a check for five million dollars. He says, "Here, give this to your charity." He says to Jerry, "Jerry, what's your favorite charity?" Five million dollars. He says, "What's the company's favorite charity?" Whatever it was. Five million dollars. So he was fifteen million dollars on the table before he even started to bid, okay.

08-00:54:34
Geraci: [laughter] And for Ben and Jerry, this is huge.

08-00:54:38
Rogers: Yeah, yeah. And so then he said, "Oh, Ben, by the way, I know how important corporate social responsibility is to you. I've been reading some of your writings. I know how important that is. And Unilever is this huge company and it really isn't very socially responsible and we really need someone to teach us how to do that. So if we were successful in doing this deal, one of the

things we would like you to do is to come to Europe and train our executives in how to be more corporate—more responsible." This guy was brilliant. He was so smart. So then they put their bid on the table. And their bid was essentially the same as ours. It was within like a penny a share of our offer but because of all this schmoozing and BS that he'd put out there, they went for Unilever for sure. I give him enormous credit. He just got me six ways from Sunday.

08-00:55:44
Geraci: You have to appreciate when you're outdone by someone that well.

08-00:55:49
Rogers: He was good. Ben never went and met with Unilever executives. That whole thing was just a bunch of smoke. They could have cared less about that. But they got the deal done. So Ben & Jerry's became part of Unilever. But it was a real adventure for me and it was a real learning experience for me on how to get unconventional sellers to sell to you. That was fun.

08-00:56:17
Geraci: We're actually at a point on this tape where we're at a good stopping point—

08-00:56:21
Rogers: Okay.

08-00:56:22
Geraci: —I think for this interview, so—

08-00:56:22
Rogers: Yeah, I think that's good. I think what's left is to kind of tell the financial tale.

08-00:56:27
Geraci: Yes.

[End Audio File 8]

Interview #5 October 6, 2011

[Begin Audio File 9]

09-00:00:00
Geraci: I am Vic Geraci, food and wine historian from the University of California Berkeley's Regional Oral History Office. Today's date is Thursday, October 6, 2011 and seated with me is Gary Rogers. This interview is being conducted in Gary's office at the Rogers Family Foundation in Oakland, California. Gary, it's been awhile since we've been on tape here. So doing a little catching up. I think I'd like to pick the story up at this point with Nestlé. I realize we're going to be backtracking a little bit but to keep it in context, the relationship with Nestlé and then how the final transition really comes about.

09-00:00:42
Rogers: Okay. Well, it's a complicated story and I'll try to make it reasonably concise. But going way back to when Breyer's was put up for sale, which I think we talked about last time.

09-00:01:00
Geraci: Right. We talked about the Breyer's.

09-00:01:03
Rogers: The CEO of Nestlé Worldwide at that time was a guy by the name of Helmut Maucher. And he felt very strongly that Nestlé should be the biggest ice cream company in the world. There was a battle going on between Unilever and Nestlé to build ice cream companies on a global scale. They were acquiring companies all over the world. And so when one of the biggest ice cream companies in the United States came up for sale, the instructions came out to the US management in Glendale, California, where they ran their US operations, that they should be very active bidders for the Breyer's auction.

09-00:01:59
Geraci: So this is part of a chess game. Both of them decided this is one of the areas where they want to do a little battle.

09-00:02:04
Rogers: Compete. That's right. Yeah. And they were both huge companies in ice cream. I can't remember the exact numbers but more or less Unilever had about four billion dollars in worldwide ice cream sales. Nestlé had about three. So Maucher felt that acquiring Breyer's, which at that time was, I'm again guessing, but maybe a billion would even the score and would give them a major play in the largest ice cream market in the world, of course which is the United States. He felt pretty strongly about that.

But interestingly, the management team in Glendale had a little ice cream in their background because they came to Nestlé when Nestlé acquired Carnation.

09-00:03:04
Geraci: Which for the California market was a big product, yeah.

09-00:03:05
Rogers: It was a big dairy and other food products company that operated on national scale. Nestlé had acquired them. The CEO's name was Tim Crull. The President was Joe Weller. Crull and Weller knew Dreyer's well because they had been in and around the dairy business their whole career. And so they said back to Maucher, "Look, we need to be patient here. Dreyer's is the much better property and we should pass on the Breyer's auction and go to work on trying to get Dreyer's to sell to us." So Maucher agreed.

09-00:04:01
Geraci: Year-wise this is back at—

09-00:04:05
Rogers: This is back in the eighties.

09-00:04:07
Geraci: This goes back almost to the beginnings of what you're doing.

09-00:04:09
Rogers: '86, '87. Somewhere in there, okay. And so Maucher responded, "Okay. But you better buy Dreyer's. I'll agree that we can pass on the Breyer's auction but that means Unilever's probably going to wind up buying it," which in fact they did.

09-00:04:35
Geraci: Which would even put them further ahead.

09-00:04:37
Rogers: Right. So Maucher told Crull and Weller, "We're making a big bet on your ability to deliver Dreyer's." And they said, "Okay. We'll work on that." So Unilever acquired Breyer's and all of a sudden my best friends were Tim and Joe. And they were in my office almost every month. They were nice guys. They were people that I knew going way back from various common activities of various kinds. But they came to express their interest in a very responsible way. It was pretty well known that Nestlé didn't do hostile deals. Almost all the acquisitions that Nestlé had done, there were hundreds of them around the world, had been done on a friendly basis, negotiated basis. It wasn't Nestlé's style to do tender offers or squeeze companies or whatever. But nevertheless, their interest was very, very intense, as you can understand from the pressure they were getting from their boss. And somewhere along the line there, Maucher retired and Peter Brabeck took the CEO job in Vevey, Worldwide, and Peter Brabeck had started his career as an ice cream salesman with some company in Austria. So he had a real knowledge of ice cream and affection for it and a real interest in building the ice cream business. So this just all added heat to the fire.

We were a long way from wanting to sell Dreyer's. We felt we had a long way to go in building Dreyer's into a US company that was what its potential would allow. So I quickly retained the best defense firm, law firm that is known for defending off acquirers, which is Wachtell Lipton on Wall Street. They make a specialty of helping companies defend these larger companies that are trying to take them over. And we put in place something called a poison pill, which is a very elaborate shareholder mechanism that if an unfriendly offer comes along, allows a company to trigger an issuance of new stock but the new stock only goes to the existing shareholders. It doesn't go to the new shareholder or to the acquiring company, so it dilutes very dramatically, like ten to one, the interest that an unfriendly acquirer might be able to accumulate.

09-00:08:15
Geraci: So they're going to have to take a loss to accumulate you? A big loss?

09-00:08:18
Rogers: Well, it makes it almost impossible. And the way that acquirers get around this is they make their interest, including a number, usually, they make their interest known to the public and then they argue that it's in the shareholders interest to undo the poison pill. And a board that implements one of these poison pills, under enough pressure, can agree to dismantle the poison pill and let the acquisition take place. But at a minimum, it buys the management time. And then I think I had described before this white squire strategy that we had put in place. I went around and sold 18 percent of the company to General Electric Capital. And between that 18 percent and the roughly 20 percent that Rick and I owned there was 38 percent in friendly hands. The reason that I considered the GE Capital piece friendly hands is because as part of that deal they had signed a ten year standstill. They wouldn't acquire any more stock. So we knew that we were safe from them for at least ten years, becoming a threat to us. And with 38 percent of the company under our control, more or less, we felt pretty good. It wasn't complete.

But after enough pressure and enough visits from Nestlé, what I decided was in our interest was to sort of turn the tables on them. I didn't use these terms with them but my intent was to turn them into a white squire by selling them another 18 percent of the company but also under a standstill. I thought if we could get Nestlé so they owned a block of stock, that would sort of get Switzerland off of Glendale's back. They could describe it as a foothold. But if I could get them to sign a ten year standstill, they wouldn't acquire any more stock unless we agreed to sell it to them. We had at least another ten years to go before we had to worry about Nestlé acquiring more stock. And this is really what's interesting, because to entrepreneurs like Rick and me and our team, ten years is like forever. But to Nestlé, I mean, Nestlé thinks in terms of what they're going to do in the next century. To them, ten years is just a short period in their history.

09-00:11:02
Geraci: Yeah. You have three and five year master plans, right?

09-00:11:06
Rogers: Yeah. They have hundred-year master plans, okay. So it was really interesting. But anyway, we sold 18 percent of our stock to Nestlé, which made them insiders. It gave them two seats on the board. It allowed the local managers here in the US to tell Switzerland that they were on their way. So it kind of took the pressure off for a while.

09-00:11:40
Geraci: But it still left Nestlé being the underdog to Unilever then in ice cream.

09-00:11:44
Rogers: Absolutely, yeah. But the local managers, Tim and Joe here, were telling Maucher that, "Yes, they'd signed a ten year standstill but they were going to continue to work around that and they're going to get closer to us. They'd know the company better. There'd be some moment when the company needed Nestlé." Who knows.

So one just kind of interesting story about the difference in cultures between companies like Dreyer's and Nestlé. When we were negotiating that sale of 18 percent of the company, we negotiated all day long. Our negotiating team had four people on it: me, my CFO, our investment banker and our lawyer. Four people in Nestlé headquarters in Glendale. Their negotiating team had thirty people on it.

09-00:12:40
Geraci: Oh, my god.

09-00:12:41
Rogers: They were arrayed in three banks of ten people in front of me. It was just amazing. And we couldn't go for more than a half an hour without them wanting to take a break or a caucus so they could talk about what was going on and how they ought to—

09-00:12:58
Geraci: Corporate structure wise, this really sets this tale, doesn't it?

09-00:13:03
Rogers: Isn't that amazing? It's just amazing. So we went all day long. I must say, my New York investment banker said at about 9:30 in the morning, he said, "Gary, there is no way you're going to get a deal today. It's just not going to happen, with thirty people and all this stuff, and we started far apart." I said, "Just wait and watch." So at about 9:30 that night, twelve hours later, and having had god knows how many of these caucuses, we were still in that conference room in Glendale and we were ten million dollars apart. They had offered $185 million for 18 percent of Dreyer's and my asking price was 195 million. And we had been going at that and we were pretty close. But we were going at that ten million dollars, just hammer and tong, we weren't making

any progress. So I said, "I'll tell you what," to the main spokesperson for this negotiating team, but in front of his arrayed thirty people. I said, "I'll tell you what. I'll flip you for it." He said, "I can't do that." I said, "Well, why not? I can." And he said, "If I lose, I'm going to be fired for gambling with ten million dollars of Nestlé's money, and if I win I'm going to be fired for being too casual about how I invested Nestlé's money." And I said, "Well, I guess that's the difference in the environments we operate in." So anyway, we settled. Oh, so I said, "Okay, I'll tell you what. Why don't we just split the difference? We'll say $190 million." He said, "Okay, I can do that." So we did it. All right. Well, any statistician will tell you that there is absolutely no difference, especially if you're in Nestlé, between flipping a coin for ten million dollars or offering a five million dollar fixed payout. It's exactly the same thing. It's a fifty/fifty chance on ten million dollars. If you're Nestlé, it's exactly the same deal. Agreeing to five million or flipping for ten million. It's exactly the same deal. But he couldn't do the gamble but he could do the five million dollars.

09-00:15:29
Geraci: Which shows the difference in the ability of Dreyer's to be flexible.

09-00:15:33
Rogers: Yeah, of course.

09-00:15:35
Geraci: Within all your stories. When Ben & Jerry leaves, within nine months having a new product out, redesigning your company and being out there.

09-00:15:42
Rogers: We did the deal at 190 million and we had a closing dinner with the various parties, nice dinner, and they presented me with a double-headed quarter for my next deal. [laughter] I thought that was pretty good.

09-00:16:09
Geraci: [laughter] Oh, that's a—

09-00:16:11
Rogers: So anyway, so Nestlé gets 18 percent. So now we have really total control. Nestlé's 18 percent but under a ten year standstill. We've got GE with another 18 percent but with a ten year standstill and we've got Rick's and my position. We have more than 50 percent of the company under standstills. So we thought we were pretty good for at least another ten years.

But Nestlé, and again, very responsibly, came on our board. Peter Brabeck, who became the new CEO of Nestlé Worldwide got involved with Dreyer's. Actually came on our board. You'd think someone with that big a job wouldn't be interested in sitting on this little ice cream company board, but he was. He wanted to buy the rest of the company. He and I became very good friends. He came up to my ranch in Saint Helena. It was just a constant drip, drip, drip from Nestlé.

09-00:17:11
Geraci: There was a dance going on.

09-00:17:12
Rogers: They were very good. They invited me to Europe and they took me around to all their ice cream plants in Europe. They were constantly showering me with accolades or whatever. But it was all very aboveboard and very proper. But as those ten years whipped by and as we came close to the end of the ten year standstill, Peter started to ask me questions about selling him the whole company. And these questions became more frequent and sort of more aggressive. I knew that there was no way that we were going to be able to do another ten years. This was it. We'd been through this dance for ten years, we'd been more successful, we were a much bigger company now, we were more attractive to Nestlé and so forth. So I figured that the jig was up. We were going to have to sell to him. So what we did was done in broad daylight because Peter Brabeck, the CEO of Nestlé, was on our board.

09-00:18:29
Geraci: So he's going to know everything you're doing.

09-00:18:30
Rogers: He knows everything we're doing. And I think at that point they had three board seats. So two of his top lieutenants were also on our board. But we really pumped up our profit plan. We had an extremely aggressive profit plan because I had learned from other dealings that no matter what your defenses are as a selling company in a circumstance like this, the only way that the buyer can trump any defense, any defense, is to say, "We will buy out your profit plan." Because as a management team, the only thing you can say to your shareholders in the face of an attractive let's say cash offer is say, "Stick with us. If we just earn our profit plan, if we make our profit plan, you shareholders will make more money than if we accept this offer today." That's the trump.

09-00:19:38
Geraci: And this is a business deal. You want the most profit you can get out of it either way.

09-00:19:43
Rogers: Oh, of course.

09-00:19:44
Geraci: So if I'm the shareholder—

09-00:19:46
Rogers: Yeah. If you're the shareholder and I can say, "Look, if you'll stay with us and if we earn our profit plan you'll make $30 a share or if we sell to, let's say, Nestlé today, it'll be $25 a share," you've got a good argument. You can say, "We're going to turn down this offer because we think we're going to make our profit plan and we think we'll achieve $30 a share." So seeing that coming, I made our profit plan really unreasonably aggressive. But

nevertheless, Nestlé took the bait and I had to maneuver around to make this happen to some extent. But it was all out in the open and they ultimately agreed that they would pay the so-called capitalized value, which means if we looked at what other food companies in the United States were selling for as a multiple of earnings. Let's say that the last twenty food company deals were done at twelve times, before taxes, which is about what the number was, then Nestlé agreed that they would pay us twelve times what we had said we could earn in our profit plan three years hence.

09-00:21:10
Geraci: That's sweet.

09-00:21:13
Rogers: But that they would pay us three years hence. So it was congruent in that sense. We didn't have to perform. It wasn't that we had to actually make the plan. They would agree today to pay the dollar amount as if we made the plan and it would be guaranteed, there'd be no outs, but they'd pay us three years later. So we'd stay on, manage the company and three years later we'd get the pre-agreed amount. Okay. It was an extraordinarily attractive deal. The pre-agreed amount turned out to be $83 a share. That was way—

09-00:21:59
Geraci: What was it going for on the market at that point?

09-00:22:03
Rogers: It was hard to tell because rumors of the Nestlé interest were rampant.

09-00:22:07
Geraci: Right. Boosted everything out of—

09-00:22:09
Rogers: Yeah. It pushed up. I must say that if it hadn't been for Nestlé's interest at that point in time, we might have been a $30 stock. So it was a huge difference. A huge difference.

09-00:22:25
Geraci: So your stockholders, they're motivated now.

09-00:22:29
Rogers: Yeah. But it got to be very scary because we announced—once I did this deal with Peter Brabeck, we announced that the deal was being done at $83 a share but that it was still subject to governmental approval. The FTC had to pass on it. We really didn't think that there would be a problem with the FTC approving this deal because we couldn't see any monopolistic issues, all right. So we said, "Look, the deal's at $83 a share and if we get FTC approval we'll close it and three years from now the shareholders will get $83." Well, the stock traded up into the seventies and I've often thought about what would have happened if we hadn't gotten FTC approval. As a public company, you learn that when you announce these things you always put all the legal language around it. This is subject to this, that and the other thing. Nobody

should take this to the bank and all the rest of it. But nevertheless, you know darn well that those shareholders who bought the stock at seventy or even held it at seventy would be suing us if the deal fell apart and if the stock were trading at thirty. It's just the world you live in, all right.

So we wound up having a real battle with the FTC. The FTC, Federal Trade Commission, took the position that ice cream sold in pints, about the size of that coffee cup, was a different market than ice cream sold in half gallons. And because Nestlé owned Häagen-Dazs and because we had developed a pretty substantial pint business of our own, that when we put those together we had too big a share of the ice cream business sold in pints and therefore they were going to disapprove this deal.

09-00:24:49
Geraci: At that point, isn't the bulk of your business still—

09-00:24:52
Rogers: Still half gallons.

09-00:24:52
Geraci: —half gallon.

09-00:24:54
Rogers: Yeah, right. We thought this was completely unreasonable. But the way the FTC works is there are two bureaucrats, one that runs something called the Department of Competition and another one that runs something called the Department of Economics. And they both have to agree that a proposed deal passes their test. And they have these very complicated—there's something called a Herfindahl Index that they calculate and all this stuff they do, which is pretty abstract and pretty hard to understand. But they came back and they were very firm. One of these two guys was okay with the deal but the other guy was completely deadest against it. They won't even recommend the deal to the commission itself, which ultimately had to vote on the deal, unless you can pass these various tests.

09-00:26:06
Geraci: So they're the gatekeepers for any deal.

09-00:26:08
Rogers: Yeah. But I tell you what, we had some long days and some worrisome times there because they were very, very tough about saying they weren't going to pass on this deal.

09-00:26:21
Geraci: And it also seems that you're motivated, fully knowing that this is going to happen but you wanted it to happen on your terms.

09-00:26:30
Rogers: Yeah. Well, all we wanted was them to approve the deal we'd agreed to with Nestlé. It was there. It was all baked in. It was all ready to go. All the

government had to do was say yes. The fact that somebody's saying ice cream in a pint is different than ice cream in a half gallon, give me a break. But it was really tough and we were very concerned.

09-00:26:58
Geraci: So what did you eventually have to do to work on this?

09-00:26:59
Rogers: Well, I'm going to tell you a story that I haven't told very many people, but it's a true story. We were just desperate. We tried everything we could think of to convince this guy he was wrong. And so we did a little investigation on him and we learned that he had a girlfriend who was an antitrust attorney and she was pretty much unemployed. She didn't have many clients. And so serendipitously, we approached her and we offered to have her join our legal team and she agreed. So all of a sudden she was one of our lawyers.

09-00:27:55
Geraci: A little conflict of interest. [laughter]

09-00:27:57
Rogers: Well, it wasn't a conflict of interest for us. She was just a lawyer out there. And we already had about ten lawyers working on this. A week later this guy changed his mind and agreed to the deal. Can you believe that? I mean—

09-00:28:18
Geraci: I absolutely can believe it.

09-00:28:19
Rogers: Yeah.

09-00:28:21
Geraci: Later on did you ever have an opportunity to talk to him about—

09-00:28:24
Rogers: No, I didn't want to. I didn't want him to know that we knew that that was his girlfriend. But I've had so many experiences with the government over the years. We've talked about some of them, the Grand Light thing and all. So many experiences where I don't know if you can call it corruption or if you can call it bad judgment or if you can call it conflicts or if you can call it payoffs. I don't know what you call these things. But I can tell you it turns your stomach. I was willing to do this because I didn't think I was doing anything wrong, just hiring a lawyer.

09-00:29:07
Geraci: Well, politics in itself is a conflict of interest.

09-00:29:10
Rogers: Yeah, increasingly so. We can go off on that. But anyway, that's the way we got the deal done. So we had this agreement, very formal agreement. One interesting side note there was that we had to communicate this deal to our

shareholders. Of course, the $83 a share number was the key number but all of the other, the three years and this whole deal was based on puts and calls and all kinds of crazy stuff. And so we published a legal document that the SEC required that was about 400 pages long. We had to send this document to all of our shareholders. So once the document was agreed to by the SEC and all published and ready to go, I took it home over a weekend and I tried to understand it. Now, I'm the CEO of the company that's doing this. I've been to the Harvard Business School. I've worked for McKinsey. I've been around business for a long, long time and I tell you, I spent the entire weekend on that document and I couldn't make heads or tails of what the numbers in there meant. So I came to work on Monday and I called my whole accounting staff together and we met in this big conference room there at Dreyer's and I pulled a hundred dollar bill out of my pocket and I said "If there's any of you, any of you accountants have been working on this who can explain to me how this deal works, I'll give you a hundred dollars. All you have to do is raise your hand and volunteer." There was total silence. Nobody had the guts to take that. And finally there was this one fairly junior accountant in the front row there who tentatively kind of raised her hand and said, "Well, I'll try." I said, "Okay, you're on." So she and I spend the better part of the next two days together and we went through that document and we found three errors in the numbers of more than ten million dollars each.

09-00:31:33
Geraci: Oh, my goodness.

09-00:31:34
Rogers: Now in the context of a $3.2 billion deal, a ten million dollar error isn't that significant maybe. But it just shows how crazy we've gotten to think that our government is requiring us to send these detailed documents to our shareholders in the hopes that it will help them understand a deal when even the actors, the accountants—

09-00:31:57
Geraci: Do not—yeah.

09-00:31:58
Rogers: —can't, in spite of trying, can't make heads or tails of the deal. It's just an amazing—

09-00:32:06
Geraci: So how was the document received by your shareholders?

09-00:32:08
Rogers: They didn't care. Nobody read it. They were all focused on eighty-three bucks a share. They figured if they're going to get eighty-three bucks a share they were going to be happy. That's all they needed to know. How we got there and all this stuff and how it was put together and structured, they didn't care. I didn't have anybody complain but I'll bet you the number of people that read that document you could count on one hand. So anyway, the deal closed. Our

shareholders got their money. It was a joyous time for me personally because, first of all, we had a number of employees, executives that had been with us for years and years and years that this changed their lives. I think we had thirty people that made between two and thirty million dollars. That's pretty good. If you're a senior vice president with Dreyer's, you've been there for twenty-five years, you get a check for $30 million over and above all the other compensation you've been paid—

09-00:33:17
Geraci: Right. Compensate you've had.

09-00:33:19
Rogers: —it's not bad. And even at the low end, to get a check for two million isn't that bad. So that was one real source of joy for me. I know we'll get to this but I knew many of those people weren't going to be happy going on and working for Nestlé for a long period of time. So this was kind of the final dividend for all the good work that had been done over the years for some of those people. But then I got calls from people who had bet on us, who had believed in us, and the Dreyer's stock had gone up and down, up to forty, down to ten. And these people had stuck with us through thick and thin and they called me to say, "You've just paid for my kid's college education," or "You just allowed me to pay off the mortgage on my house," or "You just provided for my retirement." And that really made me feel good because I didn't know that all these people were doing that.

09-00:34:24
Geraci: But I like the way you're framing that there, that you knew this was coming, you were able to negotiate something that's going to be beneficial from it, but more importantly, for your people, I've really wondered—the transition from one corporation to another, especially when there's an acquisition that's gone on, is never easy because they're two very different corporate cultures. And between Dreyer's and Nestlé, these are two opposite ends of the—

09-00:34:59
Rogers: Yeah, yeah. I think that's a really important question, and let me get to that. But let me tell you one story that I think is pretty special. I have a very good friend by the name of Dino Cortopassi and I have been on his board for over twenty years and he runs a company called Stanislaus Food Products. And I knew that he had been a major shareholder in Dreyer's but I really didn't know how major. And even though we were together often because of his board meetings and because I saw him in other connections, he never once asked me for anything that even approached inside information. He was just really good about following the rules, even though he was a very large shareholder of Dreyer's. So once the deal closed I went out to the next board meeting of his company and he and his entire senior staff that come to these board meetings were down on their hands and knees as I walked into the room doing the we are not worthy, we are not worthy. And he handed me a plaque that had in the middle of it a gold bar that was a hundred ounces of gold. A

hundred ounces of gold. At that time, it was worth about $35,000 mounted on this plaque. And it said, "To Gary Rogers, who redefined what rich means." And he told me the story about how he was originally a dirt farmer. He was the son of an Italian immigrant, came to this country, lived out in the valley of California, started from scratch, got at last a little farmland, finally got to the point where had saved $100,000 and he took a third of that, about $33,000, and he bought this gold bar and he put the gold bar in a safety deposit box and he went home and he told his wife. His wife's name is Joan. He said, "Honey, we're rich. Whatever happens to us, we've got that $33,000 in gold sitting in our deposit box that we can turn to if things really get bad." "We're rich." And that was forty years prior to this episode that I'm telling you about. So anyway, he had taken that gold bar out of his safety deposit box, mounted it on a plaque and given it to me and said, "To Gary Rogers, who redefined what rich means," and then told me that he had made a $110 million on the Dreyer's transaction. That was just one of those incredible events. It just made me feel so good. But he knew how to say thank you.

09-00:38:26
Geraci: I was going to say that's a big time thank you.

09-00:38:29
Rogers: Well, that bar today is worth four or five times that much.

09-00:38:32
Geraci: Obviously, because gold is, what, sixteen, seventeen hundred dollars an ounce?

09-00:38:36
Rogers: Yeah. It's worth $180 million or something today. I mean $180,000 today.

09-00:38:45
Geraci: Right.

09-00:38:46
Rogers: So Peter Brabeck, the CEO of Nestlé Worldwide, who had been on my board, asked me, "Gary, will you stay on and run the company for Nestlé?" I said, "Oh, Peter, I'm an entrepreneur. I'm not a big company guy. You wouldn't be happy with me, I wouldn't be happy, it's just not going to work." And he said, "Well, is there any arrangement you can think of that would make it work?" And I said, "I've thought a little bit about this because I sort of knew this was coming. And there's only one thing I can think of but it's going to be totally unacceptable to you." He said, "Well, try me." I said, "Number one, if you will leave the current public company board in place and leave it with total fiduciary responsibility to run this company. And number two, if you'll promise to keep your minions, all your Nestlé functionaries at bay so we can keep operating the way we are now, with the same board, same people, no added pressures from Nestlé, then it'll seem like the same company and I'll stay for a while if you want me to." He said, "Well, I can't do that." I said, "I told you."

09-00:40:18
Geraci: I told you.

09-00:40:20
Rogers: So a week went by and I got this phone call from Switzerland. It was Peter Brabeck and he said, "I'll do it. I'll do it." I said, "Okay, you got a deal." It's never been done in the history of American business. I checked this out with the lawyers and I had them do a little research for me. It had never been done before. Where a company acquires another company and doesn't take control of it. So we—

09-00:40:50
Geraci: It just leaves it, yeah, in situ. Just—

09-00:40:52
Rogers: Just leaves it in situ. So we continued for two years. I continued as the CEO of the subsidiary of Nestlé but I ran it. It was nothing different. I ran it as if it was an independent company. For two years—Peter was a man of his word—very good. I could call him and he would keep his people at bay. And, of course, we wanted some of the help they could provide with technical expertise and Nestlé has a lot of capabilities around the world. But it was just time after two years. We couldn't keep it going anymore. So I left.

09-00:41:37
Geraci: Because Rick left immediately then, right?

09-00:41:40
Rogers: Rick left before. Rick left when we did the original deal. Remember, we didn't get our money for three years. So after we did the deal, Rick retired. I stayed on for that three year interregnum before our shareholders got the money and then I stayed on two years longer. So I was only there for at least five years longer than Rick. But it was kind of after the story had played out because we'd done the deal with Nestlé.

09-00:42:14
Geraci: It's also a transition within your leadership team. People are leaving. Actually, people leaving at this time. Rick is leaving and then people leaving between—

09-00:42:23
Rogers: Not so much. Not so much. People pretty well stayed. There were probably a few people that left but most people stayed on because the place felt the same. We were still growing. It was pretty interesting. Just a month ago, two months ago, in my mail I got this envelope on Nestlé letterhead that looked like it had been in a sewer for four years. It was brown, it was crumbling, it was horrible. I could barely read it, but I carefully opened it up and pulled out the letter from inside, which also was all brown and cruddy. And it was a letter from Peter Brabeck explaining to me why he couldn't make my retirement party. The board had a nice retirement party for me at the very end of this tale. And Peter, obviously with many other obligations, wasn't able to come. But he

wrote this glowing letter. I'd kind of wondered why I had never heard from him because we had had such a good relationship.

09-00:43:40
Geraci: So this was lost in the mail?

09-00:43:41
Rogers: It was lost in the mail. So we had that dinner back in 2007 or something. I heard that Peter couldn't come. And I wasn't offended but I was sort of surprised that I didn't hear from him, either by phone or whatever. Well, this was the letter he had written me to explain why he couldn't come to the dinner and offering these wonderful praises for the company we'd built and all that stuff. So I got it four years late. It was just unbelievable. It had been bouncing around in the mail for four years. So I made a copy of it and I sent it to Peter who is still the chairman of Nestlé. I said, "You're not going to believe this but I just got this. It's just unbelievable." He very quickly wrote back and he said, "I'd love to see you if you're ever in Switzerland." Well, it turned out I was going to Switzerland for a crew event. The World Cup Regatta was in Lucerne, which is just a hop, skip and a jump from Geneva and Vevey. So I wrote back to him and I said, "Well, as luck would have it, I'm going to be there next month." He said, "You must come down and have lunch with me." So I go down to Nestlé headquarters and go up the elevator to the executive floor and there's Peter. He brought along the new CEO, Paul Bulcke, who I also knew very well, and we were going to have lunch in the executive dining room there, which I also know well from prior occasions. But Peter, in his classic style, is a very gruff Austrian and he said to me, as soon as I stepped out of the elevator, "That company you sold us isn't performing very well." And I said, "Oh, it's performing fine, you just paid too much for it."

He said, "Boy, you got that right." Anyway, we have that kind of relationship. So we sat down for lunch. We started with aperitifs and we ended with 1944 brandy after two hours. Classic Nestlé lunch. They just do it so right. It was so wonderful and we just had a ball. I don't think there was anything productive done that day at Nestlé headquarters, at least not after lunch.

09-00:46:09
Geraci: Go home and take a nap after that lunch, right?

09-00:46:11
Rogers: Yeah. So when I look back at the Nestlé days, it was just a great adventure from start to finish. Things fell in place. There was a lot of luck.

09-00:46:28
Geraci: Well, I guess the question I would have is when you first go public, you know that when you take a company public, if you're around and you're successful and you're around long enough, someone's going to acquire you.

09-00:46:42
Rogers: Yeah.

09-00:46:43
Geraci: That's the name of—

09-00:46:44
Rogers: Yes.

09-00:46:45
Geraci: In fact, isn't that the goal?

09-00:46:46
Rogers: Yes. But you have to do it on your timing and on your terms.

09-00:46:52
Geraci: Right. That's what—

09-00:46:54
Rogers: And that was the game. Was I knew we were going to sell this company someday but I also didn't want it to happen prematurely.

09-00:47:05
Geraci: So in that sense, that's truly a success then.

09-00:47:07
Rogers: Yeah.

09-00:47:08
Geraci: It was on your terms.

09-00:47:08
Rogers: Yeah. It was. Truly was. From start to finish. And I feel so blessed at the people that I had on my team at Dreyer's. I feel blessed to have been involved with Nestlé. They were really good people. We had our differences but they were always fair and honorable businesspeople. Our shareholders were loyal and gracious in the end and somehow we got through the gates that the government throws up.

09-00:47:47
Geraci: As the company's closing down, how many remained? Or let's take today. How many are still left?

09-00:47:57
Rogers: Of the thirty people who were the top executives at the time we sold the company, there's only one or two that's still there. It's pretty clear why. We've talked about the Grooves, we've talked about our management style. We ran a company where you were an employee of a company but you had a lot of latitude. You had a lot of responsibility, a lot of accountability and it was sort of like being an entrepreneur within the context of a team. A company like Nestlé, my goodness—I think they have 140,000 employees. It's $125 billion company. They're one of the biggest companies in the world. They by necessity have to operate in a much more controlled and specified way. The people that had built Dreyer's had gotten used to this very

entrepreneurial culture and they all made money on the deal. So over the ensuing year, most of them decided that they didn't want to work for Nestlé and left. But that isn't really negative to Nestlé, it's just that Nestlé operates very differently and our people were fortunate to be in good financial circumstance and to have had the culture and the environment that we were able to create.

09-00:49:34
Geraci: But also within the business world, when you work for someone for five to ten years, that's a long time.

[brief interruption]

They became so accustomed and so used to the Dreyer's experience they had forgotten that the rest of the business world is a little bit different out there.

09-00:50:26
Rogers: Yeah, well, that's fair enough. Or maybe they'd gotten spoiled and they'd gotten rich. But they didn't have to play by somebody else's rules anymore and so most of them decided to leave. And especially where they wound up. Many of them are running smaller companies today.

09-00:50:44
Geraci: But I would say almost all companies that could mirror the Dreyer—see, you were in that level of company where you have control and flexibility in all these. You weren't the big, large bureaucratic corporations.

09-00:50:57
Rogers: Right. And most of them have wound up working for companies that look like Dreyer's looked in maybe 1980. Some of them have retired. Some of them are pursuing hobbies. One guy is playing the trombone seriously. They're doing all kinds of things. Some people are in temporary retirement, working with museums and doing other things. But some will wind up back in the business world. Maybe some even working for conventional companies like Nestlé. But everybody's doing whatever he or she chooses to do, so it makes me feel good.

09-00:51:49
Geraci: That's an enviable position to be in.

09-00:51:50
Rogers: Yes. Yeah.

09-00:51:53
Geraci: You helped them make—they can make the decisions for their own lives.

09-00:51:57
Rogers: That's right. They really can.

09-00:52:00
Geraci: So could we say that as you look back at your experience with this whole thing, then, you did achieve a major at least business goal or—this is a major accomplishment. When you got out of the business school, did you ever have the feeling that I'm going to have—I know you had in your mind, "I want a company, I want to run a company." But that you could run a company from local to regional to national to this type of success.

09-00:52:31
Rogers: Even when we bought Dreyer's, we thought if we became the biggest ice cream company in the Bay Area, that would be a big achievement. The bar just kept moving up. We had no idea what we could achieve. And I think we talked earlier about my favorite quote. "Fortune favors only the prepared mind." I was prepared to do this and people call me lucky and that's okay. I accept that. I was lucky. I think Rick and I were lucky in lots of ways. The people that joined us, the opportunities that came our way. But on the other hand, we did seize those opportunities. We knew what to do and in retrospect we chose well most of the time.

09-00:53:18
Geraci: Well, luck kind of opened the door but only you can enter.

09-00:53:20
Rogers: There you go. Yeah. That's kind of what happened.

09-00:53:27
Geraci: Let's shift gears for a little bit. One of the things that you had just mentioned in talking right now is being on the board of another corporation. You've also had a lot of business activities outside Dreyer's. Let's—

09-00:53:42
Rogers: Yeah.

09-00:53:43
Geraci: Well, for one, Levi Strauss. I guess we could talk about as a start.

09-00:53:47
Rogers: Maybe the place to start is with Young Presidents Organization because—

09-00:53:51
Geraci: Okay, that's a great place.

09-00:53:51
Rogers: Because that's what led to many of these opportunities. I joined this group called Young Presidents Organization. In order to do that, one had to be the president or CEO of a company that has at least ten million dollars in revenues and you have to do that before age forty. So Dreyer's qualified.

09-00:54:16
Geraci: This is a young hungry group.

09-00:54:18
Rogers: Yeah, right. It's a young, hungry group. And they throw you out at age fifty. So it's your forties. You can't be in it after age fifty. So it's a very aggressive, exciting—these are all people who are running medium sized and large companies at a fairly early age and they really need each other. It's just an incredible association because you meet in what are called forums. Maybe they're fifteen members of this group that are in a forum. It's like a fraternity. You sit down in a room around a table, fifteen of you, and they're no holds barred. The deal is you absolutely tell the truth. You don't spin, you don't. And if you do, you're going to get caught. And Vic, if you're in there and you're saying, "Boy, this business I'm in is going so well and I'm doing this, that and the other thing," people will say, "Bullshit. You're spinning me." Come on.

09-00:55:27
Geraci: Yeah. "I'm not the board, I'm not your stockholder."

09-00:55:30
Rogers: Yeah, come on. Or, "We're here to help and don't try to fool us and don't fool yourself. Look, you're addressing the wrong problem. You're thinking about this wrong. You got it all upside down." Or, "Stop bitching about your number two guy. You got to fire him. Go fire him." I've seen people get up from these meetings, go fire their COO and come back to the meeting. Or you got to divorce that woman. You got to do it. It gets down to that level. And so you're sitting with fifteen people who know you, your personal affairs, your business, all the issues you're facing as well as you do and they are a sounding board and they're all going through similar kinds of issues in their own lives, in their own businesses. And it's such a wonderful sounding board.

09-00:56:24
Geraci: Sounds like almost a therapeutic mentorship peer group.

09-00:56:29
Rogers: Yeah, it's all those things. It's all those things. But it comes at a time when you really need it because when you're the CEO of a $20 million company when you're forty-two, you've never faced these issues before. There's nobody you can talk to. You can't talk to your employees, you can't talk to your wife. You can't—

09-00:56:52
Geraci: You're the one at the top and it's kind of lonely.

09-00:56:54
Rogers: It's lonely. It's very lonely and you need people who have similar experiences, similar backgrounds to be able to help you through some of these things, all right. So I found this group more helpful than any group I'd ever been involved in in just many, many ways. And from that came some really good friendships.

09-00:57:17
Geraci: Can we just stop there and we'll pick up on the next tape.

09-00:57:20
Rogers: Yeah.

[End Audio File 9]

[Begin Audio File 10]

10-00:00:00
Geraci: Vic Geraci, today's date is October 6, 2011. Seated with me is Gary Rogers. This is interview number five, tape number ten. Gary, when we left off we were talking about the Young Presidents Organization. And question I asked you off-camera, how did you find out about it and become involved with this whole—

10-00:00:24
Rogers: Well, a good friend of mine that I had gotten to know in my McKinsey days, actually, when I was consulting for Itel—I had met this fellow Greer Arthur who ran Itel's container business. And he, as the president of Itel Container, qualified for YPO and had joined it and felt it had been very useful for him and was trying to talk me into joining. I went to lunch with him with the idea of talking him out of it, that I was just too busy. Anyway, he convinced me to take a close look at it and one thing led to another and I decided to join. It was one of the best things I've ever done in my life. In addition to these forums I've described, there are the travel opportunities. YPO has universities, what they call universities, which are week long conferences that are generally held in the more interesting parts of the world. Because of the caliber of the people that are in YPO, they are able to draw incredible resources. No matter where you go, the president of the country or the CEO of the companies that are in the area or the local spiritual leaders. The people that I've met through my YPO travels are people that you would never have a chance to meet on your own.

10-00:02:05
Geraci: Well, it also would seem that in some of these places you're meeting the government leaders because—

10-00:02:08
Rogers: Oh, yeah.

10-00:02:09
Geraci: —these are people that are dealing with goods they may or services they may like or use.

10-00:02:17
Rogers: Absolutely. Some of the most exciting adventures, in retrospect, came from these YPO universities. I went jogging with Jimmy Carter and I met Mother Theresa and I met Sir Edmund Hillary and his Sherpa Tenzing Norgay. I met

the president of India and I met the president of Italy. I can go on and on. And when I say I met them, I had a conversation with these people and had some sense for what their priorities were. And without YPO as a focus for doing that, these things never would have happened.

10-00:02:59
Geraci: Could that experience have been part of what, as you said, raised the bar for you continually?

10-00:03:05
Rogers: I think so.

10-00:03:06
Geraci: You began to realize just how high the bar could go.

10-00:03:08
Rogers: Sure. I think the success we had at Dreyer's in many ways was influenced by and driven by my YPO experiences because I saw what other people were doing. Many of my best friends, even today, are people that I met in YPO. And because of that I was invited on a large number of company boards that I've served in over the years, many of which were YPO run companies. And some of the most interesting experiences I've had in my life were participating in the growth of those companies where I was just a director. There have been a lot of those.

10-00:04:04
Geraci: So what happens to all these people when they turn fifty?

10-00:04:07
Rogers: There is a home for them. There are two alumni groups. One is called WPO, which stands for World Presidents Organization. My wife calls it Weary Presidents Organization. And the other is CEO and CEO is for people who have had a leadership role in YPO. It's a smaller organization but one has to have been a chapter chairman or a leader in YPO in order to qualify for CEO. And WPO is for anybody who's ever been in YPO. So it's like an alumni group but you have to have been in YPO in order to join WPO. So to this day, we travel with both CEO and WPO. They both have these universities and now other things they call colleges and gatherings and interest groups. It's just expanded unbelievably. You could spend your whole life going to these events. Some people do.

10-00:05:19
Geraci: It almost becomes their social outlet also.

10-00:05:21
Rogers: It becomes their social outlet for some people. But these are really well done opportunities and my wife, Cab and I, have really enjoyed taking advantage. No kidding, I think that we have been to over twenty-five YPO or WPO or CEO universities over our time since I was forty. And most of these are seeing parts of the world that you would never see and seeing them in ways that you

would never see them. We just this year, for example, went on one of these universities to New Guinea. You would never go to New Guinea by yourself and if you got there you might not survive. New Guinea is still a wild and crazy place but CEO had chartered a yacht or one of these big cruise ships. There were about eighty of us. We were led by an Australian who is an honorary chieftain of some of these tribes in New Guinea. We went up the Sepik River. There are some 800 different tribes in New Guinea. The terrain is so difficult there that there's very little intermingling between these tribes. Each of them has their own language. It's a very complex situation. And this is hard to believe in this day and age, and with the internet and everything else in the flat world, but some of the people that we met on this trip literally don't understand how children are caused. They've made no connection between sex and children. They have sex and there are children running all around the village but they have no idea why. These people don't understand that that big thing they see going through the sky on its way to Australia is a plane. They don't know what a plane is. They've never seen—

10-00:07:44
Geraci: Almost as if it's a giant bird that's flying overhead.

10-00:07:46
Rogers: Oh, it's a god. For them it's a god that comes by once in a while. They've never seen an automobile. It is incredible that in this day and this world, that you can, by going twenty miles up a river in New Guinea, you can have access to a tribe that is that backward. And yet through the auspices of this CEO group we were able to do that at the behest of someone who's considered a chief. So they had a big ceremony for him when he arrived and we're there as his guests. They're doing dances for us and all this sort of thing. It's really quite amazing. There's no sense of selling anything or souvenirs or t-shirts or anything like that. And if you give them something—I think we had some very simple souvenirs, baseball hats or something that my wife was handing out. They would feel duty bound to bring back—they'd bring back a little necklace they'd made or something to wear. It was sort of a barter kind of economy but it wasn't to make a profit. It was very much just kind of the way they lived. Just fascinating. I could tell you stories like that all afternoon.

10-00:09:14
Geraci: Two things. One, Cab has had the opportunity then to go with you on most of these. So people are bringing spouses. I think that also becomes a network for them, doesn't it?

10-00:09:24
Rogers: Oh, absolutely. YPO has always recognized the importance of the spouses. The spouses don't get to participate in these forums that I described but they always have programs. If we get together for a day, what they call a chapter meeting, the CEOs, most of them men, but there are some women YPOers, will go into forum for maybe four hours and the wives will go off on another

well-planned activity and then we get together in the afternoon for a joint program where we have speakers and panels and then typically have dinner together. It very much involves the wives. They now have forums for the wives, for the spouses. Have to be careful between wife and spouse because sometimes the spouses are men now.

10-00:10:19
Geraci: Right.

10-00:10:19
Rogers: Yeah.

10-00:10:20
Geraci: The complexity has probably changed a lot in the years since you initially joined.

10-00:10:23
Rogers: Oh, it has. When I first joined there were no women.

10-00:10:28
Geraci: It was probably a sea of white male faces.

10-00:10:30
Rogers: Yeah, it was. It was. And now the education chairman for the chapter that I belong to is a woman. And there are a large number. Not anywhere near a preponderance but I would say 20 percent of the members now are women. It's kind of cool.

10-00:10:55
Geraci: So it's been an evolution that's going on.

10-00:10:57
Rogers: Yeah.

10-00:10:59
Geraci: The other thing I was going to ask is I know for you growing up Catholic and everything, the opportunity to meet Mother Theresa.

10-00:11:08
Rogers: It was like meeting a saint. It truly was.

10-00:11:12
Geraci: Well, she has been beatified so she's on her way.

10-00:11:15
Rogers: Yeah, I guess that's right. But I met her in New Delhi. She had come to speak to us. We had to take a little box, little wooden box and put it in front of the podium for her so she could stand. She's so short.

10-00:11:30
Geraci: She's a little tiny thing.

10-00:11:31
Rogers: She was peeking over this podium. But she gave a talk and all I can remember is at the end of maybe a twenty minute talk every single person in that room was crying. She was so compelling, so committed to people who have so much less than we do, and she was telling these stories so graphically. But after her presentation, we had a little reception and I had the opportunity, along with other members, to talk to her one-on-one just for five minutes or so. It was an interaction I'll never forget. And she invited me to come see her at her clinic in Calcutta, which is where she spent most of her time. And about three weeks later I did that. And I went to her clinic in Calcutta where she cared for the dying essentially in that city and they'd bring people off the street that were dying.

10-00:12:41
Geraci: Well, it was to have a clean merciful passing.

10-00:12:44
Rogers: Right, right. But to see that with my own eyes. It was just amazing. Absolutely amazing. But you were asking me how that might lead to other boards. There's one in particular, a company led by another YPOer by the name of Art Ciocca, who's become a very good friend, who bought a company called the Wine Group, which has been a huge success. And a really interesting thing we did there when I was on his board is—the biggest player in the wine business, of course, is Gallo. And Gallo had just built a glass plant at their winery in Modesto. So they started with sand and made bottles and they figured that was in their interest to make their own bottles. It was a couple hundred million dollars into this glass plant. So Art Ciocca, being a really smart strategic guy, launched this wine in plastic bags in boxes, knowing that Gallo wouldn't compete with him because they didn't want to promote wine that wasn't in bottles.

10-00:14:12
Geraci: Well, they had vertically integrated to glass.

10-00:14:14
Rogers: Yeah. And it wasn't going to be in their interest to move away from that. So Art launched this brand called Franzia that is a nine liter bag-in-a-box wine. And today, in the United States—this has been true for ten years—the best-selling wine by volume is Franzia. They sell more wine under the Franzia brand name that Gallo sells [under the name of] Gallo.

10-00:14:45
Geraci: And then Freddy Franzia himself going off doing the two buck Chuck.

10-00:14:48
Rogers: That's different. That's Fred Franzia, yeah.

10-00:14:50
Geraci: I know. But I mean within that same—because it goes back to the days of the Bronco Group within the family.

10-00:14:58
Rogers: Art is actually married to a Franzia. The Franzia's and the Gallo's were intermarried and there's all that very complex background there. But anyway, Art got this brand called Franzia and he started putting it in bags and boxes and it took off. And it's the best-selling wine in America. It's just an incredible story.

10-00:15:20
Geraci: The beauty of it, it lasts because of the bladder inside the box, it can't become—air can't get to it so the wine will last longer.

10-00:15:27
Rogers: Yeah. It's very clever. And then another YPOer was Tom Foster, who was the CEO of Foster Farms. And so I was on the Foster Farms board for ten years and we wound up essentially acquiring all the—we called it fresh but what it really meant was never frozen. The big chicken operators from the Midwest and east—

10-00:15:59
Geraci: Tyson—

10-00:16:00
Rogers: Exactly, Tyson being the biggest chicken factory in the chicken business. Couldn't compete on the West Coast without freezing their chickens. So they process a chicken in Ohio or whatever, they freeze it and then they try to sell it on the West Coast. So we made a big deal out of never frozen and Foster Farm chickens were never frozen. They were refrigerated but it was never frozen. I don't know if you remember the Foster imposters. There was some really successful marketing and ad campaign.

10-00:16:34
Geraci: And even today, now the plumped up chickens.

10-00:16:37
Rogers: Yeah, right.

10-00:16:39
Geraci: The whole ad campaign.

10-00:16:40
Rogers: Right, right. So that was a big success. That was really fun and Larry Mandel, who recently got the award for being the most successful restaurateur in the United States was a YPO or is a YPO buddy of mine. I was on his board at Il Fornaio for ten years and we sold the company into a big holding company.

10-00:17:10
Geraci: And the Il Fornaio that was an interesting chain in that they were bringing chefs in from Italy—

10-00:17:16
Rogers: Oh, yeah, right.

10-00:17:17
Geraci: —for each individual restaurant.

10-00:17:18
Rogers: That's right.

10-00:17:19
Geraci: So they almost had this individual feel, yet it's a chain.

10-00:17:24
Rogers: That's right, yeah. So I was involved in all those decisions. That was fun. I can go on and on. I think I've been on the board of something like fifteen different companies. I was on the Levi Strauss board for ten years. That's a whole other story you could do on Levi, maybe you should do a tape on. But I was chairman for about two years there.

10-00:17:54
Geraci: And that was a little bit different. You even rose to a position that a non-family member had never—

10-00:18:00
Rogers: I was the first non-family member chairman of that 150 year old company. So they'd always had a family member as chairman and I was quite honored to be asked to be the first non-family member chairman. But I've gone on the Safeway board now and that's a very interesting challenge because for so many years at Dreyer's, I was selling to Safeway.

10-00:18:25
Geraci: Wasn't Safeway a tough one for you to break into also?

10-00:18:28
Rogers: Yeah, it always was. I made many sales calls myself on Safeway and now—

10-00:18:33
Geraci: But now you're on the board. Go figure.

10-00:18:34
Rogers: Go on the board and I have these members of the Safeway management team who are selling various things to other companies. They've branched into a lot of different businesses like gift cards now. And sometimes they come and they say, "It's so difficult. These people are so hard to get an appointment and so difficult to sell whatever service we're offering to that company." And I'm going, "Oh, boy, just desserts you're getting. If I can tell you how many hours I spent in that waiting room downstairs." So it's really been interesting.

10-00:19:15
Geraci: Along with that, I was looking at—okay, the board of Foster Farms. I don't even know how to pronounce that. GarDonJim Farms.

10-00:19:27
Rogers: GarDonJim Farms. Yeah, that was a family company that was in the farming business growing alfalfa in the Imperial Valley of California and cotton in the Rio Grande Valley of Texas. And I think we talked about this maybe early on but I was raised to think that my future was to be a farmer. So my family had that farming business and I never joined it. But who knows. It might have been great. But I never joined it. But, of course, with my family we oversaw its affairs and I was on the board for many years.

10-00:20:05
Geraci: And then as far as associations that you've belonged to. Oh, one other. I had forgotten about this. You were on the board of the Shorenstein properties also.

10-00:20:14
Rogers: Yeah. I still am. That's a wonderful company with which to be associated. They are one of the biggest players in office buildings. They buy and sell office buildings, particularly in prime cities. Mostly in New York, Washington, DC, Chicago, San Francisco, LA, Seattle. But it's been enormously successful and there's another YPO connection. I met Doug Shorenstein through YPO. But that's been great. And then Doug became my deputy at the Fed when I was on the Fed board of directors, the San Francisco Federal Reserve Bank. And so now that I've left, he has succeeded me as chairman of the San Francisco Fed. So I talk to him frequently.

10-00:21:13
Geraci: I had the opportunity to go to Walter's ninetieth birthday party.

10-00:21:16
Rogers: Oh, did you? Yeah.

10-00:21:17
Geraci: Yeah, because he was doing a project with us. I've met Doug a few times.

10-00:21:20
Rogers: Yeah, good guy.

10-00:21:23
Geraci: Yeah. Interesting family who has branched out in a lot of different directions than what they originally thought.

10-00:21:29
Rogers: That's right. Yeah.

10-00:21:32
Geraci: But then you've also served and done a fair amount of work with foundations and associations. Like I have here chairman of the Oakland CEO Association. What was that and what did they—

10-00:21:47
Rogers: Well, there used to be a fair number of big company CEOs in Oakland. When I started at Dreyer's, there were twenty. I think I counted twenty-two

companies that had over a $100 million in annual sales that were headquartered in Oakland. Today I'm sad to say there are about four. The large business community that was once headquartered here has just gone to the hinterlands, for whatever reasons, and the only ones that are left are Clorox, Cost Plus, Dreyer's, although even Dreyer's isn't headquartered here really, and Kaiser Permanente.

10-00:22:38
Geraci: Kaiser's one of the biggest employers.

10-00:22:40
Rogers: Yeah. But, of course, that's a non-profit enterprise. So years ago when Jerry Brown was mayor, we formed this Oakland CEO Council, which, to be a member, you had to be a CEO of a $100 million company or larger in Oakland. We would meet about once a quarter and we would have dinner often and just know each other. It was kind of like YPO.

10-00:23:13
Geraci: It was a networking.

10-00:23:15
Rogers: It was kind of like the YPO connection but different. But it was just people with an interest in Oakland. And out of that grew something called the Oakland Dialogue, which Jerry Brown and I founded. The Oakland Dialogue, it's really an interesting concept because it is what the name says. It's just a dialogue. The rules are, if you're going to belong to this, there are no proxies. You have to come yourself. So if you are the CEO of Clorox and you want to belong to this, you have to come yourself. You can't send an assistant. There are no pitches. If you're a politician that belongs to this, you can't come and try to raise campaign funds or pitch. There are no dues. It doesn't cost you anything to come. I pay for the donuts. There are no dues, no projects. And this is a big deal. You can know that if you come to this discussion, this dialogue, nobody's going to put an arm on you and say, "Do you want to get involved in XYZ? We're trying to do this, that, and the other thing." So we try to take away all the reasons not to come because we're all so busy. I often will not go to a meeting because I know somebody's going to try to get me involved in something I just don't have time for. So this has been really successful. There are about thirty to thirty-five people in our dialogue list, all of whom are leaders in the Oakland community. I won't say that it covers all elements of the community but we have the mayor, we have the president of the city council, we have the Police Chief, we have the superintendent of schools, leading real estate developers in town, we have CEOs of Clorox, Dreyer's, Cost Plus, we have the presidents of the University of California and Mills and Holy Names. We have other leaders from the community. The person that runs the Alameda County. So it's a nice cross-section of leaders in the city of Oakland and we get together to talk about issues, particularly issues that pertain to what's going on in Oakland.

10-00:25:47
Geraci: It keeps a whole group of varied leaders informed totally about what's happening in their community.

10-00:25:52
Rogers: That's the whole idea, is to be informed and also to know each other. So if you have a question or problem, you know who to call. It's funny how we all can occupy the same city and never see each other. I remember introducing the superintendent of schools to the mayor at one of these dialogue meetings. They'd never met each other. It's hard to believe but they had never met each other. Dennis Chaconas and Jerry Brown.

10-00:26:21
Geraci: Oakland school district, one of the largest in the nation, for god's sake.

10-00:26:25
Rogers: Yeah, yeah. But Jerry Brown had never met Dennis Chaconas until they met at one of these meetings. So it serves a real purpose and we get really good attendance and people benefit from these meetings. It's terrific. So I've been the leader of that. I'm looking for someone to take my place. But I'm know old enough and seasoned enough and been around enough that nobody can hurt me and I can tell these politicians that they're full of gas and they'll take it from me. I need to find somebody else that can do that. I've enjoyed leading that group.

10-00:27:09
Geraci: And then you were also chair of the Bay Area Council.

10-00:27:13
Rogers: Yes. I think the Bay Area Council is the one group that really can represent big business in the Bay Area generally and specifically within the North Bay. There's another group that represents some of the entrepreneurial high tech companies in the Silicon Valley. But for the more established companies, and particularly for companies in the San Francisco, Oakland and North Bay area, the Bay Area Council is a good place, a good, highly thought of organization that can speak with one voice for business. So on issues where business needs to say something to government or needs to get in front of the governor or needs to try to affect an issue as a community, the Bay Area Council is the best place to do that. So yeah. I was chairman of the Bay Area Council. Gosh, that was twenty years ago. But I'm still involved in their activities.

10-00:28:25
Geraci: Okay. So I'm trying to rephrase it but I'm finding not quite the right word. It's not a political arm but it's an arm for identifying needs and figuring out solutions for them.

10-00:28:40
Rogers: Right. And surfacing issues that affect the region and trying to have a constructive voice.

10-00:28:47
Geraci: So they cross county and city.

10-00:28:50
Rogers: Yeah. It doesn't make much difference for Wells Fargo Bank to talk about air pollution but if Wells Fargo, along with fifty other companies in the Bay Area says, "Here's what we want to do about air pollution," that makes more sense. The authorities will listen to a collaboration.

10-00:29:10
Geraci: You reach a critical mass then.

10-00:29:10
Rogers: Yeah. It's a collaboration of business interests that try to be constructive.

10-00:29:18
Geraci: Oh, and something that's always been dear to your heart, the rowing association.

10-00:29:23
Rogers: I'm very involved in rowing. I'm very involved with too many things, honest, but—

10-00:29:28
Geraci: I thought this was retirement.

10-00:29:31
Rogers: Well, if this is retirement, bring it on. I love it but I'm very, very busy. I've always been a big supporter of the University of California crew. I think we've talked about how important that was to me. But that has grown into sponsoring this rowing club called the California Rowing Club that has a boathouse that we built for it right adjacent to the University of California boathouse or rowing center, as we call it. And that club now has its own coach, a fellow by the name of Bernard Stomporowski. People that have graduated from college and want to continue to row can row there for free. It's a pretty good deal. And then that has led to being quite involved with the Olympic team, with the US rowing team. And with the Olympics coming up next year, there are all kinds of activities going on and regattas around the world and teams qualifying and some of those activities are going to take place out of our new rowing club.

10-00:30:48
Geraci: Oh, that's great.

10-00:30:49
Rogers: It's a long story. I won't go through it all here. It's a great association for me. But between working with the university trying to get appropriate support for the Cal program, and I've got two people in this office who spend almost full time raising funds for the Cal program. And now with this rowing club and all it involves, and then with the US team. I'm on something called the High

Performance Committee. It's the Olympic committee for crew. That's the way to think about it. So we're the subset of the US Olympic committee that deals with rowing.

10-00:31:38
Geraci: People don't realize for the Olympics, especially in the American model, how much fundraising it takes to make this happen to get these athletes there.

10-00:31:48
Rogers: Yeah. That's absolutely right. Most of the money has to be raised privately. So anyway, that's an area of great interest to me but it's one that's taken a lot of time. But I'm having fun with it.

10-00:32:03
Geraci: Ties back to your old days of crew.

10-00:32:05
Rogers: Yeah, yeah. Right.

10-00:32:08
Geraci: I guess that did leave a lasting impression on you from—

10-00:32:12
Rogers: Oh, yeah. Absolutely.

10-00:32:17
Geraci: You're on the board for the UCSF Foundation.

10-00:32:21
Rogers: Well, I was. I actually traded that in and I've moved upstairs, if you will. I'm on the advisory board for the medical center at UCSF. So instead of being on the UCSF Foundation, which is basically a fundraising arm for UCSF, I thought I could do more good as an advisor to Mark Laret, who is the CEO of the medical center, the huge hospital that's operated there. So I made that trade about a year ago. But the other connection there that's kind of interesting—one of the reasons I did this is I've gotten very interested in the management of the University of California's endowment. When I was on the board of the UCSF Foundation, I learned how poorly UC has done in managing their almost ten billion dollar endowment. For the last decade they've earned three percent per year.

10-00:33:43
Geraci: And considering that they're authorizing five percent spending—

10-00:33:46
Rogers: It's not good.

10-00:33:47
Geraci: Yeah. That's a dwindling—

10-00:33:49
Rogers: That's right. But more importantly, if they had matched the performance of other similar sized endowments, other universities that have endowments of five billion dollars or more, the average was more like seven percent per year. And had they matched that seven percent, today they would have six billion dollars more in their endowment fund than they have. So instead of having a $9.5 billion dollar endowment, the university would have a $15.5 billion endowment. And that six billion dollars would throw off $300 million a year, which would go a long way towards solving the huge problems.

10-00:34:41
Geraci: Their fiscal—

10-00:34:41
Rogers: Yeah. So anyway, I've gotten very involved in that and I'm now on a committee that advises the investment committee of the board of regents and I've kind of become a fly in the ointment.

10-00:35:04
Geraci: Well, I think for most people, those of us attached to the university, the endowment is one of those black boxes. None of us really know, as employees or people that are there on a reg—there's always talk of the endowment and continuing to increase the endowment but none of us know how it works or what's happening with it.

10-00:35:28
Rogers: Well, the focus you hear about it is always on fundraising. You got to raise more money for the endowment. But there hasn't been much focus on actually managing the monies we have, which is a very large pool of money. And we're doing a lot of things wrong. I've actually taken it on myself to go around and meet with the chief investment officers for the endowments for Harvard, Yale, Princeton, Stanford and Michigan and I've had better than an hour with each of them. And I've also gotten to know very well the guy who runs the Yale endowment. It's a guy by the name of David Swensen and he happens to be on Doug Shorenstein's board.

10-00:36:15
Geraci: So there's another connection there.

10-00:36:16
Rogers: Yeah, yeah. These things keep coming up. But he's been very helpful to me in understanding how to manage an endowment like that right. And he's the dean of these.

10-00:36:28
Geraci: Yale's endowment is world renowned.

10-00:36:32
Rogers: Yeah. Oh, he's the best. He's the best. So he's helped me get these appointments and I now have I think a pretty good idea of how to do it right

and what Cal's doing wrong. But I'm trying not to be a know it all but I'm trying to be constructive in moving the university in the right direction. But there's a huge opportunity there. Huge opportunity.

10-00:37:02
Geraci: Well, it's an amazing amount of money and I think more importantly, as the state pays the university less and less money on a yearly basis, this endowment, and increasing and growing this endowment is going to be very important.

10-00:37:16
Rogers: Well, we can't walk away from six billion dollars. If the endowment had been better managed over the last decade, in my view we'd have six billion dollars more to help pay for the university. These days we can't afford to look the other way. So I'm working hard on that.

10-00:37:37
Geraci: Well, as someone who's employed there, that's appreciated. [laughter]

10-00:37:43
Rogers: Yeah.

10-00:37:44
Geraci: That's definitely appreciated. I'm just seeing here. Oh, and then the last one of the board things. At one time you were on the board of the ice cream association. That makes sense.

10-00:37:56
Rogers: Yeah. That was pretty interesting. I don't know if I've told you this story before or not. Being involved with the ice cream association, which of course was the body that represented the interests of the ice cream part of the dairy business to Congress and other people who were instrumental to the economics of ice cream. I was asked for three years in a row to be a speaker at something called the Dairy Forum. Have I talked about this?

10-00:38:41
Geraci: A little bit. I think we talked about it. Yeah.

10-00:38:41
Rogers: Okay, all right. Well, I can tell the story again, I guess. But the interesting thing there was that for three years in a row I was on this panel in front of the Dairy Forum. It was about a thousand people that would come together from the dairy business. We were always talking about dairy pricing. I knew that one of the other guys on this panel every year was fixing the price of milk in the United States. And over this three year period that both he and I were on that panel, I was more and more explicit about the fact that if you want to talk about dairy prices, all you have to do is talk to Gary Hanman because—the third year I just said it. I said, "He basically fixes the price." He would just shrug his shoulders and say, "Oh, don't be silly," blah, blah. Well, about five

years ago he and his company paid about $21 [million] to settle a price-fixing lawsuit by the government.

10-00:39:46
Geraci: For fixing—

10-00:39:47
Rogers: Yeah. I knew it to be true and I was saying it in front of a thousand people and finally somebody picked up on it.

10-00:39:53
Geraci: Well, it's one thing we talked about in our earlier interviews, and it's always fascinated me, is the complexity of farm commodity and how it's handled and how the government subsidizes pro rates and this mixture. We talk about a system of capitalism and we try to move away from regulation, yet agriculture is probably even more regulated in many ways than even businesses.

10-00:40:25
Rogers: What happens with dairy pricing in the United States is not known by almost anybody. It's so complicated. Even the congressmen who are responsible for it couldn't explain it to you. And it makes what the Soviet Union used to do look like child play. Milk prices in the United States are set by formula that the Congress approves and the price you get for milk if you're a dairy producer at a dairy farm, the price you get is dependent upon the use of the product. Milk is about as fungible as any product can be. You milk a cow, you get a fluid called milk. And in most businesses, you'd sell that milk at a price that was set by the free market and it wouldn't matter where the milk was going. That wouldn't affect the price. The price would be the price. But in the United States, because of this forcing mechanism that Congress invented, the price you get is higher if the milk goes into a beverage than if it goes into ice cream than if it goes into cheese than if it goes into butter and powder. There are four separate prices that are very different. Those things can vary by 40 percent or more.

10-00:41:47
Geraci: Forty percent? That's huge.

10-00:41:49
Rogers: Oh, huge. And it's all enforced by the government. And it was born in the era of the Depression when people were worried about having enough milk for our babies, so they'd set the beverage price high so that farmers would always be willing to produce for the beverage companies because they get a higher price for their milk. But in today's era we have more milk than we can sell and it's just insane but we still have all these rules.

10-00:42:19
Geraci: Yeah. And that goes back to the planned agricultural.

10-00:42:22
Rogers: Yeah.

10-00:42:23
Geraci: Agriculture had died as a result—after World War I. It was one of the sick industries and our response was this regulation and we've never loosened up on that.

10-00:42:38
Rogers: Yeah, we never do.

10-00:42:40
Geraci: Have you had any other dealings with like Department of Agriculture?

10-00:42:43
Rogers: Oh, yeah. One of the things I did in the sort of final days of Dreyer's, or maybe after that, was I drove around the mall in Washington, DC, all the big buildings there, all the big government buildings, and I drove just slowly and I thought about all the dealings I had had over my thirty years with Dreyer's. I had had some dealings with an important issue in almost every single one of those buildings.

10-00:43:18
Geraci: That's scary.

10-00:43:20
Rogers: Yeah. It was just amazing. I went. I remember what I did there in each building. I remembered talking to members of Congress in the Capital. I remember going to the Department of Agriculture. I remember going to the FDA. I dealt with all these agencies. The FTC in the final goings, SEC, god knows how often. It was amazing. I had many dealings with the Department of Agriculture. I went in there time after time after time to try to get somebody to make sense of these crazy dairy laws I just made reference to. Nobody could ever defend them but every time we talked about trying to change them, the political realities are such that the subcommittees of the House of Representatives and the subcommittee of the Senate that deal with agriculture matters are one 100 percent populated by farm state or dairy state legislators.

10-00:44:26
Geraci: And they're not going to give up.

10-00:44:28
Rogers: They're elected, their constituents put them there, to keep these government programs in place and to go in there. I remember when I was almost at the end of the road at Dreyer's and I called Newt Gingrich, who became a pretty good friend of mine. I said, "Newt, I've got two years to go. I've been trying to take on these dairy laws that are so crazy for ten years. I haven't made any progress. I still want to fight the fight but give me advice. He said, "Gary, go over the horizon with your flags flying." He said, "There is no chance that—no matter how organized you are or who you have with you, that these rules are going to change. They're just too embedded." With the structure of this subcommittee that deals, for example, with dairy, probably a subcommittee of a subcommittee that is 100 percent populated by dairy state legislators.

10-00:45:34
Geraci: Same thing goes with the wheat lobby. Look at the tobacco lobby for years.

10-00:45:38
Rogers: I'm sure. Of course. Yeah.

10-00:45:40
Geraci: These are some of the strongest, most important political positions.

10-00:45:45
Rogers: Yeah. But they take care of their own because they wind up in these little empires. The tobacco empire, the little committee that deals with tobacco.

10-00:46:00
Geraci: But are they really taking care of their own?

10-00:46:03
Rogers: Well, somebody's paying to elect them. I remember one time when I was having trouble with the State of California because we had a process that was really pretty innovative for reverse osmosis of milk. Milk is a lot cheaper in New Mexico than it is in California. The price is supported in California. It gets very complicated. But you can buy milk in New Mexico for quite a bit less than you have to pay for it in California. So we invented a process where we would buy this cheaper milk in New Mexico and we would put it through a filter called reverse osmosis that would take a lot of the water out of it. So we would call it a condensed milk, if you want, and we would ship it in condensed form to—

10-00:46:59
Geraci: At a much cheaper price.

10-00:47:01
Rogers: Yeah. To our plant in Bakersfield and we'd add the water back and we'd have perfectly good milk at a lower price. So I learned through friends of mine in the state legislature that someone had proposed a bill that would make this practice illegal. That you couldn't use reverse osmosis milk in the State of California. So I went up there to meet with this guy who was chairman of the dairy subcommittee of the state senate. And I asked him about this and he completely denied it. He said, "Oh, Mr. Rogers, I'm very pro-business. I would never do anything like that." And I turned to his chief of staff who was sitting right there and the chief of staff was red faced and was saying, "The bill, Senator, does exactly what Mr. Rogers has said." At which point this guy completely changed course, 180 degrees, and he said, "Mr. Rogers, I'm going to be honest with you. I represent a district of Portuguese dairymen in the Central Valley of the State of California and in my last election I won by thirty votes and I got to keep these people happy and they want me to do this and I'm going to do it." "Okay," I said, "at least now we're being honest with each other."

10-00:48:42
Geraci: Isn't that refreshing. And the honesty is these people did elect him to do that, didn't they?

10-00:48:48
Rogers: Yeah.

10-00:48:49
Geraci: A representative actually doing what the people wanted. That's—

10-00:48:53
Rogers: Yeah. Whether he represents the whole state or not—

10-00:48:56
Geraci: Yeah. But at least for his district.

10-00:48:59
Rogers: Yeah.

10-00:49:00
Geraci: I think for today we've reached a good point for—

10-00:49:03
Rogers: Okay, all right.

10-00:49:05
Geraci: We covered some good stuff today.

10-00:49:08
Rogers: Well, I can tell stories until the cows come home, literally, but—

[End Audio File 10]

Interview #6 October 23, 2012

[Begin Audio File 11]

Geraci: Hi, I'm Vic Geraci, food and wine historian from the University of California Berkeley's Regional Oral History Office. Today's date is Tuesday, October 23, 2012. Seated with me is Gary Rogers. Mr. Rogers is a University of California graduate, spent thirty years as chairman and CEO of Dreyer's Grand Ice Cream, served as chairman of Levi Strauss and Company, and presently serves as chairman—or presently just got off, excuse me, as chairman of the Board of the Federal Reserve, and now on the board for Safeway. We're here at the Bancroft Library, University of California Berkeley. Gary, welcome back again, and thank you.

Rogers: It's great to see you, Vic.

11-00:00:52
Geraci: We're back to our conversations. Off tape, in deciding where we were going to go to finish up with this interview, one of the things I talked about was your illnesses—actually, a brain tumor. How does that, with someone who's building a major corporation, has these goals, aspirations—set you back, yet in some ways, I think it propelled you even further in the long run.

11-00:01:24
Rogers: Maybe it did in a way. That was such a shock. I had no symptoms. I had no reason to think I had a brain tumor. I was actually having some heart palpitations. I went to see my doctor, and for some reason—I don't understand why—he had me do a brain scan. The brain scan showed a small tumor, about the size of the end of your little finger, growing out of my brain stem into what they call a fourth ventricle of the brain, which is right in the middle of the head, right between your ears. About as deep as you can get in the brain. I got the report, and I was told that I had a lesion in my fourth ventricle. I had no idea what that meant. So I called my general doctor. I told him I'd had this report. I said, "Is that like having a brain tumor?" and he said yes. I said, "Does that mean I have brain cancer?" He said, "Well, you could call it that." I said, "Does that mean I'm going to die?" He said, "Not necessarily, but we need to deal with this right now." I subsequently learned that if someone calls you and tells you that you have a lesion of the brain, or a brain tumor—it's the same thing—there's a 60 percent chance—if you know nothing more than that—there's a 60 percent chance you're going to be dead within a year. Sixty percent of people who develop brain tumors die within a year. I was in the lucky forty percent.

11-00:03:16
Geraci: That's a pretty sobering—

11-00:03:17
Rogers: Yeah, but I didn't know those numbers at that time. I rushed over to UCSF, where they're known for their neurosurgery expertise, and I talked to the head doctor there, head surgeon, and he told me that this was very serious, that this tumor could be blocking my brain fluid, and that we should operate immediately. He said, "Tomorrow morning." He said, "I'll operate tomorrow morning." I then asked him the question that I think saved my life. I said, "Doctor, if you had this tumor in your brain, who would you see?" He said, "The best surgeon for fourth ventricle tumors is a doctor by the name of Albert Rhoton at the University of Florida, in Gainesville, Florida, of all places. So I made a really tough decision. I ignored this doctor's advice. I got a hold of Dr. Rhoton. It took me a week to get an appointment. That whole time, I could have been very much at risk. It was a very difficult time for me. I got down there. Dr. Rhoton is this big, six-foot-five, happy-go-lucky guy, who truly is one of these great surgeons. He's trained hundreds of surgeons around the world. He's just a wonderful, wonderful man. The whole center is named for him. I go into his lab. He puts these films up on his viewer and he says, "I don't see anything to worry about here." I thought, my God. Wow. He said, "We're not going to operate on this." He said, "Lots of people have these tumors. They don't even know they have them. They die from something else." He said, "It may not grow." He said, "We'll keep an eye on it. Don't worry about it."

11-00:05:14
Geraci: From one extreme to the other.

11-00:05:15
Rogers: Yeah. But there's a lesson in that. You should always ask some doctor who tells you something that's very urgent that question, "Who would you see?" Because they can't say, "I'd see myself." So anyway, I started a relationship with Dr. Rhoton that continues to this day, really. The tumor did grow, and a year later he said, "Gary, it's time for us to go get that out." That precipitated a very difficult time in my life. He looked me in the eye before I had that operation. He said, "Gary, I have to tell you this. There's a 5 percent chance that you won't survive the surgery. And there's a 15 percent chance that you'll wind up with some major disability. The inability to swallow. The loss of your gag reflex." He said, "This tumor is growing out of the brain stem, and there are a lot of very sensitive control aspects of the brain stem right where your tumor is." He said, "I have to tell you that." When somebody's telling you there's a 20-percent chance you're going to die or be disabled, if it's somebody else, you say, "Well, there's an 80 percent chance you're going to live and be fine." But if it's you, oh my God! And you're feeling healthy. You're in your sixties. Actually, I was in my fifties.

Just before going in for that surgery, I almost had a breakdown. My wife and I took a walk. I just collapsed. I had been dealing with the stress for so long, I just broke into tears. I hugged my wife. I told her I loved her. I thought, honey, I think we're going to get through this. I was in the doctor's office, and

his nurse, his nurse assistant, came out to talk to us. She said, "I know the doctor told you what the odds of complications or death are from this surgery." She said, "He has to do that legally. But," she said—I'm sure this was scripted. She said, "Those are the national statistics for this operation." She said, "Dr. Rhoton has never lost a patient."

11-00:07:42
Geraci: It's kind of like that rollercoaster. You're down, then you go back up.

11-00:07:44
Rogers: The rollercoaster continued. I had the surgery. It was thirteen hours on the table. An interesting aspect of this is I hadn't told anybody except my partner. Dreyer's had a board meeting the same day that I was operated on, so Rick opened the board meeting with the news that I was on the table in Gainesville, Florida, having my head cut open. My whole board didn't know that.

11-00:08:12
Geraci: So no one in the corporation knew that?

11-00:08:13
Rogers: Nobody knew that. That was the first time it was out for, quote, "public knowledge." Anyway, it was a very complicated surgery. It was thirteen hours, which is extraordinary. One of the things that happened—of course, I didn't know it at the time—but I had a stroke during the surgery. They dealt with the stroke somehow, surgically, but I had this stroke. As I was coming to in the ICU, I could begin to hear, but I kept my eyes closed. I was just there with my eyes closed, but I could hear. There were five doctors—five doctors—trauma doctors, at the foot of my bed, and they were debating whether I was going to live through the night or not. Now that's an experience you don't want to have. It was just unreal. I was coming back from being under.

11-00:09:20
Geraci: Anesthesia.

11-00:09:20
Rogers: Anesthesia. I was hearing this awful conversation, but it was true. That's what they were doing. Anyway, somehow I defied the odds, I lived through the night. Six weeks later, I was back in my office.

11-00:09:35
Geraci: Only six weeks?

11-00:09:36
Rogers: Yeah.

11-00:09:37
Geraci: That's amazing.

11-00:09:38
Rogers: I was really bad at first. They got me up about a day later and they asked me to just walk toward the wall. I picked up my right foot and put it down on the left side of my left foot. That's how uncoordinated and screwed-up I was. But I quickly recovered. To this day, the whole right side of my body is numb. This arm feels like pins and needles twenty-four hours a day. I take pills for it, which help numb the numbness, but it's clearly a disability that, if I didn't have medical help with it, you couldn't live with it. You just can't live with that high level of numbness for twenty-four hours a day. Anyway, that's the bad news. The good news is that, every day, I think about the fact that this is a day I might not have had. If those trauma doctors were right and I didn't live through the night, this would not have happened. This really emphasized my understanding of the uniqueness, the precious nature, the temporariness, and the fact that, as Rick Cronk says, you only go around the track once in life. You owe it to yourself to enjoy the journey. There are no mulligans in life. You and I are going to have other conversations, but we're never going to have this conversation again.

So what it's driven in me—and I don't know if we've talked about my hot tub, but I take a hot tub virtually every night, and I only think about two things in that hot tub. I've been doing this now for several years. My first question to myself is, how did you spend today in the spirit that you're never going to have that day again? How did you spend it? If you were going to have that conversation with Vic again, what would you do differently? How could it be better? Not in a critical sense, but in a learning sense. Then I ask the question, what's on the schedule for tomorrow? How can I make tomorrow as good as it can possibly be? It's a wonderful thing. This experience has driven in me the understanding that life is only a moment. Somebody said that if you read *Gone with the Wind* and likened it to the age of the earth, all the whole history of mankind consumes about one-third of the last period at the end of the last sentence, relative to that book. That's how long we're here. Most life on this earth has been wiped out. Not the one time. Everybody knows about the time—like with the dinosaurs. There's Professor Alvarez right here on this campus that has shown that there were seven times where meteors or other natural events have nearly wiped out life, and somehow it's come back. Mankind is not here permanently. With all that kind of context, it takes the pressure off, really. You sort of realize how insignificant you are. You think you're a big-shot. You're the chairman of this or the chairman of that. It's just a flash. I find that really rewarding, and I've come to the understanding that life is just the interval of a bunch of days. For us to have these big goals and all that stuff, that's fine. But where life really is, is in the daily struggle.

11-00:13:18
Geraci: That's one of your favorite quotes.

11-00:13:20
Rogers: Yeah. Life is in the struggle. The joy of life is in the struggle, and if you make every day as good as it can be—and if you welcome challenge. I encourage

young people to go for the gusto. Take on the tough challenges. Do the Sunday crossword puzzles of life. Be the best you can be. Take that tough statistics course. Found that company. Win or lose, you're going to be better for those challenges. More often than not, you'll figure out a way to overcome them. I look back at that surgery as if—I mean, it was a blessing. It might not have been, but in retrospect, it was a great blessing.

11-00:14:04
Geraci: It made you a very reflective person.

11-00:14:06
Rogers: Yeah. I live in a reflective way now. That occurs to me every day, Vic. I'm here, but for the grace of God. Because it might not have happened, why not make the best of it? Why not enjoy it?

11-00:14:28
Geraci: What year is this?

11-00:14:30
Rogers: It was in 1998. What is that? Fourteen years ago?

11-00:14:38
Geraci: When you're coming back, there's still another good eight to ten years of the Dreyer's story that you're developing. Those are the years, really, that are the crucial years for you. Becoming a national brand, for all these things that are going on.

11-00:14:54
Rogers: And the sale of the company. If you're profit-driven, which I think is a good thing, in spite of what people say today, often, as much or more money is made buying and selling a company as it is operating it. I haven't done the analysis, but I think if you look back at the value created for our shareholders at Dreyer's, we probably made as much for our shareholders by the way we bought the company in the first place, and by the way we sold it to Nestlé in the end, as we did operating it. There's a lesson in that. You've heard the story of how I sold the company to the chairman of Nestlé. I had an interaction with them recently that was pretty interesting. When I left Dreyer's, which had been owned by Nestlé for two years, they had a party for me. The chairman of Nestlé was on my board, and he didn't come to the party. It was weird that he didn't even respond to the invitation. He was a very courteous gentleman. I was kind of hurt, because we had been pretty good friends. He had been on the Dreyer's board for quite some time. Well, five years later—five years later—in the mail, I get this crusty envelope. Looked like it had been in a sewer somewhere. I have no idea what happened to it, but it was his response to the invitation. Five years in the mail.

11-00:16:41
Geraci: It had gotten hung up somewhere?

11-00:16:43
Rogers: Somewhere. I don't know if it was in Switzerland, I don't know if it was here. Anyway, I pried it open. I could barely read the lettering on it. It was this wonderful letter. It was not only his regret for the party, but he went on and on about how much he'd enjoyed our relationship and how we had built the company together and all that kind of stuff. I had it copied and sent to him. Well, no sooner did he get it than he called me, and he said, "Gary, you must come to Switzerland. We've got to renew our relationship. It turned out I was going to be in Europe a month later, so I arranged to go down to Nestlé headquarters in Vevey. I've been there many times. I get in the executive elevator and I go up to the eleventh floor. That's the executive floor. He's standing there waiting for me at the elevator. This will characterize our relationship. He didn't say, "Hello." He didn't say, "It's nice to see you." He didn't say, "Thanks for coming all this way." He said, "Rogers, that company you sold us isn't performing very well." I said, "Bullshit. You just paid too much for it." He said, "Well, you know, you're absolutely right." I said, "That's the biggest compliment I've had. Thank you very much." It kind of went from there. Anyway, that was sort of the last chapter with Nestlé, but it was pretty funny. Anyway, they did pay a lot for it.

11-00:18:20
Geraci: Just a little segue on what you just—when you're talking about Nestlé. One of the feelings I got in doing all these interviews is that the transition, like all transitions in any acquisition, merger, or anything along this line, had its rough points.

11-00:18:38
Rogers: Oh, yeah. Absolutely.

11-00:18:41
Geraci: A transition without rough points doesn't exist.

11-00:18:43
Rogers: I guess, but this one was especially rough, if that's the right term. Two things to say about that, Vic. I think Nestlé is a wonderful company, and I have nothing but the highest regard for Nestlé and their people and all that. But if I sell you my car, and the check clears, and you want to take that car to Alaska and beat it up, fine, do it. I don't care.

11-00:19:11
Geraci: If I want to leave the roof down when it rains, right?

11-00:19:12
Rogers: Yeah, whatever. That's the way I feel about Dreyer's. Nestlé paid a full price for that company, and it's theirs to run now. I'm not going to be critical of what they're doing. They're one of the finest companies in the world. They're one of the biggest companies in the world. A hundred and thirty billion dollars in revenues. They know what they're doing, okay? I get these people all the time, "Oh, they changed the formula" or "Oh, they did this" or "Oh, so-and-

so." None of that stuff has an impact on me. Now, having said that, the kind of people that worked in our culture, the loose controls that we've talked about, and our trusting of the individual, and all those things that we've done, is antithetical to the Nestlé culture. They run a very tight ship. They've got rules for everything. They've got policy manuals. Things are top-down. People give orders.

11-00:20:15
Geraci: They have a full-fledged HR department.

11-00:20:17
Rogers: Yeah, and they have a full-fledged HR department. Hey, there's nothing wrong with that. But people who have thrived in our culture are going to be suffocated by that, and that's why all the top people—we just had a reunion of the top thirty people at Dreyer's at the time we did the deal, and there's only one who's still working there. Everybody left. It was cultural. It was just cultural. But there are people who are lifelong Nestlé employees, who have learned to succeed in that culture, and hey, they do fine because they grew up in that culture. Well, our people grew up in our culture, and they learned to love it. Many people are looking for that same kind of cultural experience. It's difficult to find, I've learned.

11-00:21:15
Geraci: I guess one good example in doing the interviews is Tim Kahn is coming in. He was from that large corporate culture. I get the feeling there were some tensions on his selection.

11-00:21:30
Rogers: Oh, yeah. You bet. Not by me, but by the people who didn't get selected.

11-00:21:36
Geraci: Yes. Not bad, but a feeling that, I was overlooked. But in some ways, I think—I'd like to have you talk about this—you made a very wise decision. You were choosing someone that could survive and take your work culture to their work culture.

11-00:21:59
Rogers: These are the tough decisions you make. I had to pick my successor, and nobody was overlooked. The candidates were all considered very carefully. We looked at some outside candidates. It was really my decision, with the support of my board, and we chose Tim. I think it was the right decision at the time. You're right. He'd survived in the Pepsi culture, which is even further out, when you talk about top-down control environment. Pepsi epitomizes that. You've got Pepsi, Nestlé, Dreyer's, kind of. But we had beaten that Pepsi stuff out of him. I would hit Tim Kahn with a two-by-four, regularly, when he exhibited that Pepsi stuff. He had worked for me long enough to have some of that knocked out of him, but at least he understood it. That really wasn't the reason I picked him. I picked him because I thought he was best at leading the company.

11-00:23:04
Geraci: At least at that point, in that transition.

11-00:23:06
Rogers: Yeah, right. I think it worked as well as any of our Dreyer's people would have worked. I still would have made the same decision. But for all the reasons we were just talking about—I mean, Tim was a Dreyer's guy, and Nestlé wanted a Nestlé guy running that company. They put somebody in there who couldn't carry Tim's briefcase. But he was a Nestlé guy. He's a "Yes, sir, I'll do it your way" kind of guy. Like I say, it's just different.

11-00:23:37
Geraci: It was a difference in style. Because the transition is—it had to be a clash of work culture.

11-00:23:46
Rogers: Yeah.

11-00:23:47
Geraci: And in all honesty, people, in doing some of the interviews that I've done—I've been to the Oakland Nestlé headquarters, and very prim, proper, and not really a will to discuss or talk about those things. A fear. Whether real or not.

11-00:24:14
Rogers: I don't really know that culture, because I didn't work in it. When I ran Dreyer's for Nestlé, I had insisted that it be on my terms, my board. Nothing changed from what we had had before. We had full authority to run the company. Nestlé was not going to interfere with us. That was the deal. That's the only reason I stayed there. I haven't worked in that Nestlé culture, so I don't know. At the very end, I got a taste of it. Again, they have hundreds of companies they have to manage. It's a different way of approaching how you run a business, but it works. Let's face it, it works.

11-00:24:59
Geraci: Obviously. Between Nestlé and Unilever. Two things. One, in making this transition, it seems to me that a lot of what was happening as you're transitioning to Nestlé, that work culture, I get the feeling Rick chose to opt out sooner, because he didn't even want to deal with that.

11-00:25:32
Rogers: Yeah, and I just think he thought it was time. There was that three or four-year period where we had done the deal. Nestlé was committed to buy us. It was a very complex financial transaction. There was going to be a lot of finance-oriented stuff going on. We were going to have to get the government to approve the deal, which proved to be very problematic. None of that was really Rick's forte. I think you're right. I think Rick saw the Nestlé culture coming. A lot more interaction with Nestlé people, for me and for him. I just think he was ready. He had his Boy Scout things coming along.

11-00:26:19
Geraci: That became a huge part of his life.

11-00:26:21
Rogers: Yes. It was just time for him to go.

11-00:26:23
Geraci: It was a good transition. I get the feeling he saw it as the prime opportunity to make the transition to the next thing he wanted to do in life.

11-00:26:32
Rogers: Yeah, exactly right. He was ready for something new.

11-00:26:35
Geraci: He was ready for something else. I can't remember where I actually was reading this. It was talking about—oh, there it is—you feeling that one of your biggest and toughest competitors throughout your life was Eric Walsh at Unilever. You want to talk a little bit about that? Because that's driving a lot of this Nestlé thing, too. Unilever is looming out there. Between Unilever and Nestlé, they're both vying for all of this.

11-00:27:10
Rogers: Let me say something that's kind of controversial and maybe a little bit nasty. I think that one of the reasons we succeeded at Dreyer's was competition really wasn't very good. Reflecting back on my thirty years or whatever it was in the ice cream business, which was really the dairy business—every year I would go to these dairy conferences. Two thousand dairy executives from various dairies. I only met one or two people that, in retrospect, I have regard for as serious, capable business builders or business leaders. It was just dull as dishwater. It was really bad. These are mostly people who grew up milking a cow. Nothing wrong with that. But the one exception, the one of maybe a handful of exceptions, was Eric Walsh. Eric Walsh had the same job with Unilever that I had with Dreyer's and then Nestlé. I'll tell you what, he was a very good competitor, and tough. It was very interesting, because along the way, somewhere along the way, he came to Oakland. We were talking about something. I don't know what it was. I invited him to dinner, and we went to dinner. I think it was Oliveto's up the street from my office at Dreyer's. We both had a little bit to drink. We were like two bulls jousting. He leaned over to me at the end of dinner. He said, "Rogers." We'd been competitors for twenty-five years. "Rogers." He said, "It hurts me to tell you this, but you're going to win." I said, "Eric, that's not like you. Why would you say that?" He said, "You have the trucks. You have the trucks. And in the final analysis, that's going to kill us." That was pretty cool. This guy, I mean, he admitted. "You have the trucks." I wanted to go, "Yes!" All this work on DSD. He recognized that that was a real killer.

11-00:29:55
Geraci: I've heard varying scenarios, but it seems to me that one of the key things Nestlé was interested in, and you in particular, was that distribution system.

11-00:30:08
Rogers: As I look back, why did we succeed at Dreyer's? It's really pretty simple. We were focused on quality from the very beginning. Quality was non-negotiable. We had the trucks. We were DSD. And we had our culture. That's it. That's it. That's the whole story. Those three things made the difference. I really attribute our success to that and almost nothing else.

11-00:30:42
Geraci: Could you have seen, then, in Nestlé's eyes, that we need Dreyer's, going, "As long as we can have the DSD, it doesn't matter about the work culture. Our work culture, we'll put it on top of that and still survive"?

11-00:30:57
Rogers: Yeah, I think that's what they thought. They believe in their approach to business. They believe the senior executives make the calls and other people just execute. Totally different from the upside-down organization kind of thing we had. But that's the way they operate. But I'll tell you what, you travel the world as I have, you can't find a little shop in the most remote outpost of Africa or India or Pakistan or Mongolia where there isn't a whole array of powders that Nestlé sells, whether it's infant formula or coffee or a million other things. Or ice cream. Nestlé is everywhere. It's universal. They have a really strong global business that isn't going away anytime soon. Rides the ups and downs, yet people need powdered coffee and they buy powdered coffee, and they aren't going to stop buying powdered coffee. It's real cheap. They have a very sustainable, solid business, and they have evolved a way of operating that business. That business is totally different from what we have with Dreyer's in the United States. Therefore, again, I'm not going to criticize Nestlé. I will say it's completely different, and the people that succeeded with us at Dreyer's weren't going to be happy making that change, but that doesn't mean that what they do is wrong.

11-00:32:45
Geraci: I think that's one of the hard things when change occurs, because people have vested so much of their life and their thought in something, and then to have someone say, "We're going to do it differently," they take that as an attack on what they've vested their life on.

11-00:33:02
Rogers: Yeah. That's right.

11-00:33:04
Geraci: That's not necessarily the case. It's just a different route.

11-00:33:09
Rogers: The essence of the Grooves was inculcated in Dreyer's as deeply as it could possibly be, right down to the people in the factories. They could tell you about the Grooves. They could tell you how those Grooves affected their life. We would do training all the time and we'd have surveys. We'd get input from people and we'd modify what we were doing. Here's Nestlé. They buy

the company and they've got to deal with the Grooves. The Grooves don't work for them, really. Respect the individual. Upside-down organization. Ownership. So what they tried to do—they couldn't just say, "All right, the Grooves are dead. No more Grooves." Heck, when I retired, they put the Grooves in the concrete of the stairs that you walk up as you're going to the building. They weren't going to jackhammer them out. But they changed them. The new Nestlé CEO, following Tim Kahn, redefined them. The Grooves are now ownership of business goals, ownership of XYZ sales. They tried to twist them in a way that could sort of put very different aspects into those Grooves. I don't think it will work very well. So far, that's what they've tried to do.

11-00:34:36
Geraci: They've tried to personalize it.

11-00:34:38
Rogers: They tried to Nestlé-ize it, yeah.

11-00:34:40
Geraci: I like that, Nestlé-ize it. It's an antithetical thing for them, because it's not their cup of tea at all. We'll kind of shift here just a little bit. Outside of what you're doing with Dreyer's, over the last one to two decades, you have served on numerous boards. I have a list here. We'll start talking about some of these different companies, corporations. I think in some ways, that's a learning curve for you also, in how you want to proceed with what you're doing with Dreyer's. Let's start talking about some of them. One of the things I noticed, there's a lot of things dealing with food, like the board of the Stanislaus Food.

Rogers: Foster Farms and Il Fornaio Restaurants. Yes, I've been involved with a lot of food companies.

Geraci: Why would they want you on the board?

Rogers: I don't know. There were many times I knew the owner or CEO. Some of these relationships—most of them, now that I think about it—were formed in YPO. That's where I met these people in what are called YPO forums, where CEOs get together and talk about their problems. You build relationships. These are very confidential conversations. But for me, this YPO was so important. Some of these people who I evolved a relationship with would ask me to be involved on their boards. That was probably the biggest factor.

11-00:36:34
Geraci: Let's expand the YPO for just a second. It's the Young Presidents' Organization.

11-00:36:44
Rogers: It's really interesting. To join YPO, you have to qualify before you're forty. You have to be president or CEO of a company that has—I think today, it's at least ten million dollars in sales. Then you have to be sponsored. You go

through an interviewing process and then you're asked to join. I was approached about this when I was in my thirties. I was busy with Dreyer's. I think it was fairly typical. Somebody had been at YPO and they thought, this is great, and Gary, you ought to join. I'm going, oh, yaddah, yaddah. I don't need another business group. I have too many now. But thank goodness they were persistent and got me looking at it. I remember going to the first meeting. I don't think I was a member yet, but I had been invited to go to a meeting. It was a guy by the name of Rink Babka, who had been a famous discus thrower in the Olympics. He's a big guy, but he had a beer distributorship somewhere out here. That was where the meeting was held. I was there with all these guys who, interestingly, would later become my very close friends. I remember this conversation. It was two guys—and we had drunk some beer, because this was a beer distributorship—these two YPO guys were subtly jousting over their airplanes. These guys were talking about their airplanes. They had private airplanes. One guy said, "This is a blah-blah." Beechcraft or whatever. The guy said, "Yeah, but I've got a yaddah-de-yah—Cessna." It went back and forth. It was kind of gentlemanly. These people trying not to be too arrogant or unfriendly, but trying to best the other guy. Finally, one of these guys said, "Well, I have my corporate logo backlit on the tail." That was the end. That was the end of the debate. "My corporate logo backlit on the tail." That was the coolest thing.

Anyway, I thought I'd like this group, and so I joined it. It was one of the best things that I did in my life. I think second only to marrying my wife, that was my best decision. It just opened up a world that I had no idea existed. These were all guys kind of like me, trying to build a business, with all the issues that a CEO has of growing business. Again, the chapter—they call it chapter, which at that time was maybe fifty or sixty—it was all guys at that time. Now, there are some women. Maybe 10 percent of the membership is women. These are CEOs of typically relatively small companies, although there are some big ones there, too. Some family guys who basically inherited their business and their role from their fathers. You had sort of investment-oriented people who maybe had been put in there by a hedge fund, or financial owner of the business. Then you had guys more like me, who had sort of started from scratch and built up a business and qualified for this. So it was an interesting blend of family, investment-oriented, and kind of entrepreneur. We would break up the chapter into forums of about fifteen guys, and you developed a real affection and affiliation with your forum. That forum would sit around a table like this about once a month, and people could raise any issues they had. Having been a CEO of a small company, I can tell you it's really lonely. Other than your wife, you really don't have anybody you can talk to. I was lucky I had a partner, but most of these guys don't have a partner like that. So the opportunity to discuss, in a really confidential forum, the issues, and get honest feedback—it was very, very common for somebody to come in there and tell a story and kind of spin it, and another guy around the table would say, "You are so full of shit. Give us the straight story. That's just baloney. Come on." He'd have to open his kimono. They get down to the hardcore

stuff. Boy, it was so healthy. I formed relationships that have lasted, in my case, my whole life. Most of my best friends today are people I met in YPO.

Now, the interesting thing is, is that you have to qualify before you're forty. At age fifty, they throw you out. You're no longer "Y." It's young presidents. The energy of these forty-year-old, forty to fifty-year-old, guys and now gals, it's just so intense and so much fun. But once you're fifty, you go into sort of an alumni group called WPO. It stands for World Presidents' Organization. You can stay in that for as long as you want. I'm seventy. I'm still very active in WPO. My wife calls it Weary Presidents' Organization, which may be more apt. It serves the same purpose. I am still meeting in forum with the guys I met with when I was in my forties. Mostly the same guys. That's thirty years, or twenty-five years, of relationship-building, and it's really tight.

11-00:42:26
Geraci: I think what is impressive, to me, though, in looking at it, not only does it give you these other CEOs or presidents to talk to, it opens up the world of politics, global business. You travel. This is bringing people together on a global level also.

11-00:42:48
Rogers: That's really true, Vic. I saw the world with YPO. In addition to this forum, the other thing they do is what they call universities. They're typically week-long conferences in different parts of the world. My wife and I went to twenty-five of these universities while I was in YPO and WPO. We're still going to them. I met Mother Teresa at her clinic in Calcutta. I met Sir Edmund Hillary. I asked him the question, I said, "Who was first on Everest, you or your Sherpa, Tenzing Norgay?" He said, "Oh, we did it together." Which is what you'd expect. But a week later, at the same university, I had the opportunity to spend two or three hours with Tenzing Norgay at his mountaineering institute in India, up in the bush country, the tea country, Darjeeling. After getting to know him a little bit, I asked him the same question. I said, "Come on, tell me. Really, who was first on Everest?" Here's the answer he gave me. "Sir Edmund knows. I know. And he knows." [pointing to the sky] Now, is that cool? I could regale you with stories like that. In many cases, I felt like I was living history. We were in South Africa when the whole apartheid thing was just crazy, and what's his name—Nelson Mandela—was still in jail, but he was about to come back, and there was all this political stuff going on. I have had the most fascinating experiences because of the access to get these leaders, these religious leaders, these political leaders, these business leaders, to come talk to you. Which YPO can do, because you have enough hitters, if you will.

11-00:44:48
Geraci: Yeah, it has clout.

11-00:44:50
Rogers: God, it's just been so valuable to me. The Harlans and my wife and I just got back from going to Borneo. We did a cruise around the coast of Borneo. Last year, we did New Guinea. We went to Bali. We went to an island off the coast of Bali. We're having adventures that now YPO is making available to us, and it makes life so rich. It's just a fabulous organization.

11-00:45:24
Geraci: It gives you a broadened perspective of this global community. For businessmen, speaking globally now is the only answer.

11-00:45:37
Rogers: Yeah. It gives you resources. Just yesterday, Vic, just yesterday, I took that fellow, whose name I won't mention, who was talking about the backlit tail of his logo on his airplane—I flew him on my airplane up to Portland, where my family has a very major investment with a housing developer up there. The guy that I took with me happens to be a very close friend and a big, big builder. There's nothing he hasn't seen. He came up there with me with another YPO friend, who is maybe the top one or two experts in owning apartments in the United States. These two guys flew with me up there to meet with our partner in Portland to review this investment I have. It was so valuable. These guys are so wise, and the suggestions they made—I have pages of notes of things we could do better. They were impressed with what we have and they think it's going to be successful, but they were able to add value. That's my life these days. I have this wonderful coterie of contacts and friends.

11-00:46:52
Geraci: In essence, also, within this peer group, then, I'm sure they turn to you for your advice also.

11-00:46:59
Rogers: Yeah. Sure.

11-00:46:59
Geraci: So this becomes that inner circle group where you can let your hair down, you can think out loud without having anyone put you down for it. Wouldn't it be nice if that took place in politics?

11-00:47:16
Rogers: It's really like that. There is respect for honest opinions and confidentiality. I belong to a group that's part of this forum that we call a Group of Five. It's just five members of that forum. We have dinner at one another's homes on a rotating basis. It's five guys that live here in the Bay Area. The breadth of experience in this group—one of these guys was a huge player in Latin America, Brazil, Mexico. Another guy founded a very successful bank and has also been a very successful investor in real estate. He brings those perspectives. There's a guy who built one of the most successful technology companies in the Silicon Valley. There is an investor who has backed dozens

of successful companies. It's just this collection of really experienced businesspeople. We get together and we talk about politics. We talk about what's going on in our lives. We just love this ongoing, once every couple of months, opportunity to get together and have dinner.

11-00:48:23
Geraci: Would it be fair to kind of use the informal title of this is a group of movers and shakers within a community?

11-00:48:31
Rogers: You could say that. Most of us are now in our seventies, and maybe the moving and shaking has now passed.

11-00:48:38
Geraci: It's slowed down a little.

11-00:48:39
Rogers: But there's no one in that group that would tell you that they're not involved. They wouldn't say they're retired. They're doing other things now. They're involved in all kinds of charity things. Some of them are still running funds, and some of them are still on major boards. These are people who are having an impact in their communities. Big impact. It's really fun.

11-00:49:02
Geraci: I would also see a relationship developing back to where we had started with this. You start serving on each other's boards.

11-00:49:09
Rogers: Yeah, right. One of the things I preach these days when I'm asked to reflect on business, or life really, is this idea of the power of optimism and persistence. The combination. Woody Allen said 80 percent of success is just showing up. I think there's something to that. If you couple that with an optimistic attitude, and you show up over and over and over again, it's amazing what you can do. My crew coach put it a different way. Jim Lemmon, who had such an impact on my life, told us, "There's no such thing as can't; there's only won't." I'll tell you, that goes through my head so often when I come up against obstacles in business or things I'm doing. There's no such thing as can't; there's only won't. That has been reflected in some of these boards I've been on. When I joined the Foster Farms board, Foster Farms was losing—this was a long time ago, so I can be frank—was losing fifty million dollars a year in the chicken business. The chicken business is tough. It's kind of a commodity business. They were a big player on the West Coast. We came to grips with this issue and we gradually talked about what kind of business are we, and how can we distinguish ourselves, and how can we build a sustainable competitive advantage, which is one of the other things a business has to have. It's a long story, but I'll shorten it up. We found that if we position Foster Farms as the only fresh—fresh defined as never frozen—if we can say we were the only never frozen chicken company, it would have a

huge benefit vis-à-vis our competitors, all of which were coming from the South.

11-00:51:11
Geraci: Tyson.

11-00:51:11
Rogers: Yeah, Tyson, but Tyson couldn't compete unless they froze the birds. They would ship the frozen birds to California, thaw them out, and then sell them as fresh. We were able to poke at that by this never frozen idea. Then we acquired our other competitors all up and down the West Coast. We literally—I hate to use this term, but we literally monopolized the never frozen chicken business on the West Coast.

11-00:51:42
Geraci: That still is the ad campaign with the two chickens and their adventures.

11-00:51:48
Rogers: It seemed like an impossible task, and we were losing money. But we worked, we worked, we worked, and finally we found the key to the lock, and we started doing this. When I left that board after—I think I was on it for about ten years—I'm not saying I did all this, but I was part of the discussion—Foster was making fifty million dollars a year. It was a hundred million dollar swing. It's continued to be successful. I've been off the board now for probably fifteen years, but it's continued to be a successful company. So there's one example. I'll give you another quick example. I went on the board of something called The Wine Group. This was another YPO friend, who invited me on the board, Art Ciocca. So I joined the Wine Group board. The Wine Group was a wine business that had been owned by Coca Cola of New York. It was Mogen David, it was jug wines. It was a tough, tough business. Competing with Gallo, who just owned the jug wine business. We had some pretty smart people and we worked hard and we were able to keep ourselves afloat, but it was really hard competing with Gallo. Now listen to this. Gallo, because they were so dominant, they decided to install their own glass plant. They started to make their own bottles. They started with sand. I think this glass plant cost them $150 or $200 million dollars. A huge investment for Gallo. Well, we started thinking, okay, we've got to compete with this; what are we going to do? We started putting wine in plastic bags inside cardboard boxes. We launched the Franzia brand. Guess what? As we expected, Gallo did not compete with us. We had clear running for this.

11-00:53:59
Geraci: Because they'd invested too much in their glass plant.

11-00:54:01
Rogers: Absolutely. They weren't going to promote the idea of bag-in-the-box wine. Do you know what the best-selling wine in the United States is today, in terms of gallons? Franzia. Not Gallo. Today the Wine Group has gone the other way. They're now selling higher-quality wine. They have a very broad

portfolio now. It's extremely successful. It all got started with that decision to sort of do an end run on Gallo. Gallo didn't compete in the bag-in-a-box business. They do now, but they didn't for like ten years. That allowed these guys to build Franzia into this huge success. Like I say, on a gallon basis, they sell more wine than anybody in the United States. That's just a couple stories.

11-00:55:14
Geraci: Those were both through YPO, right?

11-00:55:17
Rogers: Yeah.

11-00:55:18
Geraci: Type of connections. How about the board of GarDonJim?

11-00:55:30
Rogers: That was just a family company. My mother inherited some farmlands in the Rio Grande Valley of Texas and the Imperial Valley of California. We had tenant farmers, or people that we leased the ground to, basically, but we're quite involved with it. They would grow alfalfa and sugar beets, cotton down in Texas. That was just a family business. Nothing too exciting about it. But another YPO connection that's really an exciting story is the Stanislaus Food story. A guy by the name of Dino Cortopassi, who was another YPO friend, has a tomato processing company that he's built from scratch in Modesto. There is no tougher business than tomato products. A lot of players in it. It's a commodity business. Most of these people pick the tomatoes. They turn them into tomato paste. They take the water out of it, put it in a huge drum, ship it to the markets that need tomatoes, mostly in the East, and then when the customer wants the product, they'll reconstitute the tomato paste, add water to it, and then sell it as tomato sauce. What Dino has done is he has fresh-packed. It's a higher-cost deal, but it's never concentrated. It's fresh-packed from the harvest. It's put in a container, a number ten can. It's cooked. He ships it with all that water, which is more expensive, to all these markets, but it's a better-tasting product. You can tell the difference. It's clearly better.

But that isn't really why he succeeded, mind you. That's part of it. This is an amazing story. Dino Cortopassi is the essence of an Italian. He is Italian to the core, and he exudes it. He goes to these pizza expos. Most of his customers are red-checkered tablecloth restaurants. Pizza parlors and Italian restaurants for the most part. A lot of them in Boston and New York and Chicago and the markets of the East, and the more ethnic markets. He goes to these shows, the pizza expo. He sits on a big Italian motorcycle, and he has the biggest booth in the show, and people can come in there and have pizza and have his sauce. It's all very welcoming and wonderful.

11-00:58:26
Geraci: Bigger than life, right?

11-00:58:27
Rogers: Yeah, but what people want to do is they want to touch Dino. They want to talk to Dino. They love Dino. Dino sends them birthday cards and he sends them Christmas presents. You call Dino's office, there's no answering service. It's people. It's people. He has about fifteen women that sit there and answer calls to this company, and they do it in a very personal way, and they ask if anyone that calls in has a suggestion for him, that kind of thing. So here's the deal, Vic. He is the only successful player in the tomato sauce business on an ongoing, every year basis. The reason is, is because these people, most of whom are ethnic, most of whom are Italian, they want Dino's sauce. He gets about two dollars a case more for his products because it's Dino's. That's his profit margin. He's branded himself. Maybe it's two cents more per pizza in cost, but people are willing to do that because they have this affection for Dino Cortopassi. I've never seen that in business before, where you have the projection of a unique human being turning into a brand that customers love.

11-00:59:51
Geraci: I think the wine industry sees a lot of this.

11-00:59:54
Rogers: Yeah, I think you're right. Yeah, you could be.

11-00:59:57

Geraci: Where the person is bigger than life.

11-01:00:00
Rogers: Yeah, Mondavi. Now Harlan. I think you're right. I hadn't thought about the wine business. But anyway, Dino has done it in tomatoes. It's just been so much fun to be on his board. I've been on his board for twenty-two years.

11-01:00:13
Geraci: We're going to take a stop here just to change tapes. It's a perfect place to stop.

[End Audio File 11]

[Begin Audio File 12]

12-00:00:06
Geraci: Vic Geraci. Today's date, October 23, 2012. This is tape number ten. Interview with Gary Rogers. Gary, when we left off, we were talking about YPO and some of these boards. Some great stories. Are there any others that you might want to add to this? I think it's important, as we were saying off tape—let me put this on tape—in that these experiences also are educating for you. You're bringing those back to the Dreyer's concept of what you're doing there. So there's a sharing of this knowledge base across all this corporate structure.

12-00:00:46
Rogers: YPO was the genesis of that.

12-00:00:51
Geraci: Were there any other stories?

12-00:00:52
Rogers: But it's continued post-Dreyer's. I'm still doing this. There are other YPO boards we haven't mentioned. We'll cut it off here, but there are a number of other companies of YPO people—GardenAmerica and Il Fornaio Restaurants.

12-00:01:09
Geraci: How'd you get involved with Il Fornaio?

12-00:01:12
Rogers: It makes me feel good, because I had gone broke in the restaurant business. Larry Mindel, who was a YPO associate and close friend, had been very successful as a restaurateur, mostly in Northern California and San Francisco. Had opened up many Italian restaurants, probably a dozen, that had been quite successful. MacArthur Park and Chow and Prego. I forget all the others. He sold that company to Saga Foods, who was quite a player in its day, in the food business, and then became the CEO of Saga's restaurant operation, which included more than 400 restaurants. He had had this huge operating experience in the restaurant business. He was induced to leave that behind by two leading businessmen in San Francisco, Warren Hellman and Howard Lester of Williams-Sonoma.

12-00:02:20
Geraci: Howard Lester.

12-00:02:21
Rogers: The man who founded the Lester Center here at the Haas Business School. This is a great story. Hellman and Lester, who were of course so well-known as being really smart, strategic businesspeople, they had bought this little coffee company, really a bakery, called Il Fornaio. It had three or four little shops in San Francisco. It was patterned after a huge chain called Il Fornaio in Italy that's quite successful, so basically they had licensed this name to come to California. They hired a president to run it, and it was a disaster, so they fired him. They hired a second president to run it. It was a disaster, so they fired him. The third time, they thought, we're going to really be careful with this, and they hired a search firm and they looked at a whole lot of different candidates. They selected this guy. He was going to be the guy that was going to get them out of the mud here. Sure enough, he did. This was just before Larry. This was the CEO before Larry. This guy really got a good footing, and they started to be profitable, and they started to open new stores. Lester and Hellman were congratulating themselves. Then an associate of theirs came along and said, "You know this guy you hired as the CEO of Il Fornaio is a felon? He just got out of prison. He was an arsonist, and he had been

convicted of arson. He served his term. You should know that." They had no idea. Turns out this guy was a complete sham. He had hustled them. He had had none of the experience that he had told them he had. He fooled the search firm. He fooled everybody. He was a con man. But he was doing a great job. Now they were sitting around saying, "What are we going to do? We have this felon running our company, but he's the third CEO and he's getting the job done. It's going great." Well, they decided they had to fire him, so they did. That was when they brought in Larry. They convinced Larry to take over this little bakery chain. Bread company, basically. So Larry did.

12-00:04:46
Geraci: This is Larry—

12-00:04:47
Rogers: Mindel. About that time, Larry Mindel was accorded the greatest honor a restaurateur can have. He was selected as the Blue Plate Restaurateur by the Restaurant Association that looks at all restaurants and food service operations in the United States, and they picked Larry as their honoree for that year, just at the time that he was taking over this Il Fornaio. Larry transformed it into a full-service restaurant concept. "Il Fornaio" means "the baker," so it was still a bakery kind of concept, but it was full-service Italian restaurants. He asked me to come on the board. It was a real adventure. We wound up opening some twenty-seven Il Fornaio restaurants, and then selling it to a restaurant holding company. We took it public, then we sold it. We had lots of experiences along the way there, but it was a quite successful venture in the restaurant business. It wasn't my deal, per se, but at least I was involved in a successful restaurant. Somehow redeemed.

12-00:05:58
Geraci: This is what you had wanted to do with Vintage House, right?

12-00:06:00
Rogers: Yeah, I was redeemed. I wasn't a total failure in the restaurant business.

12-00:06:28
Geraci: Let's shift a little bit here and talk about Levi Strauss. That's a major corporation to be on their board.

12-00:06:35
Rogers: Yes, it certainly is. I have known Bob Haas. We were classmates here on this campus. I was '63, he was '64. We were at business school together. We were in the same class at Harvard. Then we've known each other through involvements here at Cal and others over the years. He invited me to come on the Levi board somewhere in there, and I was on that board for ten years. During the first of those years, Bob was the CEO. Oh, I had also shared an office with Bob at McKinsey. We worked at McKinsey together. We were in this little tiny office together. We had had a lot of interaction. He invited me on the board. I came on the board. Then after about eight years, he decided to step down. I think there maybe had been one other CEO in between there. He

had stepped down, there had been a CEO who was leaving. He asked me if I would take his place as chairman. I was honored at that. I think it's a company that has really not realized its potential at all. I was excited to have that opportunity.

12-00:08:08
Geraci: They had never had a non-family member, as head of the board.

12-00:08:11
Rogers: I was the first non-family member chairman of the company. To give you a sense, Levi and Nike had both been—go back to 1997. They were both seven billion dollar companies. If I had offered you a share of Levi or a share of Nike, at that time, you would have taken the share of Levi. Nike was having problems with its standards on manufacturing overseas and all that kind of stuff. Today, Nike is a twenty-eight billion dollar company. Levi is a four and a half billion dollar company. So Levi shrunk to two-thirds of its size in 1998. Nike is now four times that size. So, why? Well, that's a really difficult question to answer. I think that it's very difficult for a family—a family that owns a company. There are now a hundred members of the Haas family that own Levi Strauss. They try. They have a family council, where people can come with ideas. That council is separate from the board. There's a board member who interfaces with that council on what he thinks is appropriate, brings issues to the board and all that. But nevertheless, a family like that can't help but have its objectives and its priorities affect what they do with their company.

12-00:09:54
Geraci: It's not always good business, either.

12-00:09:56
Rogers: Yeah, and it's hard. I really can't criticize the Haas family, because they've been wonderfully generous. They care about all kinds of good causes. To me, I like the Nike story. You could say Levi is so much more politically conscious and sensitive to the environment, and tries so hard to do the right thing. They are extremely generous. But they're doing this on a four and a half billion dollar base. You have Nike, who is now six times that size. Maybe Nike isn't as socially conscious as a percentage of what they do, but in terms of their total impact, it's much greater.

12-00:10:56
Geraci: The Nike swoosh is a global symbol.

12-00:10:59
Rogers: Nike has become a real global giant, where Levi hasn't. Levi has that potential. They've got a great brand. There's no reason why it shouldn't be a real growth engine. It's a great product. I think, properly run, that Levi could be another Nike. Something always gets in the way, Vic. Something always gets in the way.

12-00:11:22
Geraci: Family transitions generational. Had you and Rick ever thought about including your boys?

12-00:11:32

Rogers: No, it was never—not even discussed. Some of our kids would work there temporarily doing part-time work as a fill-in when they didn't have another job, but no. There was never any family talk about that. I'm not sure why. Maybe because some of the problems I saw elsewhere. Shortly before I left Levi, I was invited to be chairman of the Federal Reserve Bank of San Francisco, which was a whole new world for me.

12-00:12:11
Geraci: This is, what, about 2009, right?

12-00:12:18
Rogers: Probably it was more like 2005, something like that. I can't be sure, but it was six years. The world of monetary policy is extremely complex. The way the Fed works is that they will invite someone like me, who had a successful business career and had been involved in the community in some ways, to come in to be a board member. That's the way the Fed was originally structured, is that there would be boards of these regional banks—there are twelve of them around the country—that would be run by local leaders. But at the same time, you've got the Board of Governors in Washington, D.C., who really call the tune. These banks do a good job of performing certain functions, like the San Francisco Bank is in charge of all the cash and currency, U.S.-denominated cash and currency, in the world.

12-00:13:29
Geraci: Oh, I didn't realize that.

12-00:13:31
Rogers: In terms of how it's processed, how it's collected from the banks, how it's cleaned, how notes are destroyed—that's done at all twelve of the banks, but it's run out of San Francisco. As the chairman of the San Francisco Federal Reserve Bank, I had the Scrooge McDuck title of being the federal funds agent for all U.S.-denominated cash and currency in the world. How about that?

12-00:14:00
Geraci: That's a great title.

12-00:14:01
Rogers: Isn't that great? I could go down into the vault at San Francisco and push a button, and a whole pallet load of hundred dollar bills would come out. It's pretty amazing how they do these things. But I couldn't take any home.

12-00:14:20
Geraci: No free samples at that point.

12-00:14:23
Rogers: I was there during the 2008 crisis. I was kind of in the third tier. I wasn't a decision-maker. I wasn't on the Federal Open Market Committee that makes decisions on interest rates. But I was in the room when those decisions were being made, at least some of the time. I got to know Ben Bernanke very well. I knew all the other governors very well. I would introduce Bernanke at social events many times that we had here. I had an insider's view of what was going on during all that time. It's been fun, in retrospect, to read all these books about the crisis and the Fed's role in this crisis. Who was at fault? Was it Wall Street? Was it Congress? Was it the banks? To think about that with a perspective of having been there.

12-00:15:23
Geraci: Having heard the actual arguments at the table.

12-00:15:26
Rogers: Yeah. Being in, like I say, the third row while that was going on. I got to know some of the other governors. One of my really good friends today is a guy by the name of Kevin Warsh, who was a young governor of the Federal Reserve. In fact, the youngest ever. He was in his thirties when he was appointed to the Board of Governors of the Federal Reserve. He's become a really good friend and we do a lot of things together. I think that was a really good experience.

12-00:15:56
Geraci: What was your perspective by the time you had come out of there after? I think, fifty years from now, we're possibly going to write of this as a Depression, as a major, at least economic, turning point in American history.

12-00:16:11
Rogers: I think the Fed is run by really well-intentioned, good people. They try hard to be apolitical. They try hard to separate what they do from the administration, from the Treasury Department.

12-00:16:33
Geraci: Which is their call. That's part of their mission.

12-00:16:35
Rogers: That's their call. They're supposed to be separate. Now, in the middle of the crisis, Bernanke said, he said, "Look, that is our charge. We're supposed to operate independent of the government, of the Treasury. But," he said, "this is a crisis. We have to hold hands. We have to do things together." A lot of that one week in September of '08 where banks were being forced together—there were no investment banks left on Wall Street, because they all became bank holding companies, kind of by fiat. There was—people don't realize this—just a huge turmoil and change that happened literally in one week, to keep the financial world from melting down. I give the Fed enormous credit for making all that happen. Most of those deals would take three or four months if they

were being done in normal times. They were being done in two days. The Fed was the agency that was making all that happen.

12-00:17:37
Geraci: So it performed its task well?

12-00:17:40
Rogers: I think it saved us from an absolute, total meltdown. So I give the Fed a lot of credit. Now, having said that, I would say that these wonderful people, who really try hard, they can't help but be who they are. My assessment of these people is they tend to be like college professors. They are college professors. Ben Bernanke was a professor of economics at Princeton. Janet Yellen, who was the president of my bank when I was chairman, has now become vice chairman of the Fed, and she's an economics professor here at Cal. These people bring a very liberal, Democratic orientation to their work, and then they try hard to not let politics dictate what they do, but at the same time, if they're making a decision on do we try to hold down interest rates, their philosophy can't help but influence what they do. But I think they've tried hard to do the right thing. My personal opinion is that these recent moves that they've made may have not had much impact. There's a lot of cost to holding interest rates at zero. There are a whole lot of seniors that aren't getting interest rates on their pensions. Some of the unintended consequences of some of these moves have been very unfortunate.

12-00:19:24
Geraci: The Frank-Dodd move, in itself, going back—this is doing a lot of reversals on the Glass-Steagall back all the way to the Great Depression. There were some huge changes that went on in our banking.

12-00:19:36
Rogers: That's right. I'll say this, that I have questioned many of my friends, pretty knowledgeable friends, about who was most culpable for this meltdown. I can name like thirteen people who are in the chain of—start with the borrower that took out the mortgage, to the broker that induced him to do that, to the bank that funded the mortgage, to the rating agency that rated it, to the investment bank that put it together in a securitized package of $100 million of mortgages, to the regulators, to the Congress, to the poor Scottish trust that bought the thing. Who in that chain is most culpable? What I found was that most of my friends, or people I talked to about this, would say the most culpable is Wall Street, but second is the Congress. I told that to Ben. We're having this conversation. I said, "Chairman Bernanke, I've talked to a lot of my friends, and that's the conclusion that my friends come to." He said to me, he said, "Your friends are right, but they have the order wrong." This is pretty sensitive stuff, but Bernanke would attribute the number one culpability to the Congress, and the number two to Wall Street. Pretty interesting, I think. I think we've caused our own problems here as a democracy. I think Dodd and Frank have been the most culpable people in this whole mess.

12-00:21:24
Geraci: Because that was a huge shift in our perception.

12-00:21:26
Rogers: They forced the banks to make mortgages that made no sense. It was all done out of a sense of fairness or leveling the playing field. We were doing what they call ninja mortgages. No income, no job, no assets. But you could get a mortgage that was 125 percent of the price of your house. It was no money down, and you'd have thousands of dollars to move in and live your life. A hundred and twenty-five percent of the value of the house. You'd take cash out of the deal on the front end. These deals were being financed by Fannie and Freddie. I tell you, it was over the top. This was all being driven by the Congress in their attempt to get loans to poor people.

12-00:22:20
Geraci: Who were making loans that should never have been made.

12-00:22:22
Rogers: Yeah. It's pretty clear now. Probably hundreds of billions of dollars of those loans.

12-00:22:29
Geraci: I think in most of these situations, there's enough culpability to spread around.

12-00:22:33
Rogers: Oh, right, sure. Oh, that's right. It was crazy. These rating agencies were stamping these things triple-A. My manager in my office that runs my portfolio bought something called a credit default swap. This was going on while I was chairman of the Federal Reserve, so I had to call the Federal Reserve people, the lawyers, and say, "Is it okay for me to make this investment?" They said, "Yes, but it would be better if it didn't show up in the *Chronicle*." Anyway, we made this investment. We bought a credit default swap. I'll tell you the numbers. It cost me a million dollars a year for two years. So for two years, we put up a million dollars. So a total of two million dollars invested in this thing. It's like the opposite of an insurance policy—I was basically betting that this hundred million dollar package of mortgages would go broke. That there would be a high level of foreclosures. The credit-default swap I bought cost me two million dollars. Within three years, I collected eighty-five million dollars. One of these derivative instruments. I didn't do anything wrong. I just made a bet. But there were people doing that all over the place.

12-00:24:11
Geraci: But some of the derivative packages that were being put together were just insane.

12-00:24:16
Rogers: The insane part was that if you were Merrill Lynch or J.P. Morgan or one of these firms, putting this package together, you could go to the rating agencies, Standard and Poor's or Fitch, and they would look at these facts. They would

say, housing values in the United States have never gone down, number one. Number two, this hundred million dollars of mortgages contains mortgages from a very disperse geographic pattern in the United States.

12-00:25:01
Geraci: So you can avoid a bubble in one particular regional area.

12-00:25:04
Rogers: Right. Triple-A. Triple-A. Then, with the Standard and Poor's or Moody's triple-A rating, this thing could be sold as gold. It had a nice yield to it. That was a great deal. People like me, seeing how crazy some of these mortgages were, and being willing to bet a couple of million dollars that that whole thing was going to collapse—perfectly proper thing to do. The market needs somebody to take that position. There were many people who were happy to take the other side of that transaction. In my case, it was AIG. They made a very bad bet. It's interesting. There's a misperception on that. The government wound up—here's where the Fed and the Treasury kind of got together, because they had to. Not because Bernanke wanted to, but because they had to conflate what they were doing to save some of these entities. If they had let AIG go down, there would be a lot of people like me that wouldn't ever get paid. It wasn't just Gary Rogers. It would be European banks and Goldman Sachs. All these securities would evaporate.

12-00:26:28
Geraci: Heck, including the Chinese.

12-00:26:31
Rogers: Yeah. The government put up eighty billion dollars to bail out AIG. I think most Americans think that that was an investment that's cost, that's a loss. Truth is that all those securities that the government bought, the AIG stock and bonds and that stuff, have now been paid back to the government with very nice returns. The government got all of its money back, and a very nice return on that. They're so beautifully done, I think, by the Fed and the Treasury, to be smart about how they structured these things. Now that things have normalized and these people are back doing this kind of business again and they're making money, the Goldman Sachs and the AIGs of the world are back in business, they've been able to repay all these things. It worked out great for everybody, I think.

12-00:27:31
Geraci: But I think the great lesson here is that the money was paid back, and this is a lesson for the future. This is one way we can help level out the unevenness sometimes within the market. Because the market is the market. It has its ups, it has its downs. It always will. That's the way it's formulated.

12-00:27:55
Rogers: There has to be a certain footing. There has to be faith. The financial markets are based on handshakes. These multi-million and billion dollar transactions are often not documented. They're just phone calls. These people have to trust

each other. When you break the buck, when you can't rely on even a bet in the commercial paper market giving you your dollar back tomorrow—it's never happened before. It's pretty scary. When that trust is violated, the whole functioning of that market collapses.

12-00:28:36
Geraci: I take it this was a good civics lesson for you.

12-00:28:38
Rogers: It was an incredible lesson. I don't profess to be an expert by any means, but I have talked to many people who are experts. I still do. Many of these presidents of these Fed banks have become friends of mine, and I get their speeches. I'll give them my feedback. It's fun for me to have a world that I never knew anything about.

12-00:29:05
Geraci: That's sure a world different than ice cream, isn't it?

12-00:29:07
Rogers: Oh, yeah. It certainly is. I enjoy that.

12-00:29:12
Geraci: One other one ... the Shorenstein Properties.

12-00:29:20
Rogers: Oh, okay. Well, Doug is yet another person I met in YPO. It's amazing thinking about this. Everything we've talked about had its genesis in YPO. Doug is in that family group I described. Walter Shorenstein was an extremely well-known and very successful real estate operator in San Francisco. Owned many of the big buildings in San Francisco, including the Bank of America Building. Had run, essentially, a family company with his own money. He had partners along the way, but basically it was his money, leveraged up, borrowed, and then invested in mostly San Francisco real estate. Doug, who had been trained at Yale, had been a lawyer in New York, came back to work with the family company, decided that the bigger opportunity, really, was to become a fund company; to raise money in these funds, and then use the expertise that was present at Shorenstein to invest in and then manage these buildings. They would raise a billion dollars into a fund, for example. They would invest that in mostly office buildings. In many cases, they would buy buildings that they could improve the leasing on, or operate more efficiently than the previous owner. Doug started to do that. Some of the family properties were included in these funds, or family monies. The family would always invest in these funds in a significant way. From the very beginning, it was just a huge success. Doug is one of the smartest people I have ever met. He's just a really savvy operator. He's got a great feel for the real estate markets. They're up to fund eleven now. Almost every one of these funds has been extraordinarily successful. Returns to the investors in the mid-teens. Yet, as real estate goes, they're really pretty safe investments. They're buying properties on Park Avenue in New York. The better addresses in only a

handful of cities. Washington D.C. and San Francisco. He invited me to come on that board, and there again, I was really honored, because I'm not a real estate guy. I said that to Doug. I said, "Look, I'm not going to be able to offer much in terms of the sophisticated aspects of your business." He said, "Gary, that's not what I want. I just want judgment and experience. The kind of things you can bring."

12-00:32:20
Geraci: Almost like being a sounding board. He trusts your thoughts.

12-00:32:26
Rogers: Yeah. He wanted me to challenge, from the perspective of just a business guy. Does what they're doing make sense? Did that guy they want to hire look like he was right for that job? I've been on that board now for, I don't know, six, seven years. It's been wonderful. It's very stimulating. It's a challenge. Doug writes a letter to his board before we have the meetings and lays out the issues he wants to talk about, but he does it in a very articulate way. These letters are often six, eight, ten pages long. It really prepares us for the meeting. We go in there and he'll lay out the issue, and then we'll have this incredible discussion. He's got very strong board members. It's a really good board.

12-00:33:20
Geraci: Isn't that what you want? Your board is supposed to be your counsel.

12-00:33:23
Rogers: Yeah. That's right.

12-00:33:24
Geraci: They're supposed to give you the advice that you need to make the wise decisions.

12-00:33:32
Rogers: You still have to make the decision.

12-00:33:33
Geraci: Right, but at least he gives you the information to make that decision.

12-00:33:36
Rogers: Yeah, challenge you and ask the questions and give you recommendations. It's ultimately the CEO's call.

12-00:33:44
Geraci: Then the last one, because you just got on that, would be Safeway.

12-00:33:47
Rogers: Yeah, Safeway. It's interesting, because at Dreyer's I sold to Safeway for many years. I've seen these big grocery companies from the standpoint of a vendor.

12-00:34:05
Geraci: You worked with them in a very different direction.

12-00:34:08
Rogers: Perspective. No, that's right. That's right. We used to hate the Safeway private label. We would fight with them for space in the stores, and we would tell them why they were better off having an independent product like ours rather than their own. Now I'm finding myself in these board meetings, trying to look at that issue from a different perspective, what generates more profit and what do our customers really want. But it's been an interesting—very, very interesting—assignment, because not only was I invited on the Safeway board; they asked me to be lead director, which is like being chairman. This is very much like the role I had at the Fed, it's very much like the role I had at Levi, where I am the interface between the board and the CEO.

12-00:34:58
Geraci: That put you much more towards the actual operations.

12-00:35:02
Rogers: Yeah. I have to be an honest broker. I have to try to assess what the board is saying and thinking, draw them out, and then in a fair but complete and honest way, I have to communicate that to the CEO, and then I have to listen to how the CEO responds, what his feelings are, what he thinks about that, and take that back to the board. I'm this shuttlecock between the board and the CEO. I'm trying to be an honest broker. I have my own opinions, but I've got to try to keep those contained while I manage this very tricky interface. I've done a lot of it now. This is what I do. I'm challenged, but I'm very comfortable doing it.

12-00:35:54
Geraci: It seems that this has all worked into a new role for you.

12-00:35:57
Rogers: Yeah. It's a new role. It's one of the things I do in my life now. I'm a chairman. Safeway is a whole new deal.

12-00:36:09
Geraci: I found it rather interesting, because, in all the stories I've put together for Dreyer's, taming the chains, the grocery chains, for you, was a long, hard struggle.

12-00:36:20
Rogers: Yeah, that's right. Now I'm in charge of one, sort of. Safeway is ten times as big as Levi. In terms of complexity and scale, it's a big step up in terms of sort of responsibility.

12-00:36:37
Geraci: Also, from my understanding, Safeway is in the process of rebuilding and rebranding itself.

12-00:36:43
Rogers: Safeway is in that middle market. It's a very stable, solid player in sort of the conventional grocery business. That segment of the grocery business is under attack from the top. Whole Foods and these high-end grocers.

12-00:37:00
Geraci: Walmart.

12-00:37:01
Rogers: Walmart from the bottom is coming at you. Costco. And yet, Safeway is continuing to gain market share. It's competing very effectively. It's not a high flyer. It doesn't have a high price/earnings ratio. But it has a very stable base. I think there are a number of things, many things, that you're going to see. They're starting to roll out. You have this very sophisticated, what we call "Just For You" product, where, on your Safeway card, using either your desktop or now your mobile phone, you can get—if Vic Geraci buys 75 percent of his groceries at Safeway, we know there's 25 percent you're not buying there. We figure out, you're not buying your paper products here. You're going to Costco or somewhere else for your paper products. We will make paper products so cheap for you, you will have to buy them at Safeway. We are gradually going to get all your business. We can do that for you. We don't have to do it for this guy over here. This is so sophisticated and so tailored, and we're going to find out what turns you on, and we're going to make you very happy. We can do that. You won't get an offer on something else that we're giving to Joe down the road. No other grocer has anything that approaches the sophistication of this system. I'll tell you what, we have millions and millions and millions of people who are signing onto this. We're up to over five million now, and it's growing every day. It's going to be a real driver for us. That's just one thing. We've got three or four more initiatives that are going to roll out in the next few months. You're going to be quite amazed at what we're doing. We're really changing the complexion. It's going to become a very sophisticated company, and I think it will have a different image. It won't just be a conventional grocery store.

12-00:39:07
Geraci: In some ways, you know what this reminds me of, is when all of you had been talking about when you start getting DSD and computerized the checkout. Your grocery chain is not responsible for a product until it goes through that scanner. You customized. That was customizing at the wholesale end, but now this is customizing at the retail end.

12-00:39:37
Rogers: That's right. There are some common features there. But it's using technology in a very smart way to provide something that people want. Giving them a customized promotion, customized list of items on sale that are customized just to you. It's going to generate loyalty from you. It's going to change the image of the store to you. I'm very excited. I think this is going to be a great play.

12-00:40:11
Geraci: Let's shift a little bit. It's not really shifting, because it's staying somewhat in the same venue, in that you have made all these connections, whether it's Dreyer's, whether it's through all of these boards, whether it's through the YPO, or later on, the WPO. You've got all this network going. Also a new phase of your life is a mentoring phase. As I was looking at some of the people that I've interviewed for the project—Ciao Bella, Joint Juice—I can't remember the name of the tortilla brand now. All these people have gone out, and all those years they spent at Dreyer's, they're taking some of that same business decisions.

12-00:40:57
Rogers: Yeah, it's pretty exciting for me. It's great. Some of that mentoring, they come to tell me what they're doing and I give them my opinion on how I can help, or maybe I can suggest a board member for them, or maybe I can suggest something that helps them. That Dreyer's spirit, that Dreyer's culture, it's encapsulated a little differently in different people, but they still have it. They still have it.

12-00:41:28
Geraci: That's what I saw, is they took that with them. First of all, within the Grooves, you hired smart. These people, as they're leaving Dreyer's and going out on their own, which, as we talked about earlier, the majority have, they may personalize it, but they're taking that spirit with them.

12-00:41:51
Rogers: That's right. The people who are building companies, the people who are CEOs of some of these small, growing companies, are able to replicate or to continue this culture that they learned and enjoyed so much at Dreyer's. There might be change that's different, I'm sure, but the basic feeling, the trusting attitude, is there. People who are going to work for big companies, the people that are working for the General Mills or the Pepsis or the Clorox, get frustrated, because they can't they can't change it. It's just too much of a challenge. They come back and tell me how frustrated they are that they don't have the environment that they once had, but they know they aren't going to find it in a big company world. It just doesn't exist. Especially in the consumer products business.

12-00:42:54
Geraci: Also as part of this mentoring, you were at the Harvard Business School. You've been on the Dean Advisors Board, but you're also doing Harvard Entrepreneur-in-Residence.

12-00:43:08
Rogers: Yeah, I've done that. For the last year, I was the entrepreneur-in-residence at the Harvard Business School. What that meant is I would go back to Harvard for a few days a month. I had a little office there. MBA students could sign up to come talk to me about whatever they wanted to talk to me about. I had a whole lot of one-on-ones with budding young entrepreneurs.

12-00:43:38
Geraci: That has to be exciting in itself.

12-00:43:39
Rogers: Yeah, and then I would teach classes. I would give lectures on building successful businesses. I would have lunches of maybe ten people. I interfaced with a large number of MBA students there, and I had a whole array of really interesting experiences. It's such an elite group. I don't know how I ever got into the Harvard Business School myself, but today, for every ten people who apply, one gets in. You don't apply unless you're pretty good. So this is the cream of the cream of the cream. I always left from these trips feeling like I got more than I gave. These students are so smart and so committed and they have the optimism and they have the persistence, and they're going to succeed and they're going to make a difference in our lives. I always left encouraged there is at least a coterie of this younger generation that really has their heads screwed on straight.

12-00:44:47
Geraci: There's an energy.

12-00:44:48
Rogers: Oh, yeah.

12-00:44:50
Geraci: I think as we get older in life, that's one thing that's a reality. Young people feed us energy.

12-00:44:55
Rogers: One thing I noticed, coupled with that energy is a very high level of anxiety in a lot of these students. I remember feeling that when I was there. You're in these classes where you're studying cases, and the professor comes in and says, "Mr. Geraci, will you start?" You're supposed to hold forth. It's that kind of a competitive feel every day. One day, I had a one-on-one with a young woman, second-year student. The world is her oyster. She sat down and she just started to shake. Her little lip was quivering, and she started to cry. Tears were rolling down her cheek. I'm not a counselor, I'm not a psychologist. I didn't know what to do. I said, "What's the matter?" She said, "I don't have a business plan. I don't know what I want to do with my life." I just thought, oh my God. I could identify so much with the way she felt, because I felt that way when I was there. I had to say to her, "You don't need a business plan. You're going to be just fine. The world is going to beat a path to your door. When you graduate from here, you're going to have all kinds of attractive options. You don't need a business plan. Relax."

12-00:46:23
Geraci: You just need to know which doors, when they open up, to go through.

12-00:46:27
Rogers: Yeah. She's going to be fine. On the other hand, you can just see what a competitive, tough, fast-paced environment it is when you have all these

super-qualified people in that sort of competitive, case-method—I remember coming home to my wife Cab after I had been there for three or four days and saying, "These kids, they're all so articulate, they're all so smart, they're all so loquacious. They know exactly what's going on in these cases, and I don't have a clue. There's no way I'm going to make it through here. I don't know why we're here. I'm just this California engineer who has no business being here." I really felt that way. Somehow, I managed. It's a very difficult place.

12-00:47:24
Geraci: Now, some of these kids have finished up. Have they come back to you for advice?

12-00:47:28
Rogers: Yeah. Oh, yeah. I get calls from the people I met with there. Maybe not every day, but certainly a couple times a week. I'm having a conversation with one of these guys this afternoon. They check in, they give me an update, and they have a question, or maybe they come see me and we have lunch. It's a continual flow. Then there's another flow of people here locally. Somehow, the word is out. I don't know how many, but it's probably twenty people who I am actively mentoring at this time. It's fun. I enjoy it. I don't know how helpful I am, but I certainly try.

12-00:48:15
Geraci: I think I want to finish up on this tape with something that we had talked about when we first started, and that's, as we look at any of these stories as a historian, what are the lessons learned? Especially for you. We've talked a lot about in today's interview how a big shift for you was learning to reflect. You've had a lot of time now to reflect on a lot of that. Could this Dreyer's thing be done again? Could it not be done again? What were the mistakes? What were the successes? But what were the lessons learned?

12-00:48:50
Rogers: I've spent a lot of time thinking about that. Sometimes I'm called on to sort of formally address that topic. If you're talking about lessons learned in business, it spills over into life, too. I find that the lessons for a successful life are very parallel to the lessons for a successful business. I'm just rattling off some of the things I think I've learned. Number one, I think we may have talked about it, but I really like Louie Pasteur's idea that fortune favors only a prepared mind. Fortune favors only—and the "only" is the important word—a prepared mind. What I see over and over again in my experiences is that people who have prepared, who have thought about these things, who have studied, who have gone to school, maybe worked in a certain industry or something, they're prepared to be lucky. They see opportunities in the stream of information that we're all exposed to, but there are people who are able to say, "That's it. I'm going to grab that." For me, it was Dreyer's Grand Ice Cream. I've told you some stories today about, "There's an opportunity there. I'm going to put wine in bags instead of in glass." Or, "We're going to be not frozen chicken." Whatever. Or, "I'm going to be the Italian tomato sauce company." These are

people who know how to play the game, and then they play it well, and then people say, "Boy, were you lucky." That's interesting.

Number two, we've talked about this business of there's no such thing as can't; there's only won't. I am absolutely convinced that we often quit way too soon. I often think about Winston Churchill, who was there in London when the bombs were dropping every night. English people were being killed every night. London was on fire. Hitler had taken over most of Europe. He was on his way to conquering Russia.

12-00:51:04
Geraci: The cloud was at its darkest.

12-00:51:05
Rogers: The cloud was at its darkest. That man stood there and said, "Never give up. Never, never, never, never." There's so much strength in that. There's so many times when I've been up against—we talked about, I think, earlier about bringing DSD and a non-union trucking operation into New York. That was nuts. Most people who saw me trying to do that said, "Rogers, you're crazy. There's no way that's going to work." But I heard those words, "There's no such thing as can't; there's only won't," and we figured it out. We figured it out.

12-00:51:40

Geraci: A roadblock only means a different path.

12-00:51:43
Rogers: Yeah, but sometimes it takes creativity, it takes a very different way. I think I told you the story about how I almost had to drop out of Harvard Business School. I didn't have any money. I started trading over-the-counter stocks. I just believe that, almost always, maybe not always, but you can almost always overcome a challenge in life, and you ought to look at these challenges as gifts. Again, it's so much fun to be challenged and to try to figure out, how do we make Safeway into a really exciting, with-it company, without abandoning its core business of conventional grocery?

12-00:52:29
Geraci: A challenge even to the point of your medical issue.

12-00:52:32
Rogers: Yeah, that's exactly right. How do you deal with that?

12-00:52:36
Geraci: You had a challenge.

12-00:52:37
Rogers: How do you deal with that in a way that you're going to live through?

12-00:52:42
Geraci: Even after living, but to get through it.

12-00:52:45
Rogers: I also have learned that from the mud grows the lotus. The best things that have happened in my life have come from responding to failures, or have been the result of big disappointments. We may have talked about this, but there's no way I could have sold Dreyer's to Nestlé if I had done these other deals that I tried very hard to do, to buy Ben and Jerry's, or to buy Breyers. Those were huge disappointments for me, because I worked really hard for a long time on both those. But because I failed, the Nestlé deal became possible. I never knew that in advance, but that's kind of the way it worked out. The restaurant business, that failure was so good for me.

12-00:53:30
Geraci: Isn't that persistent optimism?

12-00:53:31
Rogers: Yeah. It all ties together. It's different, but it ties together. I think there's no reason to be ashamed of failure. If you fail, as long as you've given it your all, as long as you've done whatever you can do, as long as you believe there's no such thing as can't, there's only won't, if life knocks you down, you should say thank you, and take the lessons. That restaurant business taught us so many lessons. I was so stupid with some of the judgments I made in that. But I had a team of people that I was able to bring into Dreyer's, put them in a different context, a better business plan, and look what happened.

12-00:54:14
Geraci: Some of them have called themselves the Vintage House Mafia.

12-00:54:16
Rogers: Well, yeah. That's right. We were able to take that same group of people. I really believe that. I also believe that in business—this is important. This is something that many businesses ignore. A friend of mine says it very well. He says, "You can only make some of the people happy some of the time, but that's enough." So figure out who it is you have to make happy. At Dreyer's, we would discontinue a flavor and we would get thousands of letters complaining that they loved that flavor, then we'd put it back in the line. It dawned on us that even though we got thousands of letters, that was only one half of 1 percent of our business. You just can't make everybody happy all the time. You have to decide, who are you going to make happy? It's not going to be everybody. It's just going to be some people. But that's okay; that's enough. I became chairman of Levi and I asked the question, "All right, we're very proud of the fact we're selling Levis in 150 countries." I said, "Yeah, but where do we make our money?" We took a look at that. Turned out we were making 92 percent of our profits in eighteen countries. How about the other 132? It says something about where are your priorities and where you're investing.

12-00:55:52
Geraci: Placing your energy in the right place.

12-00:55:55
Rogers: Yeah. Understanding the eighty/twenty rule. So often, the eighty/twenty rule pertains. I'll tell you something else I've learned that's really interesting. Eighty percent of the really high-talent people in the world gravitate to about 20 percent of the SIC codes. You know what SIC code is? A standard industrial classification in industry. When I was consulting, or playing entrepreneur-in-residence with these people at Harvard, all these students, they want to work in high tech, or they want to work in green energy, or they want to work in solar. We're seeing a resurgence today in Silicon Valley. It's the most healthy part of our economy. These new Twitter and Facebook and all these new age companies. They're huge successes, and yet, if you analyzed it, what you would find is that for every opportunity, for every bit of demand for talent in those industries, there are twenty units of supply. For every opening at Facebook, or—God knows—Twitter or Google or whatever, there are twenty people competing for that job. Now, if you're going to succeed in that industry, you've got to be able to run a nine flat hundred. You've got to be good, because there's so much competition for every opportunity. You go out in the ice cream business, go out in the dairy business, people aren't running nine flat hundreds. They're running twelve flat hundreds. You don't have to be that good to succeed. That other 80 percent of the SIC codes—you're retreading tires, parking lots, whatever, these dull industries—people don't realize that there's great opportunity there, simply because the level of competition isn't very good. Businesses are more the same than they are different. No matter what industry or what business you work in, after six months, what you have to do is pretty much the same. I don't care if you're talking about selling solar panels or selling—pick a number. Widgets. What you have to do is pretty much the same. I often think that the much bigger opportunity is to go out there and compete where there's very little competition, like I say. I was in the dairy business for thirty years, and, with one or two exceptions, I met no one who was really a strategic or innovative business person working for one of our competitors.

12-00:58:57
Geraci: Do you want to be the big fish in a small pond, or the small fish in a big pond?

12-00:59:00
Rogers: Yeah, exactly. All these kids ignore that. They don't think about the supply-and-demand factor of opportunity.

12-00:59:08
Geraci: Earlier in our interviews, you made that very clear in your own choices when you were getting out, trying to choose, where am I going to go?

12-00:59:15
Rogers: I didn't realize I had done that, but yeah. I think that's one lesson that I would give to others. I'm just sort of shooting off the top of my head here, but

another one is the power of you decide. I've become a real advocate of those two words. I think, in a relationship within business, if you're working for me and you come to me with a good idea, or an idea that you think is a good idea, and we talk about it, you get my opinion, we have a good exchange. If at the end of that conversation, instead of saying, "Vic, here's what I want you to do," which is what happens in the typical organization, I say, "Okay, we've talked about this. Now you decide." That empowers you, but it also makes you struggle with that decision if you want to do something different than what you know I think is right. But you have the power to do it. And by God, it puts you in a different frame of mind. If I told you what to do, you'd be a good soldier. You'd go out there, you'd execute it. But if it didn't work, you'd say, "Well, Gary made the decision." But if I say, "Vic, you decide," it takes that all away. Now you're responsible not only for the decision, but for the outcome. You have nowhere to run.

12-01:00:37
Geraci: So you're motivated to work it.

12-01:00:38
Rogers: Yeah. It also shows trust. It shows we're partners in this, but you're closer to the issue. We've talked about it, you know what I think, but now you decide.

12-01:00:49
Geraci: This is the heart of the Grooves.

12-01:00:51
Rogers: That's the heart of the Grooves. That's exactly right. It's so powerful. It's powerful in interpersonal relationships. My poor kids and my wife get so tired of me saying "You decide." I mean, really. It's amazing. I think there's a real lesson in that.

12-01:01:11
Geraci: We're within a few seconds here of finishing up on this tape. One last little quick question. Do you still like ice cream and do you still eat Dreyer's?

12-01:02:20
Rogers: Sure, of course. Dreyer's and Häagen-Dazs. We owned Häagen-Dazs there at the end. You come to our office in Oakland, and we've got Dreyer's, we've got Häagen-Dazs, and I'm in there all the time.

12-01:01:35
Geraci: Thank you, Gary.

12-01:01:35
Rogers: Okay, Vic. Very good.

[End of Interview]