



# John Rollwagen, former CEO, Cray Research, and Verne C. Johnson, former vice president, General Mills

Interview with The Civic Caucus

8301 Creekside Circle #920, Bloomington, MN 55437

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## **Notes of the Discussion**

**Present :** Dan Loritz (chair), David Broden, Audrey Clay, Paul Gilje (coordinator), Janis Clay, Pat Davies, Lucas Johnson, Dwight Johnson, Sallie Kemper, Tim McDonald, Clarence Shallbetter

**Summary of discussion** - John Rollwagen, former CEO of Cray Research, and Verne C. Johnson, former vice president, General Mills, reflect on the need for vision and planning in both private and public sectors and consider whether lessons learned in private sector planning may be applied to the public sector. The need for a state vision is discussed, as are ideas about how to arrive at one.

**A. Introduction of interviewees - Verne Johnson** has served as chair of the Civic Caucus since its inception. Johnson is president of the VCJ Foundation, whose primary focus is education for those whose needs are not well served by the community. From 1983 until 1997 he was President and CEO of Altcare, a social responsibility venture established by General Mills and the Wilder Foundation. Johnson served General Mills as vice president of corporate planning for 14 years and as vice president of public responsibility planning and venture development for one year before his early retirement in 1983.

Johnson served from 1957 to 1967 as executive director of the Citizens League, and later as its chair and as a member of its board of directors. He was for 30 years a member of the Fairview Board of Directors. He was a member of the Minnesota House of Representative in 1953-54 and served for three years as administrative assistant to Congressman Walter Judd of Minnesota. Johnson graduated from the University of Minnesota Law School in 1950.

**John Rollwagen** is a co-founder and principal at Quatris, a venture capital fund. Since 1993, he has been an investor and business advisor specializing in information technology. He is also chairman of PartnerRe Ltd., an international reinsurance group. From 1985 to 1993, Rollwagen was the chief executive officer of Cray Research, Inc, for which he served as president from 1977 to 1981. As Cray's CEO, Rollwagen was well known for maintaining an environment of creativity and teamwork and for setting the strategic direction of the company.

In 1987, President Reagan appointed Rollwagen to the Advisory Committee for Trade Policy and Negotiations (ACTPN). He was reappointed to that position by President Bush. In January 1993, President Clinton named Rollwagen as his nominee for deputy secretary of the Department of Commerce. After resigning his position at Cray Research and serving several months in Washington D.C. as the deputy secretary designate, Rollwagen concluded that he could make a greater contribution from the private sector and withdrew his name from nomination.

Rollwagen is a past president of the Citizens League. He earned an MBA from the Harvard Business School and a BSEE from the Massachusetts Institute of Technology.

## **B. Discussion -**

### **THE PROBLEM: The state lacks a clear vision.**

There is no consensus on a clear direction for the state, Johnson said, and in light of both the significant challenges and tremendous opportunities facing us, Minnesota needs to be striving collectively to become a leading-edge state.

The fundamental problem in the public sector is lack of agreement on vision, the speakers agreed. There appears to be fundamental disagreement on the future of the country and on the direction of the state, and until that is resolved there will be gridlock.

### **THE GOAL: Find a one-sentence vision for the state.**

The vision must be developed first so we have a concept of why we choose to be a community in the first place, Rollwagen said. We need to have a common understanding of what we as a state aspire to be. A statement of vision, in general, should express the whole nature of an enterprise, be it a community organization, a private sector business or a government. Yet a statement of vision must distill that enterprise's reason for being down to one easily understood sentence. It is important to whittle it down to something that people can understand and support.

### **THE STRATEGY: Executive leadership must promote a state vision and plan for progress toward that vision.**

**Leadership must come from the executive**

"If we can get the Governor to do what he did for the stadium we'd have a good chance of making things happen," Johnson said. The Governor could appoint a commission to develop a vision. "Your best bet is always leadership by the executive."

In the political system, executive leadership is essential, Rollwagen added. "I found when I went to Washington that the President has very little power to do anything on his own, but the influence of the bully pulpit he enjoys can cause things to happen regardless of the limitations of executive power." Reagan influenced broadly; Clinton moved primarily issue-by-issue. To have real, effective influence takes deep thinking on the part of the executive, and then very engaged action such as that Lyndon Johnson typified.

The Legislature reflects the body politic, the speakers agreed. Until a vision is adopted that reflects the body politic, you won't get a Legislature to change. A participant asked about the effect of political dynamics - such as we observe in the current government - when a Governor declares a vision but the Legislature runs counter to that vision. Isn't the Legislature always going to be successful in undermining the Governor's vision in that case? A Governor has to veto things, "play goalie", the speakers replied, but when necessary he also has to go around the Legislature and take his case directly to the people.

### **Johnson: Large and complex organizations must have a guiding vision.**

"As we talk about vision and planning," Johnson said, "I would like to highlight what General Mills did, and how they did it."

When he left the Citizens League he described having left his favorite job. Having never been interested in business, he met with the General Mills executives because the company was a large donor. When the company recruited him to assist with planning, "in a weak moment", he accepted. "It surprised everybody."

Johnson recalled when he first arrived at General Mills the organization was one of the leading food companies in the world. That was their vision: To be the leading food company in the world.

Over his tenure they changed that vision and became not just a leading food company but a retail business as well, buying first a craft store, then a jewelry store, restaurants and other enterprises - eventually acquiring 25 retail businesses in all. "We went down to Florida, met a guy with four restaurants and bought them - that became Red Lobster."

Their vision had changed to becoming the leading retail company in the world. But having so many diversified companies created a need for even closer attention to planning.

Every year Johnson would ask each company to explain their vision to his team and provide their plan complete with financials to achieve that vision. After discussions with Johnson's staff the management would prepare for a meeting with corporate executives where they would make their case for a share of the company's resources for the coming year.

After going through that process for all 25 companies the General Mills executives and staff went to work and developed their own vision and plan for the corporation as a whole.

"It was fascinating to be a part of this because everyone wanted to be bigger," Johnson said. "Everyone in the company shared the vision to be the best in the world. We got there eventually; there was a successful realization of that stated vision."

An organization must plan for resource use and results, Johnson said, otherwise they get lost. This is particularly true for any organization with highly diverse operations such as General Mills would have as a private sector business or such as Minnesota would have as a state government. The plans evolve and change, but the purpose of planning is to keep track of all the different efforts, to track how those efforts serve the vision, and how they can improve in order to better serve the vision.

### **Private and public sector visioning and planning are fundamentally different.**

John Rollwagen has vast experience with leadership in both the private and public sectors. In Minnesota he is well known for having chaired the Citizens League committee that came up with the recommendation for chartering schools.

"I want to impress upon this audience how startlingly different the public and private systems are," he said.

The application of business methods to the public sector is very difficult in a democratic society. In government the process is essentially inclusive while in the private sector, work is essentially voluntary - you choose to work for the company or you don't, so if you don't buy in to the vision of your employer, you can quit. Or, if you are hindering the realization of that vision, you can be made to leave. In public it's not voluntary because we're all citizens and we are all affected by our state's vision or lack thereof. In democratic governments everyone is included at the table. The decision-making process has to incorporate the panoply of interests.

Rollwagen described an early experience with the chairman of the U. S. Senate Commerce Committee, Fritz Hollings, who had the primary congressional oversight responsibility for the Commerce Department. "Sometimes the decision making processes can be almost surreal," Rollwagen said. "During the budgeting process, Senator Hollings suggested that the overall Commerce Department budget could stand to be reduced by about 10%, and I agreed. But then during the allocation process, where the money is really spent, the senator thought it would be a good idea to increase the actual funding for his Hollings Small Business Centers located around the country by about 10%. And so it would go for all the individual activities within the Commerce Department. Of course, I agreed with all that too — and it was just fine."

### **Visioning vs. Planning**

The common element between both business and government sectors is there must be a vision in order to be maximally effective.

There's clearly a difference between a vision and a plan. While it's important to have a long-term guiding vision, the speakers said, it's also important to change that vision as circumstances evolve. Planning needs to consider how to go about achieving the vision in the future, and as both circumstances and the definition of the vision change, planning then requires constant revision.

"I'd start with the question, What does it mean to live in Minnesota? What's the state all about? What should it be about? Why do I want to live here? We're together in this enterprise as individuals, but we need to collectively achieve some mutually desirable end."

Leadership is key because a leader articulates a message that inspires our thinking about why we want to be here, Johnson added, about why an individual would want to carry this collective effort forward personally.

Of course there are different leadership styles that can achieve a similar end. "There was a huge difference between Reagan and Clinton. I saw Clinton up close - he could articulate the Tea Party argument better than Tea Partiers could, and appear to believe it. Anyone could go in and talk with him and leave thinking, 'why, he shares this belief with me.'"

"Ronald Reagan on the other hand said what he believed and made no effort to empathize with your position. His approach was: 'I'm President, this is what I believe.' End of discussion."

### **Determine a vision by assuming a position of hindsight**

A vision is a conception of the future, Rollwagen said - not a vision of where we are now. It's informed by hindsight.

"It's a lot easier to see how a person or company got to where it is once you're along and can look back. The same goes for planning."

"The first step in planning is to decide where we want to be ten years from now, then turn, look back, and look to the present with hindsight. The reverse process, that is, standing where you are and looking to the future for the steps to get there, doesn't work, Rollwagen said.

When asked how the planning processes of today compare to those in the past, Johnson argued not much appears to have changed. The best planning processes run on an annual calendar, with five-year windows. "It is always important to have a set discipline to gather your thoughts and look out each year."

### **Involve people to share ownership of a vision.**

"When they had came to recruit me to General Mills they had just brought in an expert planner to create a plan," Johnson said, "but the expert's planning efforts had not been successful."

One of the General Mills executives active with the League suggested that with Johnson they would get a person who rather than looking out over the enterprise to conjure a company-wide plan instead gets others to plan from the bottom up.

"The critical thing is to get the involvement of the key actors so they sign on. I never tried to do the planning myself; I tried to develop a system that got planning to work for those operating the businesses. You've got to get the people that make the decisions to do the planning."

That goes right down to the individual, Rollwagen added. When he would talk about the vision of Cray Research he said he would tell employees: "I'm asking you to ask yourself every day what you've

done to make the vision work. If what you've been doing does not further progress toward the vision, then stop and find something to do that does. Find it yourself - you won't be told what to do."

Rollwagen observed that both industries he has been involved with - high tech and re-insurance - have had to do with pressing the boundaries.

"There's an old story of Seymour Cray building a sailboat and then each fall building a new one because the old was out of date. And in the re-insurance business it's a constant re-evaluation of risk. In both industries there are a lot of creative people that need leeway."

"The most important thing of all is guiding the action." He likened a vision to the brass bar of a trolley car - it should give people as much room as they need to reach out to see all the possibilities while still staying safely on the trolley. Vision is about enabling, not constraining.

### **C. Conclusion**

One option for developing a common state vision is to work through a Governor's commission, the speakers said. The state hasn't had a planning commission for some years. When we get into the legislative session there are a myriad of individual plans without an overarching vision. To assure a more cohesive approach, the Governor should appoint a commission with staff to develop a vision and a plan people could support.

Another option is for visioning to be done outside of government. For two years now a discussion group of former politicians, leaders of nonprofits and public policy consultants have been voluntarily meeting monthly to talk about redesign in St. Paul. Initially this group came together, spurred in part by Ted Kolderie's argument that the state can neither cut nor tax nor grow its way out of the long-term budget impasse. Redesign - what can you do for more or better quality without more resources - has been the focus of this group. This is an example of a private sector effort to establish a workable vision for the state. Twin Cities Public Television and the Bush Foundation have joined efforts to produce a series of documentaries about "Redesigning MN" to encourage more dialogue on this subject. For more information see: <http://www.redesigningmn.org/> Efforts such as these can do much to inform the planning process that may emerge within the state government.