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## STEVE BERKLEY:

### A Renaissance man who left forestry for wilds of technology

By MICHAEL KREY

Steve Berkley, the chairman and chief executive officer of Quantum Corp., the San Jose disk drive maker, wears a sweater at work on days other than Friday.

"Once in a while I can get away with that," says Mr. Berkley, 45, the man who has kept Quantum a favorite of the suit-and-tie crowd in a high-attrition industry. "I always hoped to work where I didn't have to wear a suit and tie every day."

There are other untraditional facets of his life, but what makes Mr. Berkley decidedly CEO-ish is that he knows just exactly what they are and he is ready to recite them for a reporter. He understands the Business Journal's weekly profile story, and he has allocated all the time that is necessary to get his points across.

If he were a newspaper reporter, Mr. Berkley would instantly grab the good quote, the good angle.

Here are some of the angles on Mr. Berkley's particular story:

- He's the grandson of a business owner, whose business thrived during the Depression but eventually failed to adapt to change in the '50s.
- He co-majored in art history.
- He never majored or studied engineering, but he is a Harvard MBA.
- He's never had a corporate position lower than one in which he reported directly to the CEO.
- His job before entering technology was in forestry.
- He directed Quantum's biggest corporate decision, the re-direction out of the 5¼-inch drive market and into the 3½-inch market.

"He's incredibly adroit at marketing and sales strategy," said David Brown, Quantum's president and the head of its technical side. "He's simply the smartest person I've ever met. And he's brilliant in thinking things through."

"I went backpacking with Steve and his wife and I was just amazed at how many things he could pack into such tiny compartments in the backpack. He's compulsive in attention to details, and obviously that holds true in his personal as well as business life."

Jim Porter, president of Disk/Trend Inc. of Mountain View, a firm that tracks the disk drive industry, credits Mr. Berkley with making "quite a save" of Quantum.

"Quantum was a leader in the 5¼-inch market, but then they fell behind," Mr. Porter said. "Steve did a fantastic job in setting the firm's strategic direction."

Mr. Berkley, though, had some first-hand experience in seeing a firm fail to adapt. His grandfather, James Berkowitz (the family's next generation Anglicized the name later), emigrated to the United States in the 1920s and soon started a wholesale candy and toy business. "I worked there from the age of 10, I think, cleaning up and making some money," Mr. Berkley said. "I always remember my grandfather and his sons as they discussed the business. It was an education impossible to duplicate."

The family business, located outside of Newark, N.J., actually flourished during the Depression because it serviced many of the small mom-and-pop stores that formed the backbone of the retail industry in those days.

"The success was part demographic and part dietary I guess," Mr. Berkley said. "Instead of a movie or something more extravagant, the big treat during the Depression was a candy bar."

"It became a multimillion-dollar business, but by the



Amanda Hathaway

late '50s it was dead. It only took a few years."

The business mentality, though, was ingrained in Mr. Berkley. When he attended Colgate University he became the business manager of the school radio station, newspaper and assorted magazines.

"Not only was it a great education, but it put me in touch with a lot of influential alumni."

Mr. Berkley studied economics, but also art history.

"I don't know where that trait came from, but I always found myself ducking into art museums whenever I had the chance," he said. "The truth was, I never was the least bit artistic myself."

The post-impressionists, Pizarro, Serat and Mary Casat, are three of his favorites.

Mr. Berkley was chosen his junior year to be one of 30 Colgate students to spend a semester studying at the London School of Economics. There he had an internship with the Unilever Corp. He also spent three summers during his undergraduate years working as an intern with General Foods Corp.

With all his experience, Mr. Berkley won acceptance to the Harvard master's of business program directly after graduating from Colgate.

"Usually, Harvard insists that its MBA students first spend at least two years in business," he said.

After an intense two years at Harvard, he joined the Boston Consulting Group during one of its early years in operation.

"My specialty was corporate strategy, and Boston Consulting was a young firm just establishing a reputation with the Fortune 100 and Fortune 500 firms," he said.

He worked with some of the big organizations in the country, including General Foods, Standard Oil of California and what then was called the U.S. Department of Health Education and Welfare.

"But I also got my first taste of technology," he said. "We worked with a lot of small, \$500,000 to \$1.5 million, high-tech firms springing up along Route 128. I'd usually work directly with the founder or president, the type of entrepreneurs you don't find anywhere."

After a year at Boston Consulting, Mr. Berkley found himself facing the draft. But he found a small Naval program that gave direct commissions to businesspersons. He joined as a lieutenant in charge of hospital management at Camp Lajuene, N.C. "I was 24 years old and I had 200 people reporting to me," he said. "You develop people skills pretty fast in that environment."

"I was never part of the group that protested the Vietnam War, but by the time I got out of the Navy I realized how worthless and hopeless the situation really was."

Mr. Berkley went back to Boston Consulting for two years.

"I'd describe him as always wide awake," said Anthony Miles, a co-worker at Boston Consulting. "His level of intellectual activity at any one time is amazing."

After a time, though, Mr. Berkley faced a decision.

"After three years in consulting you sort of get shifted to business development. It was time to either get out or stay forever."

It wasn't a tough decision. He and his first wife loved San Francisco, and they decided to bolt for the West Coast.

"In one month I quit a job, sold a house, moved

across country, bought a house and started another job," he said.

Mr. Berkley divorced his first wife 12 years ago, after 10 years of marriage and two boys. "It was the classic situation of marrying too young," he said. He has been married for nine years to Fentress Hall, a former top marketing executive at Quantum as well as Qume Corp. Mr. Berkley maintains a close relationship with sons David, 19, and Michael, 17.

After Mr. Berkley arrived in San Francisco, a recruiter put him in touch with Potlatch Corp., now a \$1 billion lumber firm that wanted someone to take charge of corporate planning.

executive and Charles Neuner was his right-hand man," Mr. Berkley said. "I became Neuner's right-hand man."

"Potlatch hadn't been growing. It had a lot of entrenched, long-term management. But Madden did not lay off a single person. He simply instilled his own drive in the company. He probably was the biggest influence in my life."

In his four years at Potlatch, Mr. Berkley said, revenues jumped from \$250 million to \$700 million.

"Madden used a Socratic approach," Mr. Berkley said. "He used the planning process to set the goals and change the whole attitude."

Mr. Berkley completed the planning in four years, about what was expected. But he could have stayed on.

"I always knew he wouldn't stay in the rather slow-moving forestry products industry," said Mr. Neuner, still the vice president of planning and business development at San Francisco-based Potlatch. "Here he came into an industry that was totally foreign to him and he mastered it over a few years."

"And he wasn't one to just sit in an office. He often visited our timber sites. I think he liked the outdoors."

Mr. Berkley's entry into technology came via a referral from an old Harvard colleague, Dave Anderson at Sutter Hill Ventures. Anderson introduced him to Bob Schroeder, who had a small computer printer company called Qume Corp.

"I knew high-tech was a whole different world, but it was amazing," Mr. Berkley said. "Potlatch was the case of an old firm that very gradually grows. Qume went from \$10 million to \$100 million in about 18 months."

Mr. Berkley was in charge of business development, and at Qume he developed a relationship with Y-E Data of Japan. It became Qume's floppy disk division, and Mr. Berkley was made general manager.

"What I learned there was how to downsize," he said.

"Anyone can manage growth; it's learning to go the other way that's so tough. During the downturn I had to cut back from 300 to 120 employees. That's the toughest thing I've ever done."

Mr. Berkley experienced the quick peaks and valleys as division manager. He negotiated a major contract to supply IBM Corp., but it was for IBM's PCjr, a product that quickly failed.

When Mr. Schroeder left Qume in 1981, Mr. Berkley decided it was time to do likewise. Quantum needed a vice president of marketing, and Mr. Brown and former CEO Jim Patterson wanted Mr. Berkley for that post.

"Jim and Dave were so people-oriented that I knew Quantum was the place for me," he said. "We've kept that teamwork environment."

Mr. Berkley and Mr. Brown both went away from Quantum directly for several years in the mid-1980s, but it was at Mr. Patterson's direction. They formed the Quantum subsidiary called Plus Development Corp., which makes disk-enhancement products. Plus then came out with a product called Hard Card, which enabled easier software applications for drives. "We went from nothing to \$70 million in revenues in 18 months," Mr. Berkley said.

Said Mr. Porter, the industry analyst, "Plus kept Quantum going during the lean years. I think it represented two-thirds of Quantum's revenues for a year or two there."

Quantum has a reputation for being litigious. Mr. Berkley doesn't apologize.

"We've been aggressive in securing patents and I think we've clearly sent out the message that we'll aggressively protect the patents," he said. "We haven't lost a case yet."

But Quantum did lose its lead in the 5¼-inch market several years ago. This pushed the firm to get out of that market and instead concentrate solely on the growing 3½-inch market.

"That has proven to be a good decision," Mr. Berkley said. "But in this business you can never get complacent. We won't."

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