



Oral History with Peter O. Crisp

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National Venture Capital Association
Venture Capital Oral History Project
Funded by
Charles W. Newhall III

Peter O. Crisp

Interview Conducted by
Carole Kolker, PhD
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This collection of interviews, *Venture Capital Greats*, recognizes the contributions of individuals who have followed in the footsteps of early venture capital pioneers such as Andrew Mellon and Laurance Rockefeller, J. H. Whitney and Georges Doriot, and the mid-century associations of Draper, Gaither & Anderson and Davis & Rock — families and firms who financed advanced technologies and built iconic US companies.

Each interviewee was asked to reflect on his formative years, his career path, and the subsequent challenges faced as a venture capitalist. Their stories reveal passion and judgment, risk and rewards, and suggest in a variety of ways what the small venture capital industry has contributed to the American economy.

As the venture capital industry prepares for a new market reality in the early years of the 21st century, the National Venture Capital Association reports (2008) that venture capital investments represented 2% of US GDP and was responsible for 10.4 million American jobs and 2.3 trillion in sales. These figures, while significant, greatly understate the collective accomplishments of the venture capital industry.

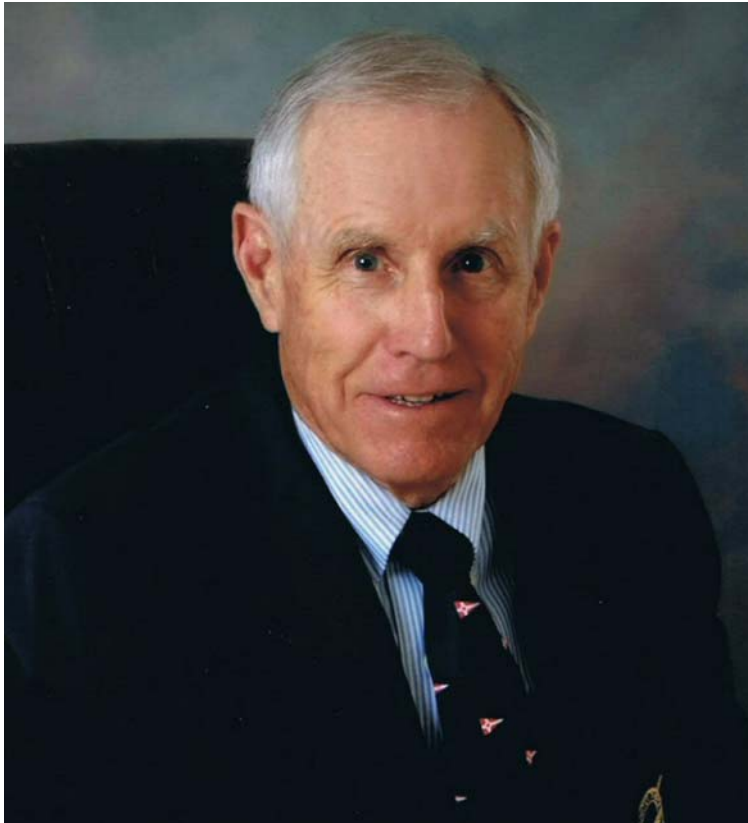
I'm pleased to have supported this project, which I believe will advance the understanding of the venture capital industry. This collection, along with Paul Bancroft's Bay Area oral history project at the Bancroft Library at the University of California, Berkeley, and Paul Holland's Silicon Valley project for the Western Association of Venture Capitalists, will add significantly to a growing body of venture capital memoirs available to the public sector.

A special note of gratitude goes to each interviewee who generously gave of his time while candidly sharing his memories. Their recollections bring to life the dynamic story of venture capital in the 20th century, providing a powerful perspective on the history of this industry.

Charles W. Newhall III

Fall 2009

VENTURE CAPITAL GREATS



A Conversation with Peter O. Crisp

Peter O. Crisp served as an associate of the Rockefeller family for forty-five years. He was a founding and managing partner of Venrock Associates, a limited partnership funded by members of the Rockefeller family and related institutions that invest in technology-based venture capital. He was president of Venrock from 1980 to 1995 and board chairman from 1995 to 1997. He served as director of the United States Trust Corporation until 2004, and vice chairman of Rockefeller Financial Services, Inc., from 1997 to 2003. Peter currently serves as a director of American Superconductor Corp (since 1987) and continues as a director of several private companies.

A pioneer of the venture capital industry, Peter dedicated his professional life to building great companies that include: New England Nuclear Corp; Apple Computer; American Superconductor; Thermo Electron Corp; Echelon Corp; Evans & Sutherland Computer Corp; Galileo Electro-Optics Corp; Itek Corp; and Hambrecht & Quist, among others. Peter's rewards have come from "having Venrock spawn some really, really meaningful, successful companies."

Peter has contributed his expertise and energy as a board member of Memorial Sloan-Kettering Cancer Center, Memorial Hospital for Cancer and Allied Diseases, Sloan-Kettering Institute for Cancer Research and North Shore-Long Island Jewish Health System. He has also been an active board member of the Fishers Island Development Corp since 1982, and serves as Chairman of the Jupiter Medical Center Foundation in Jupiter, Florida.

Peter served on the board of the National Venture Capital Association. In 2004, he was honored with its Lifetime Achievement Award.

After graduating from Yale in 1955, Peter served three years as a U. S. Intelligence Officer in the U.S. Air Force, Strategic Air Command. He received his MBA from Harvard Graduate School of Business in 1960.

The following is an interview with Peter Crisp taking place in Mill Neck, New York. Today's date is October 21, 2008. My name is Carole Kolker.

Carole Kolker: *Peter, first of all, thank you so much for meeting me at the station and setting aside this time for me to talk with you. As I said, this is going to be about you, about your experiences; that will help fill in that official record. We're going to start with your early years — when and where you were born.*

THE EARLY YEARS THROUGH YALE AND HARVARD

Peter Crisp: Born August 9, 1932 in New York City, grew up on Long Island, went to grade school at the Green Vale School in Glen Head, New York. From there I went to a boarding school, in the seventh grade, called Millbrook School in Millbrook, New York. Following that two years, I went to the Hotchkiss School in Lakeville, Connecticut. I graduated from there in 1950; went from there and took a postgraduate year at Hebron Academy in Hebron Maine, graduated from there in '51; went to Yale, graduated from Yale in 1955; then I went to work for Owens-Corning Fiberglas for about eight months. Want to ask a question?

CK: *Did you have any brothers or sisters?*

PC: I had an older sister, who died last week at the age of 80; and I had an older brother, who died at the age of 13, when I was 12, of leukemia. He was away at boarding school, and he was standing in the cafeteria line having breakfast, and he collapsed, and the school

took him to the infirmary, and they diagnosed him as having leukemia, and that was about the fifth or sixth of January. They sent him to New York, to Memorial Sloan-Kettering Cancer Center, and he died there on the 27th of January, 1945. In today's world, he'd probably be alive because technology has come so far. But he died, and he was in between my sister and me. I was a year younger.

CK: *You must have been pretty close with him.*

PC: We were 12- or 13-years-old, grew up together.

CK: *That must have shaped your life in many ways.*

PC: Made a difference, yes.

CK: *What were your parents doing in New York?*

PC: My father was the treasurer of Allied Chemical Corporation, and he retired from that position and was an independent broker at the firm of R.W. Pressprich & Company in New York City, and he did that as an individual for a number of years, until he retired. He died at the age of 72 in 1963.

CK: *What was his name?*

PC: His name was VanDevanter Crisp. Dutch name.

CK: *Are your family roots in New York?*

PC: Well, my mother's family lived in Troy, New York, and my father's family came over from Holland many years ago, and they were based in New York City, so they were a New York family.

CK: *And your mother's name?*

PC: Her maiden name was Ottley; her father was the CEO of *McCall's* magazine, *McCall's* Patterns. They made all kinds of patterns for dresses and things like that in the old days. He was the head of the McCall Company.

CK: *What did your mother do when you were growing up?*

PC: She was a mother and an athlete, a very fine golfer, but never had a profession. In those days, they didn't.

CK: *What were your interests as a child? Were you a tinkerer; did you like to take things apart and put them back together?*

PC: I loved the out of doors — camping, hiking. I loved sports, and I was a tinkerer — loved automobiles, and I've always been fascinated with cars. But I've never splurged and become a collector or anything like that. I've always been too frugal to treat myself to any major indulgences.

CK: *What was your first car?*

PC: My first car was the Model A Ford truck, which I learned a lot from — took it apart and fixed it, put new pistons, new rings, new valves in it, with another guy who showed me how to do it. It was a beat up old thing. But we lived next to a farm, so I could drive out on the farm and all around. I drove cars from the age of eleven or twelve. My father's birthday present to me at the age of sixteen was to get me the first in line to take my driver's license test. But I actually had a driver's license from South Carolina, which I got at the age of fourteen. Farmers' sons were allowed to have driver's licenses there, and my uncle lived there, so I went down and got my license there. So I was a tinkerer, but I was never really a technologist, never was an engineer. I have a liberal arts education. So I was very lucky to get into the venture business as generalist; and with my qualifications today, I would've never gotten into the business.

CK: *What were your favorite subjects in school? Anything in particular?*

PC: I didn't like school that much. In my day, I got sent to very tough schools, and I think in my early years I was dyslexic, so therefore I was always struggling to survive, and I was never really fulfilled by academic excellence, but the longer I went to school or graduate school, the better I did. So in those days, in the '30s and '40s, I don't think dyslexia was that identifiable or well-known. So I was always sort of struggling to make it, because I was conscientious, and I was a hard worker, but it didn't come easily to me. But the longer I went to school, the better I did.

CK: *What were the expectations for you in your family? Did your father have high expectations? Was there pressure in the house?*

PC: No, no pressures. No pressure. No major pressures.

CK: *Were you a reader?*

PC: I enjoyed reading. I would say outdoors and sports were the things that interested me by far the most. In my lifetime, I've played many, many years of ice hockey — and I've coached and played until four or five years ago, and all the kids I was coaching were passing me by, but I played in school, in college, in graduate school. And I've coached kids for many, many years, and I've had really some fantastic teams. That has been a great sport for me — played at Yale, played at Harvard Business School. When I was at Harvard Business School, I played for a team called the Cambridge Comets, and the Cambridge Comets placed three guys on the 1960 Olympic Team. I used to do all my cases for Thursday on Sunday, so I could play every Wednesday night with the Cambridge Comets somewhere around the Boston area. We'd go down to Brockton, Massachusetts and play against the “Shoe City Six.” They were a bunch of very tough guys and they beat up on you; and I'd come into class on Thursday morning with stitches and looked like a mess, but I enjoyed it.

CK: *That was your passion.*

PC: I loved it, yes, hockey was my sport.

CK: *How about early role models or mentors during your early years at school? Anyone in your church or in your family? Any role model at that time?*

PC: No. Not really. No.

CK: *Did you ever work, while you were in school, to earn money?*

PC: Oh, sure, oh yes, absolutely. My first job was when I was probably twelve or thirteen, working outdoors on a property for a neighbor who owned a large property, and I worked there and made four bucks a day. I'd bike there—

CK: *What were you doing?*

PC: Oh, gardening, driving tractors, weeding, cutting grass, mowing fields, all that kind of stuff.

CK: *You said that you were probably dyslexic, but judging from your accomplishments you certainly were able to focus on a lot of things at a lot of times. I'm wondering if there were any early signs of this ambition to succeed or some kind of exuberance that you obviously have in the things that interest you.*

PC: I don't like to talk about myself that much, (laugh) because the people I admire the most are the people who are the most modest. And so I have difficulty saying much about myself personally.

CK: *What were you really good at?*

PC: I worked very hard, I was always conscientious, and I did my homework carefully, and I was lucky. In my later business life, I think one of the most fortunate characteristics that I had was the ability to pick good people. The Venrock Staff, the people there in Venrock were out of sight terrific, great human beings, brilliant, worked hard, and we developed a wonderful culture of camaraderie; and we had fun, and we did good things.

CK: *This was a special skill. We were talking about what you loved growing up, you loved being outdoors, and you had a real passion for ice hockey.*

PC: I was competitive. Very competitive. When I was in graduate school and my father said, "What are you going to do when you get out?" I was very interested in foundation work, in philanthropy. He said, "That's fine, that's wonderful, but why don't you try to make some money yourself so you can give it away, rather than giving away other people's money?" He said, "That strikes me as more creative." That sank in on me. During the summer of 1959, when I was in between my first and second year at Harvard Business School, I was working for Swissair. Swissair came over to Harvard Business School, and they hired about six of us to come there for the summer, in between our first and second year, to prioritize a whole bunch of capital investment opportunities that Swissair had, from putting new elevators in the corporate headquarters, to buying new airplanes, to opening new cities, to whatever it was. So the six of us got put into a room; they gave us a gofer who spoke schweizerdtech, and he was supposed to get us all the quantitative

information that we needed in order to be able to do the present value calculations to prioritize this myriad of investment opportunities that Swissair was considering.

So while I was over there in the summer of 1959, I read this one-page article in the international edition of *Time* magazine which described Laurance Rockefeller's philosophy of venture capital investing; it was in aviation, aerospace, new technologies, gadgeteering, all kinds of things like that. And I said to myself, You know, here's a guy who's a member of a family that's known for its philanthropy, who's doing really interesting and creative things, so why don't I write him a letter and see if I could go to work for him. Because if he does well and he succeeds, and he makes even more money, he'll give it away to charity; so that would sort of fulfill my father's thoughts that it would be more of me contributing rather than giving away somebody else's money.

So I wrote him a letter, and it landed on the desk of one of his then three associates, a guy by the name of Randy Marston, who had worked for the Chase Bank for many years. There were four guys that worked with Laurance: Randy Marston; Harper Woodward, who was General Arnold's assistant in World War II in the Pentagon for procurement matters; a guy named Teddy Walkowicz, who had been a lieutenant colonel in the Air Force, and he was an MIT guy, and he was sort of a science brain. So there was Walkowicz, Woodward and Marston; and the fourth guy was Jay Richardson Dilworth, who was kind of the senior advisor to the Rockefeller family. Anyway, my résumé went to Marston. He was sort of intrigued. He'd gone to Lafayette, where he was a DKE

[Delta Kappa Epsilon], so I'd gone to Yale where I was a DKE, and they said to themselves, You know, we've been doing this now for seven or eight years, the files are sort of a mess; we could use some guy to come in here and shape things up and be a gofer. And so the letter got circulated, and they said, Why don't we ask this guy to come in for an interview? So when I got back from Switzerland — we had to leave the day after our last exam in June, and we couldn't come back until the tourist rush was over, just in time for Harvard Business School in the fall.

When I got back in the fall, I went down to New York, I had an interview. I guess they invited me back three times more, and I got the job. In 1960 my starting salary was \$6,500 a year, and that was below my fellow classmates at Harvard Business School who were going to work for McKinsey, Morgan Stanley and places like that. They were getting paid eight or \$9,000, but I was getting paid on the low end.

CK: *Could I ask what you wrote in your letter to Laurance Rockefeller?*

PC: I think I said something like, "I read the article. I was intrigued by what you were doing." I don't think I got into the part about the fulfilling nature of philanthropy. But for many, many years, Venrock has been the engine of supplying low-cost stocks to the Rockefeller family to permit them to continue their philanthropy.

CK: *Do you have a copy of that letter you wrote? I think you must have impressed them with what you had to say.*

PC: No. I'm sure it was no more than two or three paragraphs. They weren't used to having people writing and asking to come to work there.

CK: *Before we move ahead, you mentioned you were at Yale in '51 through '55. Why did you choose Yale? You said your father went there. Perhaps you were expected to, or did you always think that you'd be going to Yale?*

PC: I wanted to go there. I got accepted at two other colleges, and I really wanted to go to Yale.

CK: *What did you choose for a major?*

PC: I was a history major.

CK: *Did you see yourself going in any direction at that point?*

PC: I really didn't know. The thing about education— I was trying to think about some way to have a useful life, and I didn't know whether it would be education — business and quantitative things really didn't interest me. I didn't want to be a banker, and I didn't want to be in insurance, but I felt I had to make a living, and I wanted to do something useful.

CK: *Where do those values come from, do you have any idea?*

PC: I don't know. My family never sort of steered me that way or insisted on it, but I've always felt that— I've been involved with many, many non-profit organizations. At the moment, I'm on the board of three hospitals, and I'm chairman of a foundation for one, and I've been on the board at Memorial Sloan-Kettering for, I'm ashamed to say, forty-two years. Most things I've done, I've got in and done my thing and then gotten off and made room for other people. But I stayed on the board at Memorial really because in the early days when I went on, I was kind of Laurance's gofer. He knew about my brother, and so he thought I might be interested in sort of helping him look at their financial statements and then help ask intelligent questions at board meetings. So he'd send me the pile of material every month that they sent him, and asked me to look at it, and I'd review it and write him a memorandum. And so, I went on the board at Memorial when I was thirty-four. For many years I was kind of just a junior guy there, as his representative when he couldn't attend, and then in later years, when he became less able, I came in on my own, and I've served on almost every major committee at Memorial.

CK: *I see you've been a director there since 1967 — to this day.*

PC: That's forty-two years. It's kind of threatening. But I've chaired several committees and served on the finance committee, the executive committee, the nominating committee, the audit committee, the pension committee and the sub-committee on special investments. Virtually every committee that they've ever had, I've been there at one time or another through the years.

CK: *Did you enjoy your time at Yale?*

PC: Yale was great, yes, I enjoyed Yale, had an excellent experience there. I worked hard, but had a good time.

CK: *You played hockey, and you did well.*

PC: Varsity hockey and did fine. Made it through okay.

CK: *Any other extracurricular activities?*

PC: I was involved with several Yale charitable things. An organization called Dwight Hall, they had there. But I didn't have much time to be able to go out in the community and work and do that. I started a few things and then I couldn't really do them well, so I pulled back.

CK: *Did you find any mentors at Yale?*

PC: Not really. No. I'm sort of homegrown.

CK: *I see that. Then when you finished Yale — we're right in the middle of the wonderful '50s that we look back on as kind of the era of conformity and getting back to normal — I see that you joined the Air Force.*

PC: I went in the Air Force — that was during the Korean War. I was in ROTC. In 1955 they had too many applicants for too few places in flight school, and I wanted to be a pilot, because I'd flown myself since I was fourteen, actually. I soloed at the age of

fourteen. I couldn't have a driver's license until I was sixteen. My father used to drive me over to the local grass airfield over here in Hicksville. I would fly solo, land the airplanes, and perform take-offs and landings, and then he'd drive me home.

CK: *How did that come about?*

PC: I wanted to fly. I can't imagine why my father let me do it. My brother died two years earlier. I was an only son; I'm the last surviving Crisp of our whole family line; I've no sons. Why my father let me do it, I'll never know, but he did.

CK: *Did you know somebody else who was flying?*

PC: I did know a couple other people that were over there, but they were older gentlemen.

U.S. AIR FORCE - INTELLIGENCE OFFICER (1956-1958)

CK: *Would you say that these early signs of being a risk-taker?*

PC: Could be. It was a tiny little dirt strip surrounded by telephone poles, and when I think about it, it was really dangerous, flying in it all the time. There I was, fourteen-years-old, flying an airplane in and out. Anyway, I signed up for the Air Force and I wanted to be a pilot. And because they had too many candidates for too few places in flight school, I wasn't taken into the service until January of 1956.

So I had to find a job between June and January. That wasn't very easy, but Owens-Corning Fiberglas had a training program, so I went to work for them. I went out to

Newark, Ohio, to Ashton, Rhode Island, and then to a couple of other sites in their training program. Their hope was that if they liked me and the other guys in the training program, once I got out of the service, I'd come back and go to work for Owens-Corning. I did like Owens-Corning, but I found this other position when I was in business school, which led me there, so I never went back to Owens-Corning.

So I went in in January, 1956. I failed the physical the day after I got into the Air Force, after I'd signed a three-year contract to be a pilot. I failed it because of a trumped up eye exam they had, because they had to reduce the number of candidates, because they had so few places available in Flight School. So I was unhappy with that, and so I wanted to know whether I really should be concerned about failing the eye exam. They had a thing called the red lens test, and I failed the red lens test. So I went to a local doctor in San Antonio and I said, "Do I have faulty night vision?" And he said, "No." So I went back to the commander of all these guys at the base at Lackland Air Force Base, and I said, "The doctor in San Antonio tells me I'm perfectly fine."

As a result of that, they had to give new eye physicals to all the members of my class reporting at Lackland. So when I got before the guys who were giving the eye exams, for my re-exam, they knew I was the person who had caused them to have to do our whole class over again, so they flunked me the second time over. I was unhappy, so I stuffed my bed full of pillows; I got guys to report me present for being in formation for all the drills and all the stuff that we had to do as inductees, and I drove from San Antonio to Wichita

Falls, which is an eight or nine-hour drive, at least. So here I was, reporting into the intelligence school in Wichita Falls, at Shepherd Air Force Base, and I said, "I've been at Lackland, I got screwed by this trumped up eye exam, and if I'm going to be in the Air Force for three years, I want to do something useful with my life, and so I'd like to go into intelligence." Normally, they should've called the base in Lackland and said, You got a guy here who's AWOL, and you better come up and get him or put him in jail, or whatever you do to somebody who's AWOL. Anyway, it turned out, the guy who ran the intelligence school at Shepherd had been the head of the ROTC at Yale; I didn't know that. And so he said, "Well, if you want to do something worthwhile, we'll take you." So he said, "Go back to Lackland." I climbed in my car, drove back to Lackland, and about ten days later I got orders to go to intelligence school. There were a bunch of other guys who'd been flunked out of the flight program also, and they said, How the hell did you ever get into intelligence school like that? Because these other guys were going to go into maintenance, or into managing the carpool, or something like that. And I said, "You know, I went up to Shepherd and they took me." So I did. I finished intelligence school, I got assigned to a Strategic Air Command fighter wing, and the Strategic Air Command was under General Curtis LeMay.

Each Strategic Air Command bomber unit had a couple of fighter wings, and their mission was to go in — if the button was pushed, in the event of a nuclear war, and the US was going to attack, the fighter planes would go in first. Their mission was to knock

out the radar installations so that the bombers could fly in at much higher altitudes in order to deliver their weapons.

And so I was assigned to a Strategic Air Command wing at Bergstrom Air Force Base in Austin, Texas. I was the briefing intelligence officer that had to brief all the pilots on what they did when the button rang. It was a very interesting assignment, and it was all top secret stuff. They all had missions; they all had to memorize their routes to their targets, and how they were going to escape from the fallout following delivery of their weapons. And I, being a ground pounder who wanted to fly—All of the pilots had to go to Stead Air Force Base, which was survival school, where you go for eleven days out in the bush with nothing. All you have is a parachute and an emergency rations packet, and that's all you have; and you'd go with eight other guys as though you're a B-52 crew that's been shot down, then find each other and work together as a team to survive in the wilderness.

So I went to Stead, and the other guys thought that was great that I would volunteer to go to Stead, because they all hated it. And so I was out in the bush for eleven days with no food, in the mountains in Nevada, and came back; and then I got sent to Alaska with my unit, came back to Texas; and then after LeMay left SAC, the fighter wings were reassigned to the Tactical Air Command, which was headquartered at Langley Field in Virginia. The commander of intelligence at Langley Field came down to Texas, Bergstrom Air Force Base, and interviewed all the people on the staff there who were

now going to be part of his command. He was a graduate of Stanford; his wife had been to Vassar; he was a lieutenant colonel. He said, "What I want, instead of a bunch of majors and other high-ranking officers/captains working with me, is, I want about four hard-working first lieutenants who will bust their ass and help me become a brigadier general at the earliest possible time. Would you like to come and work for me in Langley?" And I said, "Well, I don't really know you, and I don't know whether we'd get along." He said, "That's fair enough." He said, "I'll get you a temporary assignment to come there for two weeks, and if you like me and I like you, then I'll get you transferred."

So I went to Langley. The guy was a terrific guy, really good guy. And so I got transferred from Texas to Langley. I said, "But if I do this, I want you to know that it doesn't affect my career objective in the Air Force, which is to get out at the earliest possible date and go to graduate school." He said, "That's fine," he said, "I'll help you." It would've been the spring of 1958, and I said to him, "I'd really like to go to graduate school this fall." And he said, "Well, get your application." And I said, "You know, I've never been on leave, and I think with all my top secret clearances that I could scrounge my way around the world as a courier on military aircraft." And he said, "Oh, that's a good idea." So I wrote my own orders permitting me to be a courier and go to and from anywhere carrying top secret information. So I went over to the Navy base at Norfolk, Virginia, and my first flight was to Port Lyautey in French Morocco. I went from there to London, to Dhahran in Saudi Arabia, to Karachi, to New Delhi, to Bangkok, to the

Philippines, to Tokyo, to Hawaii and back. So I went around the world as a courier in thirty-eight days carrying top secret pouches.

I got stuck in the Philippines, because there was no top secret information to go to Japan that day. The guy who was the intelligence officer there was a guy who I knew from college, and he said, "Well, I don't have any material to go to Japan." I was in Hong Kong, actually. "But I'll tell you what," he said, "I'll put some empty pouches in this pouch, and I'll get you a top secret clearance so you can go to Hong Kong." So I carried empty pouches with a top secret clearance to Hong Kong and made it all the way around and got back to Langley. My boss lived up to his word and let me out. I'd been accepted to Harvard Business School, and I went there and enrolled in September. So I was in the Air Force for three years. It was actually good, because the SAC people who went to Langley were very, very well-trained. So I wrote for the Tactical Air Command the Emergency War Plan Exam that was then given to all Tactical Air Command crews in the Air Force for the next however many years or months, or whatever they used it.

CK: *This could be a whole chapter; it certainly is a chapter of your life, and how interesting. I see that desire to take risks, and these great experiences at a very young age.*

PC: One of the risks — just going back to Switzerland and Swissair — I bought a motorcycle over there. Every weekend I would drive all around the Swiss Alps on a motorcycle alone with a backpack. That was a great experience. When I came back to the US on the first available flight, I came back on a freighter with my motorcycle, arrived at JFK, had

to take it through the immigration people, because they have to make sure there was no dirt on the tires from farms in Italy and places like that, and then rode it home from the airport.

CK: *How did your father react?*

PC: He thought that was great.

CK: *So he encouraged this. He must've been a good sport.*

PC: Yes.

CK: *Was your father in the military? Did your family have roots in the military?*

PC: Years ago, many years ago he was in the Army, way back. He went to law school, graduated in 1911 from Yale Law School, and that was the last year that you could go from high school to law school directly without having to earn an undergraduate degree.

CK: *How do you think those years in the Air Force, especially as an intelligence officer, might have affected the direction of your life?*

PC: I think a lot, because I liked the military; I enjoyed the flying, I liked the avionics of the business, the electronics side, and the whole top secret world I was living in; that made a big impression. The military was a great experience. I think it's really too bad that every young man in America today doesn't have to go and give at least two years of their life to their country.

CK: *You said that you had already applied to Harvard. How did that come about?*

PC: I applied while I was in the Air Force.

CK: *What had happened to make you decide to go on—*

PC: I knew I wanted to be equipped to go into business somehow, or philanthropy, and that an MBA would be useful, and my family said they'd support me doing that, so I gave it a shot. And I didn't want to go back to Owens-Corning. That was an industrial company in the building supply business; that didn't really appeal to me. As I said, I didn't want to be a banker. I didn't know really what I wanted to do. I wasn't equipped to start my own company or do something really venturesome, which you might do today. But in those days you didn't start your own company at that age. In those days, a good résumé was, you know, you went to a good school, you went to a good college, you went to a good job, you stayed in the good job until you were hired for a better job, and longevity. Now it's a badge of honor to be fired from a startup that has gone through Chapter 11, because you learn so much more as a result of the adverse experience.

CK: *Things have changed. No more “gray flannel” man.*

PC: Yes. That's a very significant change in culture today for younger people — to be venturesome and go out and try something yourself, even if you fail; it's not a badge of dishonor, which it used to be. Used to be a black spot on your résumé.

CK: *What might you have tried?*

PC: In starting a company? I didn't feel as though I was equipped to do it, so I never gave it serious thought.

CK: *Fantasy. Was there any particular aspect of the MBA program that excited you?*

PC: The investment side interested me a lot.

CK: *You told me that you took courses with Georges Doriot [HBS professor and venture capital pioneer]. I thought it was an interesting story.*

PC: I was interested in AR&D [American Research and Development, the first independent venture capital firm] and what they were doing, but I didn't want to work for Doriot. That's why I didn't think of applying for a job there. In those days, I was so intimidated by the smart people that were all around me that I didn't consider myself qualified for anything that good.

CK: *What was Doriot like?*

PC: He was very French, very disciplined, a former general. He had kind of a twinkle in his eye and a pretty good sense of humor, but he was scary as a figure. Very intimidating.

CK: *And his classes, were they—*

PC: His classes were austere. In any other class at Harvard Business School you went in there absolutely quaking in your boots that you were going to be called on. I remember it

so well. And in Manufacturing you weren't, because it was the only lecture course at Harvard Business School. You had to work your tail off, because you had these assignments in groups in the fall and in the spring that you had to produce a major report on a small company and a large company. So a lot of your work was done outside the classroom, but the classroom was lecture, so you did not feel intimidated as he lectured. He might ask a question, which somebody could answer very subjectively, but it was different from any other course at Harvard Business School.

CK: *Did you learn a lot from this course?*

PC: I think so. I think so, from his lessons of life. You know, you dressed neatly, you behaved properly, you respect people, you read the right information, you work your butt off. A lot of toilet training kinds of good hometown advice that you don't think about very much. So it was good in that sense. But the real value of Manufacturing was in the team projects, which were very extensive, major, major; you really had to work a lot to produce your reports. You had to work for a small company in the Boston area in the fall on some project that they wanted to have solved, and then a big project in the spring for a larger company. You didn't fool around; you had to do a lot of market research and expend a maximum effort.

CK: *You were really in training.*

PC: But Doriot was a tough taskmaster, and kind of a scary guy.

CK: *Did you have any personal run-ins with him?*

PC: Never. No, I stayed as far away from the faculty as I could. That was why I never had any mentors.

CK: *So you didn't find a mentor at Harvard?*

PC: They had a course at Harvard called Ad Prac, which was Administrative Practices, which is a sequel for human resources. At the top of the scale, for the people who were really smart, and who knew they were smart, they were called the fulfillment level. And if you really knew what you were doing, and you were really an ace, you were fulfilled and you weren't scared. At the bottom of the scale was a thing called security, where you're hanging on by your fingernails to see whether you could even stay in the place, because you were worried that you were going to flunk out. And I, in my academic career, always considered myself to be at the security level, where I was always sort of fighting to make the grade. And that was why I avoided the faculty, and I never tried to befriend them or anything like that, because I was working my butt off to make sure I'd survive and stay off their radar screen.

CK: *Maybe you didn't want them to find out that— Obviously, you didn't feel that you were on the top.*

PC: No, I didn't. Well, I know I'm not the smartest guy in the crowd, but I've been lucky, and I've had great people to work with.

CK: *How did those years at Harvard shape your direction? Where were you headed, and what were you thinking about as you were finishing?*

PC: I was thinking about a career in philanthropy, foundations.

CK: *What was your dream job?*

PC: I wanted to find something where you could make a difference and do something good, and that was the direction I was going. Foundation work, something like that. And then I stumbled on this article, and it just clicked.

CK: *So your first job out of Harvard is with the Rockefeller family.*

PC: Yes. I was there for forty-five years. I've been married for forty-five years, and I've lived in the same house for forty-three years. So you'd say, I've had a very unimaginative career.

CK: *Just dull, huh?*

PC: Same marriage, same job, same house.

CK: *It looks like you've made the most of it.*

PC: We built this house [Mill Neck, NY] in 1965. When we built it, we were in the process of having our first child. This was just an empty piece of land. We didn't know how big a house to build, because we didn't know how big a family we were going to have, and we didn't want to go broke at the time. But we bought 7.8 acres of waterfront property in

1965 for \$40,000, and we built this house for \$60,000. This was a screened-in porch, which had a flagstone floor; we made this into a living space, and then we added the master bedroom wing.

THE VENROCK STORY

CK: *We're going to start with 1960, and you've joined the Rockefeller family and associates.*

You're 28-years-old, is that right? What did you start doing when you arrived there; what was your job description or your responsibilities?

PC: There was no Venrock, and so this was Laurance Rockefeller and his staff. Venrock wasn't formed until 1969. Let me trace back just a little bit of the Rockefeller history because this is important. Laurance went to Princeton, and after he graduated from Princeton World War II came along, and he went to Washington, D.C., where he was in the Navy. While he was in the Navy, he surmised that there were many, very interesting technological phenomena that were being developed that would have commercial applications for landing systems for airplanes, or avionics equipment, or electronics, or whatever it was. And so after the war, following his discharge from the Navy, he hired these three guys to look for opportunities in small companies. They might have been spinoffs of a division of an existing electronics company, or might have been something brand new. So in the early days of Laurance's venturing, he got involved in airlines and helicopters — New York Airways, Eastern Air Lines, the Glen L. Martin Company. And that interest in aviation transferred over into rocket engines; we were invested in Reaction

Motors, which was bought by Thiokol; the Marquardt Aircraft, which made ramjet propulsion engines for missile systems.

So it went from aviation to aerospace to electronics to computers to biotech to the modern life sciences. Before I joined Laurance's staff, these three staff members had made a number of investments, since 1946, that they had in his portfolio of ten or twenty transactions they had done — from an Island Packers, which is a tuna factory in the Pacific; to Flight Refueling, which is Chuck's [Charles Newhall of NEA] father's company that he was the CEO of; to the Piasecki Helicopter Company, which merged with Vertol, which eventually was acquired by Boeing; to Aircraft Radio, which was bought by Cessna; to all these aviation-related — some lowish technology, some higher technology — companies. As I said, the program gravitated into companies with much greater technical sophistication and expertise—and so from aviation, aerospace, to electronics. ITEK Corporation, founded by Dick Leghorn, who worked for Eastman Kodak: Leghorn came to Laurance around 1960 and said that Kodak has received the lion's share of all the government money for aerial reconnaissance, and their cameras were heavy and inefficient, and that he could design some lenses that will provide a much lighter, better camera, which will provide greater resolution for photographic intelligence. And Laurance said, "Well, if you can really do that, that's great, but you've got to show me that you can leave Kodak without having them sue you and say that you're taking their intellectual property. And if you do that and write a business plan, I'll back you."

So ITEK, which stood for information technology, and also stood for, "I took Eastman Kodak," by Dick Leghorn.

Laurance put up \$60,000 in 1960 with two other investors: William A. Burden and Company and the Walker Brothers, Elisha and Bayard Walker, who had an investment company called the Long Island Company. Those three investors backed ITEK. ITEK became a very large and very successful company, which was bought by Litton Industries. But before that happened, the principal product that they made, which made them famous, was the camera which was in the U-2 plane that was flown by Francis Gary Powers that was shot down over the Soviet Union. ITEK embarked on an aggressive acquisition program. They bought a company in Rochester, NY, called Photostat. In the early 1960s, I was always the "junior guy" working on ITEK affairs and screening potential acquisitions as well as other matters.

I was taken to board meetings; I would look at all the material before the board meetings, analyze it, write notes. So in addition to cleaning up the files and getting things straightened out, I would look at deals for Marston, Woodward and Walkowicz, and they would send me proposals of companies that were seeking financing. One of them I never looked at, but it came to Randy Marston — it was a small company in Rochester, New York, called Haloid, and Haloid developed some technology for making copiers. And there was a guy who worked for the Rockefellers back then, who I never knew. He was there a couple years before me, and he'd left, or they let him go, and he wrote a

memorandum saying that he saw no future of this product. Randy Marston wrote on the memorandum, "I concur." And he kept that memo in the right hand drawer of his desk, because that company, Haloid, became Xerox, and we passed on Xerox, but I had nothing to do with it. So I would look at all these deals that came in and say, "It looks interesting," or, "it doesn't," or whatever it was.

And then they would do the deals, the big shots, the Marstons, Woodwards and Walkowicz would go on the board. Scantlin Electronics, which made the Quotron Machine; that was the machine that produced all the quotes for all the brokers. There were three competitive companies that made them: there was Scantlin, another called Bunker Ramo, and the third was Ultronic Systems. Scantlin prospered and was acquired by Dow Jones, and then the whole technology for distributing quotations changed.

NEW ENGLAND NUCLEAR

The first deal that I was assigned, that I recommended, that I went on the board of, was a company in Boston called New England Nuclear that made radioactive chemicals and pharmaceuticals. New England Nuclear made carbon-14 and tritium materials, which were used in medical research and for diagnosis of brain scans. Every Sunday afternoon, they would ship from Boston canisters with precise amounts of radioactivity to hospitals around the country. The canisters would be picked up by taxicab drivers that — every week they would meet at an airplane at five o'clock on Sunday afternoon, pick up the canister and drive to the local hospital. They'd do all the brain scans on Monday, Tuesday

and Wednesday. The half-life of tritium and carbon-14 was so short that it had disintegrated by Wednesday. So no brain scans were ever done in hospitals on Thursday, Friday and Saturday in those days. Anyway, New England Nuclear was an enormous success.

When we invested in the company it had \$1 million per year in revenues. It grew 30 percent a year for the next five or ten years, and at the \$30 million sales mark, they shipped less than a pound of finished goods a year. Their entire finished goods inventory was located in a steel file cabinet no bigger than a door and had a half-life of ninety-six hours. It was a marvelous company. They also made radioactive pharmaceuticals, which was another product line that came along later. That company was bought by DuPont for a quarter of a billion dollars, in 1972.

CK: *I see that you were on the board from '63 to '72.*

PC: So, in '72 it was sold to DuPont for a quarter of a billion, and DuPont mismanaged it, and it got absorbed in DuPont, and I don't know what ever happened to it.

CK: *How did you find the deal in the first place?*

PC: It came into Randy Marston, and it came in from the Brady family. Nick Brady, former Secretary of the Treasury, a good friend of Charlie Lea, who lives on the eastern shore of Maryland. The Brady family was a wealthy family in New Jersey—

CK: *We were talking about New England Nuclear.*

PC: So, Jimmy Walker, of the Brady Family office, sent it over to Randy Marston, and he said, "Take a look at this. If it interests you, and you want to do it, we'll coattail you and we'd like to invest too." I looked at the thing, and it really interested me; it fooled me completely, because the first deal I ever did was one of the best I was ever involved with, and it made me think that the venture business was easy. And that of course isn't true; the venture business is a very hard business. But I was fooled, because the first one was great people, wonderful technology, controlled their marketplace, and everything that ever happened was terrific in that company.

CK: *So it was Rockefeller and the Brady family. But there weren't other partners.*

PC: I went on the board; Jimmy Walker went on the board. There was a guy named Jim Mullen, who was from Richmond, Virginia, who had run a company called Experiment Incorporated, which he sold out to Texaco in the late fifties. He'd made a lot of money in that. He was a friend of a guy named Bob Waterman. Bob Waterman was the retired director of research at Schering, and he was Chairman of the Board of New England Nuclear. Waterman and I just hit it off very well. He was a mentor; he was a wonderful guy. Bill Graham of Baxter wanted to buy New England Nuclear. So, Bob Waterman called me up and said, "Let's go meet with him." So we did, and before we went, we went to the Links Club in New York, which is a men's club there, and we met with Graham. Bob Waterman said to me, "Peter, you know what the 'hat trick' is?" And I

said, "No." He said, "When I grab my hat, that means we're getting up and we're leaving."

And so we got in the meeting, and Graham was negotiating hard to buy New England Nuclear because he knew what a great company it was, and Graham had a steel fist. He had built up Baxter Laboratories from nothing into a major pharmaceutical company. And so the conversation was sort of winding down, and Bob Waterman wasn't interested in Graham's price, so he grabbed his hat and we walked out. And of course, the Baxter deal never happened. New England Nuclear went public and became an enormous success. As I say, it was bought by DuPont.

But the reason why I mention Bob Waterman and my relationship with him was that in 1974, whatever it was that Tony Evnin joined Venrock, Bob Waterman called me up and said, "Peter, are you hiring over there?" And I said, "No, we're not, we're a small organization; we're fully staffed." He said, "Well, I got a guy you ought to hire." And I said, "Well, Bob, if you think we should hire him, I want to meet him." So we met Tony Evnin, and within ten minutes, I knew this guy was extraordinary. And he is fabulous. You must meet him.

He's a Princeton graduate with a master's degree in organic chemistry from MIT, worked for Union Carbide, then for Story Chemical, and Story was acquired by Corn Products Corporation, and they wanted Tony to move to Muskegon, Michigan, and he didn't want

to go there. So we hired Tony, and Tony just has been great for Venrock, just great. Tony and David Baltimore, the Nobel laureate, were just awarded and honored at a dinner in New York about a month ago, hosted by Jackson Laboratories in Bar Harbor, Maine, which is one of the foremost biochemistry research laboratories in the country. And so here's Tony being honored with a Nobel laureate, Dave Baltimore, the former head of Rockefeller University and a terrific guy. Anyway, Tony went on to real greatness: did Centocor, Genetics Institute and Sepracor, which were major successes.

CK: *I look forward to meeting him. We were talking about New England Nuclear and these early days, and you said something about, "Wow, venture capital is easy," which is interesting.*

PC: I said it to myself, I didn't mean it.

CK: *What made you think you were suited for venture capital?*

PC: I have no idea. That's a good question. I can't answer it because I think — really, I guess my honest answer is what I said to you before, which is that I think one of my greatest skills is in picking good people.

CK: *And you saw this as you were working, that this was—*

PC: I saw the New England Nuclear guys; I knew them, I liked them, it just fit. They struck me as honest. I knew I had some analytical capabilities to look at the financials, but that was a no-brainer, because the company had no debt, and cash, and good guys and a

product, and they wanted to expand. Sometimes in life, the best things are the simplest and most straight-forward. I don't like complexity; I like simple, straight-forward, honest, forthright people. And if you can find them and do things with them and let them go and do their thing, you'll be able to succeed.

CK: *You mentioned Bob Waterman. This is the first time you've mentioned a mentor.*

PC: Yes, Bob was a minor mentor there. The other mentor, I'd have to say, because somebody asked me that the other day about mentors, and I told my wife I didn't think I had a mentor. She said, "You're absolutely wrong. Laurance Rockefeller was a mentor." Without a shadow of a doubt, the examples that he had done in his life are very—In a very small way, I'm doing with my life and my resources what he did with his name and his resources.

LAURANCE ROCKEFELLER, MENTOR

This is kind of interesting, and I've never said it to anybody else at all. Laurance Rockefeller had immense wealth, had great judgment, a wonderful sense of humor, total integrity, and his interests were in cancer and venture capital. He had homes in Tarrytown, in Wyoming, in Vermont and in the Virgin Islands. In all of those places, he has done good deeds and good things with his resources. In Wyoming, he has given the 2,500 acres of land that John D. Rockefeller, Jr. kept for himself when he gave the Grand Teton National Park to the Federal Government. Laurance has now given that back to the Federal Government as a national park. And I don't know if you know this or not, but on

the JY Ranch — which could've easily been “Camp David West,” because it's absolutely the most beautiful place imaginable: There's a two and a half mile lake, which is an in-holding in the Grand Teton National Park; and on the left-hand side of the lake, for two and a half miles, are the Teton Range with three canyons that feed into the lake. At the end of the lake, far off in the distance, there's the Middle Teton. His ranch was located at the southern end of the lake, and everything is absolutely natural and beautiful. So, on his death, he gave that back. Actually, before he died he committed to give that ranch back to the federal government.

And I'm digressing slightly, but Laurance would call me into his office about twice a year, and he'd say, "Peter, let's make believe tomorrow's the day I die, and let's go through everything in my will and see what I'm doing with everything." By far, the most agonizing and difficult decision that he issued, that he ever grappled with, was what to do with this ranch, because it's so breathtakingly gorgeous, and all of his family go there every summer, and he would treat them to their experience there, riding horseback around the lake or whatever.

The Clintons have been there; I can tell you all kinds of stories about the Clintons in JY, fascinating, really fascinating. Anyway, so Laurance, now in giving it back, took thirty-one buildings — and a 165-ton crane moved all those buildings, lock, stock and barrel — off the ranch. Thirteen of them went to his children for a ranch, which they're building for themselves. The others went to the National Park Service, and he's restored the entire

ranch to its natural state. And now ninety people a day are allowed to go and walk the trails and see this absolutely beautiful, gorgeous place. In addition, down on the lower JY, on the road between Moose and Teton Village, he's built a museum, which really isn't a museum, it's an interpretive center. It's a state of the art experience to go in and sit and see waterfalls and see moose and see snow and see wind and leaves on trees, and to experience a total transformation of yourself with nature, brand new, totally green building, first one in the state of Wyoming for sure, and maybe anywhere.

But absolutely everything is crystal clear and beautiful. So he's done that in Wyoming. In Vermont, he has built the buildings for a museum, which he's given now, and is the only national park in the State of Vermont. In the Caribbean he has taken an island down there called Sandy Cay, which is an oasis right between the British and the American Virgin Islands. And he's given that to the people there to be maintained in a forever wild state.

In his life he has made a real impact on these three places where he has lived and where his family's been. In my small life, we've lived here, where we have contributed in a major way. We've made a significant gift to rebuild and expand the emergency room in our local hospital. At Fishers Island, where we go in the summer, we've contributed another major gift to build a new community center for the year-round residents on the island, because the biggest and most critical issue facing the island, with only 250 year-round residents, is to provide an enriching experience for them — especially in the winter months.

We've taken an old military, ammunition warehouse and converted it into a community center with bowling alleys, a dance hall, a snack bar, a workout room, a teen room, a kids room, an Internet room, so that the people on the island will have a much more fulfilling life. Maybe more of them will come there that will be able to be the EMTs, to run the utility company, the telephone company, the water company, the electric company. That's what we've done at Fishers Island. And in Florida now, where we're living, I'm Chairman of the Board of the Jupiter Medical Center, which is about to embark on a \$160M capital campaign to rebuild a 30-year-old hospital that's been neglected. So, in a small way, I am replicating what Laurance did in his places.

CK: *So he was a mentor and role model. It seems you want to spread it around — the message.*

PC: Yes. It's what they used to say about wealth: If you leave it alone, it gets rotten like a pile of manure, but if you spread the manure out it'll make other things grow.

CK: *It's hard to get back to venture capital at this point. Thank you for sharing that. Let's move on with Venrock. You talked about New England Nuclear. I was wondering what was happening in the sixties in the stock market, and how that was affecting what you did. How many companies were in venture capital, and what was going on in the industry in the sixties?*

THE FORMATION OF VENROCK

PC: When I started out, very, very few; I can count them on one hand: American Research and Development; Payson and Trask, which was run by a guy named Marshall Rawle and Bob Stillman, and a few other people there. That was Joan Payson, who bought the Mets, and Jack Whitney's sister. That was Payson and Trask, with Joan Payson and Fred Trask. There was J.H. Whitney. Some of their early investments were Minute Maid and consumer products. Not technology. We were one-hundred percent technology focused, but other firms were across the board, they'd do anything. You name it, if they liked it, they did it. William A.M. Burden & Co. was a wealthy family entity; they mostly coat-tailed us.

And then what happened was, in the sixties the SBICs started. Investment capital came into the business. But during the sixties and seventies, you had some cycles in the market where there were periods of down-drafts in the stock market, and so there were a couple of years where we never made any investments at all. If you check the chronology in my listing over there, you'll see that we made some investments—We might've made three or four in 1960, three or four in '62, three or four in '63, none in '64 and '65. None, I mean not a single new investment. We guarded what we had and protected it and tried to make it better.

And then all of a sudden a business started to happen. From 1960, when I joined, to 1969, all the investments that the Rockefellers made were led by Laurance. We presented

the opportunities, and he would say: "Let's do it." Then we would write letters to Laurance's sister and his brothers, inviting them to participate. John participated; David participated; Nelson did not, because he was in politics, and he was off in other directions; and Winthrop didn't because he moved off to Arkansas. But that group of Abby Mauze [Laurance's sister], David, and John all participated, plus Laurance's associates. He would invite his associates to invest in each deal, and he would loan money against whatever they did. But their investment would be \$5000 or \$6000 in each deal. We were only investing \$200,000 to \$300,000 at a time. So, we went around, got checks from nine or twelve different people on a Friday afternoon to meet a payroll of a company. Then in '69, a business started to appear where we knew that we couldn't be putting in \$500,000 in a \$3 million financing and producing thirteen names of people that you had to run around with.

So we said, We better form a vehicle. So we took investments in five companies, maybe it was seven, put them into Venrock, added cash and a call; and the call was \$1.5 million. And the total value of Venrock on day one when it started was \$7.5 million, which was the value of all the holdings that we put in there. And so that was the birth of Venrock. So we had investments — five or seven investments, I can't remember, cash and a call. And it was an evergreen fund that's still in existence. That is Venrock Associates.

CK: *Who came up with the name Venrock?*

PC: I think it was kind of a consensus. It stood for Venture Rockefeller. We stewed around with a whole bunch of names. I can't say for sure if it was my idea, but I was there when we came upon it. It was RockVen or Ventures Rockefeller. We didn't know whether we wanted the Rockefeller name in it or not, because Rockefeller was a two-edged sword in the eyes of the entrepreneurs. They would say, You're the Rockefellers, you've got all this money; so yes, it's taking us a little longer and it's costing us a little bit more, but you should still back us. We didn't want to be confused with philanthropy, so we didn't want it Rockefeller Ventures. So we thought Venrock was the better name. Apple got its name in a different way. Steve Jobs and Wozniak wanted to always be the first computer company in any alphabet. So they thought that Apple, being A, was good — that computers were intimidating and that apples were sort of friendly and approachable. That was how it got its name, because they wanted the early name in the alphabet.

CK: *When did you get involved in Apple; it wasn't until the '80s, right?*

PC: No, I went on board in '79. I went on a little bit later.

CK: *We've been talking about the people you've been working with. How had things changed in the '70s from the '60s?*

PC: Financings got larger. In the '60s you worked with your friends. You worked with AR&D, with Payson and Trask. There were no secrets. You had a deal, and you'd call up your friend at Payson and Trask and say, "I'm working on this thing, it looks

interesting. It's more than we want to do. Would you like to join us?" And so they would suit up and do some of the due diligence together. That was friendly, cooperative. If we'd do the deal, we'd both go on the board, and we'd work with the company and bring it along. The bigger the business got, the more successful it got, the more greedy people got, the more money they had under management, the more pressure there was to invest.

And so the business went from being very collegial and very supportive and very friendly to being much more competitive. And in the '80s and '90s, these bigger funds got created. They'd have a \$2 million deal, and they'd do it all themselves, because they had \$40 million to invest, and they didn't want to share it with anybody else. So, people got greedy and the business changed. Success polluted the business. I don't mean to be on a soapbox, but I wouldn't recognize the business today. I've been out of it now for ten years, but I wouldn't recognize it the way it is now.

CK: *I know Chuck Newhall talks about that early networking as a "band of brothers."*

PC: We were friends. NEA was a late arrival; for my money, NEA's a new guy on the block compared to the old folks that we worked with.

CK: *When you say collegial—*

PC: There were no secrets. And you didn't want to take advantage of the entrepreneurs. We always believed in what we called the three-legged stool. A third of the company owned

by management, a third owned by ourselves, and a third owned by other investors who were going to be helpful and supportive. That was a good combination. Then entrepreneurs got more sophisticated financially and wanted less dilution, so they hoped to get higher valuations for their companies, higher prices, keep more of the equity for themselves; and they then started to pick the venture firms that would give them the best deals, rather than the ones that would give the most help, open doors for bank loans—But in the old days, in my opinion, we were absolutely wonderful investors. If you were an entrepreneur and you stumbled — and it always takes longer and costs more — we would invest more money, sometimes at a lower price, but never at a punitive price where we would dilute you and destroy managements incentive to create a great company. And if we did put money at a low price, or some new investor drove the price way down, we'd make it up to the entrepreneurs by giving them options or more ownership.

CK: *Personally, what was your relationship with the entrepreneurs of the companies you were pioneering?*

PC: In my entire forty-five-year experience in the business, I never had a row with any CEO. I had some honest disagreements, but I never had a row and was never sued. Only time I was ever sued was as a director of Apple in a derivative lawsuit by those horrible guys in LA — Milberg Weiss LLP — who are all going to jail now. But I never sued, never had a row with any CEO, ever.

CK: *Did you get emotionally involved with them?*

PC: No. Never emotional. Some companies did better than others. Some didn't do well. But for all the years I was in the business until the very last, until the end of my total time, we never had a bankruptcy. No Venrock company ever went bankrupt. There were respectable burials via mergers, but nobody went Chapter 11. We always found a home for them. We stuck with them, we met the payroll until we found them a home. Wasn't always happy, but we did.

CK: *When I use the word "emotional,"— is the emotion in the sense of commitment?*

PC: I guess so. It's the way we did business. It was the ethic.

CK: *How much time would you spend with a new venture?*

PC: I would say of my time I spent in the later years, five percent on Rockefeller family matters, because I got involved in a lot of their family affairs; ten percent on Venrock administration; thirty percent on new deals; and the balance on working with the companies that I was a director of.

CK: *So that's more than fifty percent of your time. Are entrepreneurs different? Are they wired differently?*

PC: As a personality? They're smarter. They may not have better judgment, but they're smarter than I am. Most are greedier than I am, and they have bigger egos.

CK: *I know I've heard the term hypomanic used about this type of personality: high-energy, non-stop, exuberant.*

PC: I think that's more true today and the '90s than it was in the '60s and '70s. In the '60s, everything took much longer. You did more due diligence, you met the CEO and you met the wife and you saw where they lived; and you understood what was making them tick, and why they wanted to buy a division of an electronics company from the parent company, or what they wanted to do. In the '70s it was more of the same, but the pace got faster. In the '80s it started to get competitive and frothy. In the '90s it was totally out of hand, and you had the team of three guys that were leaving the IBM disk drive division that were going to start a new floppy disk company, and they needed to raise \$7.5 million; and if you didn't give it to them they were going to get it from Joe Blow down the street, and he'd give them 60 percent and you'd only give them 45, and you'd tell them why. There was another investor group that was competing with the group that we were with. It all got out of hand.

CK: *So the collegiality—*

PC: Gone. It's gone.

CK: *Destroyed by the pace of change.*

PC: Yes, it's very different today.

CK: *Over the years, did you keep in touch with these entrepreneurs?*

PC: Very much so. Venrock, probably as much as any firm anywhere in the country, has backed more of their entrepreneurs two and three times over. Same guys who started companies, built them and sold them, have done it again. The average time of an investment for us was seven to nine years.

CK: *As you said, you met the whole family.*

PC: Yes.

CK: *I'm really going backward: When you were talking about Rockefeller and his ranch, did you spend much time there?*

PC: In my lifetime, I guess we were invited there four times. The last time was Laurance's retirement present to me; he gave it to me for a week in July with anybody I wanted to bring, my family, the whole place.

CK: *Because of the way you described it, it just sounded like it meant a lot to you.*

PC: Absolutely amazing place.

CK: *We've talked about the '60s and '70s and the changes and the pace of change. If you wanted to pick out a venture that you got involved in that is memorable, that excited you—We talked about ITEK—*

PC: ITEK was not my project. I was on the board of ITEK for years — that was as the later company though.

CK: *From '77 to '83. You talked about New England Nuclear, and I see that you're with Data Science Venture—*

PC: That was a venture capital company though. The reason why we invested in Data Science Ventures in 1977 is that the computer industry was in its infancy, and we didn't feel within Venrock that we had the capability or understanding to know, to be that good at software, mainframes, at peripherals and all the various other aspects of the computer revolution. And there were so many things to do out there. So, DSV was a venture company created to invest in all kinds of computer companies. So we thought it would be a window on new deals, add to our deal flow. So we invested in this company that was going to invest in other companies, and we would get other deals as a result of it.

CK: *You were a director from '69 to '74. I see I'm not going to be able to pull from this list, and perhaps you need to jump in. If you had a great story looking back—*

THE APPLE STORY

PC: I can't take credit for what these people did, but I can take some credit in keeping the train on the tracks. In the case of Apple, where I was on the board for sixteen years — the story on Apple is: This little bit of history that is interesting: One of my partners was a guy by the name of Hank Smith, who retired very early from Venrock because he made

a lot of money in Intel and in Apple. But Hank Smith shared an office at Fairchild Semiconductor with a guy named Mike Markkula. Mike Markkula retired, making a ton of money in Intel, in Silicon Valley, and “hung out a shingle,” and said to entrepreneurs: Anybody that wants to come and talk to me and ask for advice, principally in the marketing area, I'd be happy to meet with on Tuesday and Friday mornings from eight to twelve.

So when [Stephen]Wozniak and [Steve] Jobs ran out of money from the sale of the Volkswagen bus and Hewlett Packard calculator, they went to Markkula. Markkula liked them, was intrigued with the product and put up a \$110,000 loan guarantee, which was their next money. He told Hank Smith about it and said, "These guys look good, and when my money's gone, we'll be doing some financing, so I'll keep you in mind."

So Hank said, "Please do." So, Markkula called us a few months later and said, "Well, the money's gone from my \$110,000, and these guys are growing, and I don't know what people are doing with this product, but they're just starting to ship the Apple One, the first unit." And so we said, Okay, do they have a business plan? And he said, "They're doing it." I said, "Have them come to New York and bring a business plan, and we'll meet them." So, Wozniak and Jobs bought suits, came to New York, and met with four or five of us in a conference room there. We knew about microprocessors, we knew about memories, but we had no idea what a personal computer was or what you might be able to do with it, because people were buying these first units and everybody was doing

something different with it. So we met them. All we knew was they were honest, and Markkula recommended them. So we met them, and we realized they'd bought their suits, and they came from California; We didn't want to send them home empty-handed, even though we paid their airfares.

We said, You guys stay in the room here. We went out in the hall — four or five of us — we looked at each other, and we shrugged our shoulders and said, What the hell? So we bought 10 percent of the company for \$300,000. That was valuing the company at \$3 million, which was just shipping their very first units. So it was a very full price. The company did another financing about eight months later, and we put in an additional \$200,000, so we owned \$500,000; that was our total investment. On the day the company went public that was worth \$110 million, the \$500,000, and since then Apple's split four times.

Hank Smith was on the board early on. Well, this is immodest of me to say, but I will say it: When they were getting ready to go public, they wanted the managing partner on the board. And so it was a little hard for Hank, but they asked me to take Hank's place on the board. I said to Hank, "It's not fair, I don't want to do it unless you say it's okay with you, and I'll do whatever you want to do. I won't do it if you say no. I will if you say it's okay." He said, "Do it." So I went on the board, and he went off. I was on the board for sixteen years. It's not quite right to say, but it's almost true, that it was never an enjoyable experience; it was really tough, because we bet the company at every board meeting.

At every board meeting we had great people that were leaving or going to another startup, or the clones were going to kill us, we're going to be wiped off the face of the earth.

There were disagreements between key people in the company. There were just all kinds of problems and issues. I think through all of that — being on the phone constantly, going to California every month for sixteen years or so — that I was kind of a leveling influence in the world of Silicon Valley, which had a very, very different mentality, very different.

CK: *In what way?*

PC: I think East Coast culture is more measured, deeper roots, more loyalty, less greedy in more modern days. Picture Apple: \$1 billion in revenues with 80 percent of their product in the market less than a year — the products they were selling. They were obsoleting their own products every two and three months; the stock price was going up and down, all over the place; options would be issued at a high price, the price would drop; the engineers would leave and go to the next latest and greatest startup because they wanted to get that ride up again like Apple. It was really hard to keep good people. In the East Coast it was easier to keep them; they were less likely to leap from a little electronics company in Boston to another one there.

Silicon Valley was a very fast-moving culture, very headstrong, very competitive, and I think my kind of level approach was helpful. I remember when Lou Gerstner was made head of IBM, one of the first things he said to the press when they said, What's your

vision for the company? he said, "I don't have a vision. My vision is survival." The guys in Silicon Valley, the Apple people were laughing, saying, God, imagine that, IBM so screwed up the way they are. This was when they had the ad for the PC on the Super Bowl, remember, with the gong and all that? They were laughing, they said, This is a riot, these guys are going to be toast.

And I said, I remember it vividly in the board meeting: John Scully was there, Markkula was there, Jobs was there. I was very, very seldom assertive or sure of myself, but I said, "You guys have got it wrong. Lou Gerstner is really smart, he's a really good guy; yes, he's a management consultant, and yes, he worked for Reynolds, RJR, and American Express, but don't sell him short, he's a really smart guy and he's going to do something with this company." I don't know whether they remember that or not, but I said, "Don't underestimate him at all." Then Apple went through one of its gigantic declines, the Scully debacle, everything else. I mean, there were marvelous products and marvelous people who started out the company, all came out of Apple, because they lost so many good people. It was really tough.

CK: *What was Steve Jobs like?*

PC: Extraordinarily bright, extraordinarily impatient. I knew him well, but never that well. I knew Markkula better. I never knew Wozniak well because Wozniak was a brilliant geek, not a businessman. I don't know what Steve would say about me if you asked him. I was different than the other directors.

CK: *Why did they want you on the board?*

PC: I think at the time they wanted the Rockefeller imprimatur, they wanted that name.

Funny story: The night before Apple went public — they had done their road show, and Wozniak and Jobs and a couple of the senior members of management were there, and it was really a hot offering at the time; it was a big deal. I got Morgan Stanley to do the underwriting; at least I was going to introduce them; the management picked, but I made the introduction to Jack Wadsworth.

And so, the night before we had a dinner at the '21' Club. David Rockefeller, at my request, hosted them at his townhouse on 65nd Street, for cocktails. They went, and we had a very nice time chatting. The next day I saw David — Apple came out at 15, it went to 40 the first day; I can't remember exactly what it did — I said, "David, thank you so much for doing that last night." He said, "Oh, Peter, it was really a pleasure. I really enjoyed meeting them." He said, "But next time, ask them not to leave decals on the mirrors and on my furniture." And I said, "What do you mean?" He said, "Well, on the mirror in the lavatory" — Remember the Apple with the stripes and the bite out of the apple? It's no longer their logo, but it was the bite out of the apple. They apparently left these decals on the mirror of the lavatory in David's private house. (laugh)

CK: *They were a bit high on this. I was wondering if you could describe being part of this IPO. What's the atmosphere?*

PC: If there was ever a happy time at Apple, it was the 48 or 96 hours around the IPO. Yes, it was a big deal. It was going to the road shows that the investment bankers put on, hosting the dinner at 21. I remember Bob Baldwin was the managing partner of Morgan Stanley at the time, and that was before Morgan Stanley went public, and it was a proud partnership. He didn't reap the big gains of the others who got stock later in return for their partnership interest. But there was an apple called the Baldwin Apple. There are different kinds of apples, and there is an apple called Baldwin. So I did some research on all the names of apples, and I made a toast at that dinner. I don't remember what I said, but apparently it went over well. So that was fun; seeing that company succeed was great.

And then *The New York Times* printed an article in the Sunday paper with the list of "the people who brought you Apple." And they had my name listed there with Jobs and Wozniak and Henry Singleton, Arthur Rock; and by my name they had attributed all the shares that Venrock owned to me personally, because they didn't read the footnote that said what I owned. And of course, here I was with \$110 million worth of stock. I remember there was a Christmas party, and it was very funny because everybody said, "Oh my God, look what's happened to you." I said, "Read the footnotes, it's not really true."

AMERICAN SUPERCONDUCTOR

CK: *Are there any other companies you want to think back upon?*

PC: Well, American Superconductor is an interesting company. I've been on the board for twenty-one years. I'm still on the board; it's public. It has immense promise, but like many ventures it's taken longer and cost more than anybody ever imagined. I still think it's going to be a major success. But I've been, I would say, very active there.

CK: *Why has it taken so long?*

PC: Well, it's very hard to develop superconducting wire, and it's very hard to get customers like public utilities to commit their own money to a product which is better, cheaper, but will obsolete everything they have everywhere. I mean, these are wires that are the size of a pencil that are replacing copper cables that are this wide. So in city streets they can transmit more energy in a wire that's smaller than this, that's as big as this right now. So if you think about New York City, where you've got increasing demands for energy, just replacing the copper cable with superconducting wires seems like a no-brainer. But to get Con Ed to do it, for the engineers to be convinced of its reliability — that we can produce it in large volume quantities, always with a very consistent quality; it's been very tough to get the customers to go along with it and to change the status quo. Their mentality is not the mentality of a Silicon Valley engineer. So it's been a long struggle to develop the product, to get it accepted, to get customers to buy it. There are only two places you can buy it in the world. One is from us, and the other is from Sumitomo in

Japan. Our wire appears to be better than theirs, etc., produces more amps per square centimeter than anybody else's wires.

But what's happened to American Superconductor is like what's happened to many other companies that have been successful that I've been involved with: While they have been pursuing their fundamental technology, something else has happened in the outside world that has driven customers to them. American Superconductor has a subsidiary in Madison, Wisconsin, which produces power modules, which are devices that convert rotating wind energy and make it compatible for the grid. So, our power modules are being used in wind turbines in a big way in China. American Superconductor bought a small company in Austria, a year ago last January, which is an engineering firm that installs wind turbine farms. And they've given American Superconductor, now, \$170 or \$200 million worth of orders for power modules. So while we're waiting for the superconducting wire business to finally become a reality, the wind turbine business is taking off, and we're doing very well in that. But the wire business is plugging along, and someday it's going to happen.

CK: *And you remain active?*

PC: I am there.

CK: *Does it still excite you, then?*

PC: Oh yes, great people, MIT people, best technology in the world, and it's going to work, but it's going to take a while. It has.

CK: *This is Venrock.*

PC: Venrock. We've distributed all of our American Superconductor stock out of Venrock to our partners, so Venrock no longer owns it.

CK: *So who's involved in this?*

PC: Nobody at Venrock, just me. But it's an old Venrock deal. It's already gone public, we've distributed the stock, it's been sold or given by most of the family members, but I sit on the board.

NATIONAL VENTURE CAPITAL ASSOCIATION

CK: *Okay. We're going to take a big step backwards to NVCA and your involvement. First, I certainly want to recognize your Lifetime Achievement Award in 2004, which I understand is quite a compliment, coming from your peers, and something you don't always get from day to day in this business. So that recognition says a lot. You said that you were there in the very beginning, in '73 with Charlie Lea, with the idea for NVCA, and you were on the board from '78 to '83. You were telling me why Venrock wasn't visible in the beginning.*

PC: When the NVCA was originally conceived, it was really going to deal with issues in Washington, and they related to tax policy, taxation of venture investment — should it be treated the same as other investments? Instead of stock options, restricted stock options — very specific issues that had a financial impact on the entrepreneurs and the investors. Our view at the Rockefeller office was that these were good topics, deserving topics, but that the Rockefeller name might not be the right one to be furthering them in Washington on the grounds that the political figures might not want to be sponsoring legislation, or whatever they might be doing, that would help wealthy people.

I can recall the transfer of land of the JY Ranch to the Department of the Interior when we negotiated a bargain sale for certain land that was going to be given to Dartmouth, Princeton and Memorial Sloan-Kettering. It was a totally above the board charitable transaction on Laurance's part. But no member of Congress was willing to put their name on legislation that would authorize the Department of the Interior to buy land, even at a very low price, from a Rockefeller. So we had to get a coal company in Colorado or Wyoming to be the company that would receive the money from the federal government, and that company would then buy the land from the charities that Laurance had made the contribution to. So Laurance gave the land to the three charities, and the coal company, whose money came from the federal government, in fact, bought the land from the charities.

So it was things like that where we felt the Rockefeller name — it's a wonderful name in many, many ways, but affiliating it with for-profit ventures was maybe not a good thing. So we stayed in the background, and Charlie [Lea] and John Birkelund, and I can't remember who else did all the grunt work to get the NVCA off the ground. We were supportive, but we felt we were better off in the background.

CK: *But you said that did change over time.*

PC: Over time, when venture capital became stylish to recommend on the part of political figures, we thought it was perfectly okay to be out there, helping.

CHANGES IN THE VENTURE CAPITAL INDUSTRY

CK: *This is a big question, and we've touched on it in various ways: You've been with Venrock, and I see still involved in the market in various ways: How has the venture capital industry changed over the four decades, in this expanding industry — taking into consideration bull and bear markets. Is that too broad?*

PC: I think I've really answered it previously. But in the '60s, it was a very small group of friendly investors that did things together. That continued on in the '70s. In the meantime we had good markets and bad stock markets. In bad stock markets, oftentimes we wouldn't do anything in the way of funding new deals, because the entrepreneurs weren't leaving the warm womb of their employers to be venturesome and go out and start new deals.

And we were in no hurry to finance because we only wanted to do things that we really felt good about. As more time passed, and as the industry achieved more notoriety through the successes of small companies that had become large and very valuable in the marketplace, more and more capital was attracted to funding ventures. That made the market more competitive, more people came in the business, more funds were started, more companies were started. There were four or five disk drive manufacturers; there were other kinds of computer memory companies that were formed; there would be three or four companies doing the same thing. So there were more people, which attracted more money, which made the business more successful, and which contributed to the eventual bubble, which we all know what happened.

CK: *I was going to ask you about the bubble.*

PC: To be totally candid, I wasn't there for the bursting of the bubble.

CK: *Your retirement date was 1997, right? But I'm sure that you must have felt the buildup.*

PC: I felt the buildup. I didn't benefit from it personally, and I really wasn't involved in the bubble or the burst.

CK: *As an observer, did you see this as a new paradigm or tulipmania?*

PC: Both. Did I see it coming? [long pause] Yes. But you never know. I saw the current situation that we're faced with coming also, and I said on many occasions that I thought that it was going to be derivatives — greed and hedge funds was the ultimate undoing —

would be a cause that we would regret. I had no idea when or how it would unfold. But I did, and did I prepare for it personally? Yes, because of my conservative nature, I did, but not to the extent that I would have if I had known that it was coming when it came. I've always had a very barbell personal portfolio. When I've sold ventures or harvested ventures, I've put the money in very secure, safe places. Would I have done more if I had known it was coming? Yes, but I did some, and that's good.

CK: *Hedged your bets there. What are your lessons from — these two periods. And the lessons from the bubble, because it was so technology-driven.*

PC: The lessons are that it was too good to be true, that values were vastly inflated and that people are greedy. And so the lessons are to have a more balanced life, to put more emphasis on value and contributions of others — that'll never stop greed. I don't want to get on my hedge fund kick, but I have always felt that hedge funds provide no really redeeming value to the marketplace at all. And other people will say they facilitate the marketplace. I suppose so. But young people around New York who work for hedge funds don't know what it's like to run a company, meet the payroll, try to hire vice presidents of marketing, develop products that are competitive in the marketplace. They have no idea how hard it is to really build value, because they're trading in securities that have no relationship to your true worth.

I mean, I hear these people on the train or other people saying, "I dumped that company," or, "I sold all my so and so." They're dealing with people's lives. The way that Jim

Cramer talks on television is a disgrace, in my opinion. And they say, "These guys are no good." They trash this. "Their products are no good." It's terrible, it's awful. I'm not expressing myself the way I would like to. I just can't put in a class with entrepreneurs that add value and build companies of lasting value with the values of Wall Street. Totally different mentality. Wall Street is undeserving, it's greedy, it's had its comeuppance, and much of it's deserved. Unfortunately, a lot of other people have been hurt, at the same time, who shouldn't have been.

BUSINESS AND RELATIONSHIPS

CK: *What do you think has given you your self-confidence over the years? You spoke about it when you were talking about being on the board at Apple.*

PC: That's a tough one. People who say they're humble aren't humble. I like to think that I'm humble.

CK: *But your self-confidence certainly benefited a lot of people.*

PC: I don't have that much self-confidence.

CK: *You're still clinging onto the bottom.*

PC: Not quite, but I know a little bit about a few things, and I know very little about a lot. But I've been very lucky, and I've had wonderful partners, and I've tried not to let it go to my head.

CK: *Who are these partners you refer to?*

PC: Tony Evnin and Ted McCourtney, Dave Hathaway, Tony Sun, Charlie Smith — Hank Smith, who was a partner. Those are great people.

CK: *Do your relationships transcend business?*

PC: I neglected to mention. Ray Rothrock. It certainly did when we were working together. We had a good relationship. But we worked very, very hard, and we backed great people, and they did great things; and we supported them not only financially, but I think, you know, spiritually, their morale. We'd get to know them as people. Tony Evnin is one of the great people in the world. He is just a giant. Ted McCourtney is a marvelous human being. We've been so lucky to be a part—

What a great business to have spent a lifetime pursuing. You start out with virtually nothing, you achieve important technological milestones. I mean, developing the semiconductor, developing microprocessors; watching an industry like Apple and the computer industry unfold into a giant generator of jobs, revenue, taxes, and just everything you'd imagine; producing good and useful things that have improved our standard of living, that have made life more convenient, more efficient. What can be better than to have fostered great industries, helped great people succeed and to have benefited yourself and to be able to give it back? That's the best possible career you could give to anybody. Nanotechnology and superconductivity and semiconductor

technology, all that has a halo effect in the market, because they're industries in their infancy. And so that helps gain greater recognition in the marketplace, and higher values.

FAMILY AND PHILANTHROPY AND A BALANCED LIFE

CK: *How did you personally handle the tension of the kind of work you were doing?*

PC: Probably through athletics—athletics and my outside life. I've had a wonderful marriage, and I've lived in a nice place, I've been involved with good people. I've had quite a bit, a lot of balance with philanthropy. I've been involved with charitable things for a long time — Memorial Sloan-Kettering and the hospital out here on Long Island. I was made chairman of the board of that when I was in my thirties here, because my predecessor, or the guy who picked me to be his successor, died prematurely of cancer, so I became the head of the Glen Cove Hospital at a very young age. Glen Cove got acquired by North Shore, now called North Shore University Hospital at Glen Cove.

CK: *North Shore Long Island Jewish Health System.*

PC: That date doesn't have all my involvement at Glen Cove Hospital, which merged with North Shore. Here we go, Community Hospital at Glen Cove, yes. I became involved there in 1970.

CK: *And I see that you've been involved with the Green Vale School in Glen Head.*

PC: Yes.

CK: *Giving back to your Hotchkiss School.*

PC: I was a trustee there for twelve years, treasurer from '74 to '82. I was doing all that at the same time I was working. So I had Hotchkiss, Green Vale, Community Hospital; I was president of Beaver Dam, which is a sports club right here in Locust Valley, which has two ice hockey rinks, and built a covered rink there.

CK: *But all the while, I see that you've been very actively involved in non-profits.*

PC: Yes. It's been a balance of family, non-profits, athletics and business.

CK: *Do you sleep well at night?*

PC: I do.

CK: *These ventures didn't keep you up?*

PC: No. I didn't let them get the best of me. I worried, but I didn't let it get the best of me.

CK: *And you just found your release in, as you say, this balanced life.*

PC: Yes.

CK: *That's a good formula to pass on to anyone. You often talk about Venrock and your work as inseparable, when I listen to you. I'm not sure when it's "I" or when it's "we," because you seem to be so much a part of Venrock.*

PC: Probably right.

CK: *I want to know what distinguishes Venrock from other venture capital firms.*

PC: I would say in the days when I was most involved, we were highly respected. We were among the most successful. When I say highly respected, what I mean is that entrepreneurs knew we were good for our word, and that we would not take advantage of anybody, that we worked hard and we were knowledgeable, and we were there when the going got toughest. The easiest investments for us were the ones that went well. The ones that were the toughest are the ones that you don't see that we had to sort of really stick with through thick and thin. Those are the ones that were the hardest.

CK: *Emotionally the hardest?*

PC: Mmm —Yes, I guess so. Yes, I guess so. The other element of my involvement with Venrock that doesn't come through at all is my association with the Rockefeller family. The Rockefeller family is extraordinarily unusual because they've stuck together through six generations by working really hard at it. They must have twenty, twenty-five family committees that are active, that work on all kinds of things. But by keeping their wealth together and by combining their efforts, they've been able to achieve more as a group than they have individually. And they're a remarkable group of people. They're different, they're difficult to relate to often, but they've done great things.

CK: *Different in what way?*

PC: They're bright, they're involved in all kinds of things from politics to philanthropy to medical institutions — you name it. Name a field, and they've been there. In New York

City, John D. Rockefeller was involved with Lincoln Center, population control, Japan, East Asian affairs. Nelson was involved in politics. David was involved in banking and the city. Laurance was involved in cancer treatment and research, philanthropy, resort development, conservation, venture capital, the hotel business: Mauna Kea, Virgin Gorda, Caneel Bay, Dorado, Woodstock — those were all Rock Resorts that he developed and managed and ran.

And he went into resort development often times for totally cockeyed reasons. The reason why he built Dorado in Puerto Rico was after World War II he saw that Puerto Rico had advantageous tax benefits to offer corporations. So instead of getting companies to build plants in Puerto Rico, he built a resort to let CEOs come down there and play golf, see what a beautiful place it was, own a house, buy a house, or stay at the resort; and then they would recognize how great it was in Puerto Rico, and their companies would build a factory there. Thereby, providing employment to many. So he would find a place that would encourage them to come so they could make a decision which was good for Puerto Rico. He was a totally contracyclical thinker. He would ask me in his office and say, "I'm going to give some stocks to my children. Tell me about these five companies." I'd tell him about the five companies, and I'd say, "Well, what are you going to do, Laurance?" And he'd say, "Well, I'm going to give—" So he'd give the bad ones to the kids. I'd say, "Why did you do that?" He'd say, "That's because they've done poorly, and think of how much better they're going to do when things get better and they improve." He would do totally backwards what you'd think of doing.

If I was planning a meeting with him, I'd have to do the agenda because he would almost always start from the bottom-up, rather than from the top. He was an absolutely delightful, wonderful guy — most unique — with a great sense of humor.

CK: *It sounds like you really enjoyed your personal relationship with him.*

PC: Terrific guy, amazing.

REFLECTIONS ON A CAREER IN VENTURE CAPITAL

CK: *What drove you through all of these years? What was it that made all this exciting: what about venture capital?*

PC: Well, it's competitive. Venrock was formed. We were one of very few, then we were one of many. When you're one of many, you want to be the best, so you work your butt off to try to do the best deals, do more deals. And success is a challenge for further success. So once you've done something good, you have to do better the next year. So it was always out there, looking to find the next best deal, the next best group that was there, that was going to do something.

CK: *And you like this competition. Does that parallel your love of sports too?*

PC: Probably. Other people in the venture business have been active in sports also. Mike Brooks is a hockey player. Bob Higgins of Highland was a goaltender, and we've played a lot of hockey together. So, it's competitive, but with a good objective in mind.

CK: *That's quite interesting when you think about it, that competitive people enjoy participating in sports, and this — I don't want to say it's a sport for them — taps into that competitiveness.*

PC: Scott McNealy was a hockey player at Sun Microsystems, and Gordy Russell, who was at Sequoia, was a goaltender. We played sports together. So it's all around.

CK: *Do you see yourself as a visionary in this field?*

PC: Not really, no, not really.

CK: *Did you have any great disappointments?*

PC: Great disappointments in deals that we should have been in that we weren't, or that we could have been in and didn't.

CK: *Anything specific that comes to mind?*

PC: We financed Genetics Institute, which is a very successful biotech company. We were asked to invest in Amgen by Pitch [Franklin] Johnson, and we didn't do it because we didn't want to go in competition with ourselves by financing another company in the biotech business. So we passed on Amgen. We passed on Tandem, which Tom Perkins brought to me, which was a very successful computer company. We passed on Compaq, which Ben Rosen brought to me, because we were in Apple. So we could've been in Compaq as founding investors, we could've been in Amgen as founding investors, and we

passed them both because we had existing investments in companies that we thought would be competing.

CK: *So is that a moral stance?*

PC: I think so, yes, it is. Wouldn't hold up today. Venture folks would find a way to do Compaq, have a different guy as a director; but in those days we were holier than Caesar's wife.

CK: *Did each of your partners at Venrock have a specialty?*

PC: They had an area of expertise, either geographical or industry-wise. Dave Hathaway was our Portland, Oregon guy. He did Sequent, Mentor Graphics and one other one out there. They were all good investments. And he used to go to Portland a lot. Tony Evnin was our biotech guy. Originally, we only did diagnostics, not therapeutics. We thought we shouldn't be in therapeutics; the Rockefeller name should not be behind a drug where we were making money, capitalizing on the unfortunateness of other people who had diseases. Now we would say it's great to finance them because we're curing disease and we're helping solve medical problems. But in those days we didn't do it because we would provide diagnostics, but not therapeutics. Never did that.

CK: *Any disappointments in the specific people that you backed?*

PC: Sure.

CK: *Did you have to fire a CEO?*

PC: Yes. But it was never bitter — the CEO knew it was time — for me personally. I only did it once.

CK: *Well, we just answered, "Did you ever turn down a winner?" What have been the personal rewards for you in your work?*

PC: The satisfaction of building a great company, of building Venrock, and the satisfaction of having Venrock spawn some really, really meaningful, successful companies.

CK: *Do you feel these investments have contributed to the economic growth of the country?*

PC: No question, big time. Venrock has all the statistics — the amount of employment, the amount of taxes paid, the revenues going all the way back. We used to do our annual briefing for the family. We would always have a slide which showed, “taxes paid,” “employment by companies” that we've backed. It's mind-boggling. I showed it to you very briefly going back in the '90s, and it's much more now.

CK: *How about the global economy? When did that enter into your work, and how did that change the way you were working?*

PC: Early on, after I joined Venrock, we, in fact, set up a venture capital arm in Europe, and we set it up in Brussels with a former NATO guy that knew Teddy Walkowicz, and a guy who was in charge of international accounting at Corning Glass for all the subsidiaries, and he was a former Price Waterhouse partner. Those guys trained in New York for a

year and then went to Brussels and set up an office there. We financed five startups in Europe. One was a strain gauge company, another was a company that made television components in Italy, another was a medical electronics company in Israel. We found that the culture was not conducive to our way of managing small enterprises. ...a third set of books were in the comptroller's kitchen at home: There were the books they reported to the authorities, there were the books they reported to us, and there were the books that were the true books. So that was particularly true in Italy; we financed two companies in Italy, both of which were engaged in fraudulent bookkeeping, in spite of the fact that we thought we had good people and good standards and all that sort of thing.

And so we, after about eight or nine years of financing this operation, called it quits. And four of the five companies folded their doors at a loss, and the medical electronics company in Israel was successful enough to pay for the whole experiment. We closed the office in Brussels, and we retired from the venture business in Europe. The way we did it, which was, you know, a third, a third, a third; management didn't respect ownership; it was hard to find a really great third party; they were banks and wealthy families that didn't know anything about the venture business; and the marketplace was not conducive to IPOs in Europe in the '70s and '80s. It's come along now—But then came all these other people in Europe. But we saved our skin and came out alive and retreated.

CK: *Did you reach out again?*

PC: No.

CK: —*India, China?*

PC: Venrock now has made some investments in China. I don't know what they're doing now. But we're the first to do it in Europe, except AR&D did it. AR&D had a subsidiary called EED, European Enterprises Development, and I don't think they did any good either.

CK: *If you hadn't gone into venture capital, what do you think you might have done that you would have enjoyed?*

PC: I've never thought about that. I probably would've ended up being senior management of a major company. I can't imagine whether it would've been something big like Caterpillar or something like that, but I probably would've ended up in the Midwest doing something with a major enterprise.

CK: *Do you think your military skills prepared you for a success in what you did? Or, how did your military skills or the training you had in the Air Force prepare you in any way or give you any skills to apply?*

PC: Definitely discipline, organization. I worked hard in the military. Most people were relaxed, but I worked hard, I had good leadership, I liked the people I worked with, had an interesting job in intelligence. So my military experience was a very good experience.

CK: *Is there anything we haven't touched on, something that I might have overlooked?*

PC: No, I don't think so, you've been very thorough.

CK: *Anything you want to add?*

PC: No. I just think my soapbox summary that I gave you before highlights— When I'm all done, I think that I will have had sort of a useful and constructive life for which I have no regrets. Are there other things that I might have done which would have been more spectacular or higher visibility or greater achievements? We'll never know. But the thought that you can start with nothing and create value in the form of financial returns as well as contributing to society, providing jobs, advancing the standard of living, all at the same time, is pretty terrific. You can do that if you start a little company and you give all your money away to charity. You can do the same thing in lots of different ways. But this has been a way to do it while I've been a part of — played a small role watching — an infant industry become a major factor in American commerce, from nothing. When you think back, I began when there was nothing, and I left ten years ago when there was a lot. Has much happened over the last ten years? Yes, the bubble was created and burst during the last ten years. I was not part of the bubble at all. I neither created it, nor did I benefit from it. I was part of real things happening, which I think makes me feel good. What is the next ten years going to be like? I don't know. It'll never be the same as it was in the first fifteen or twenty years of my involvement. That was when it was at its best, I think. It brought out the best in people. Now I feel as though it's just gotten too crowded. There are too many people, and they're too greedy. Too many people, too much money, chasing too few opportunities.

CK: *Udayan Gupta, who wrote "Done Deals," says that "the romance has left the industry with more competition and savvy, more self-confident entrepreneurs who have more opportunity for funding," which is something certainly that you talked about.*

PC: That's true.

CK: *Is that part of what's changing the industry?*

PC: Yes.

CK: *You play golf a little bit. Hockey?*

PC: No more. I'm in Florida in the winter, so I don't do it as much.

CK: *What other things do you like to do in your retirement? What are you enjoying?*

PC: Every day is busy. I've got something going on. I have wonderful grandchildren. My typical week in the summer is that I'm at Fishers Island from Thursday night until Monday morning early. I leave there at 5:40 in the morning on Monday, come here, and I'm here Monday, Tuesday and Wednesday and part of Thursday. I'm typically in New York a day or so a week, doing something. I'm a consultant to two wealthy families. I have meetings at Memorial Sloan-Kettering, the investment committee, the sub-committee on private investments, which is hedge funds, private equity; the selection of all the investment managers at Memorial, which is a \$2 billion endowment. I'm a consultant to a wealthy family that has a lot of money in venture capital. I'm a consultant to two other wealthy families in Florida and Vermont. I do that. I've got the North Shore

Long Island Jewish Hospital here. I've got the Jupiter Medical Center in Florida. So, every day has got something going on.

CK: *How about travel?*

PC: We do some, my wife and I. She's traveled so much that I have not traveled that much with her, and I've been busy. But we're going to New Zealand this February on a trip. Every year we go somewhere for a while, but not a lot, usually ten days or something like that. We do see a lot of our kids and grandchildren.

CK: *And your children's names?*

PC: Wendy Henderson, Ann von Stade, and Tina Miller.

CK: *And your wife is Emily.*

PC: She's Emily, but she goes by the name of Missy. That's the way she's known in the golf world. She's an extraordinarily competent person. She could have easily done something major in the business world if she'd put her mind to it. She's been chairman of the board of a girls' school for twelve years. She has a major involvement with the USGA. She was a non-playing captain of a team of juniors that went to China and played a goodwill match the week before the Olympics. She went over in China in May to evaluate whether the Chinese really knew what they were doing, putting on a golf tournament, and she ended up coming back saying she thought they could pull it off. So the USGA backed her. She then took a team of eight juniors to China in August. They were all in their teens

— seventeen, eighteen and nineteen — all from California, except for one twelve-year-old they snuck in, which she said is an absolutely delightful kid, who was a plus one handicap. They won their matches fourteen to two. She was in charge of these eight teenagers for nine days in China, and came back and went to St. Andrews for the Curtis Cup, which is the championship women's amateur match in the world between the US and Great Britain and Scotland, and then went to the US Open in San Diego. She's been in charge of all handicaps for all of the USGA, all membership, all kinds of stuff.

CK: *Both of you are high-energy and involved in lot of activities.*

PC: And she's a total computer freak, absolute freak, an Apple nut, much more competent than I am in computers, much more. Are we done?

CK: *I think so. Peter, I think this was just wonderful, and I thank you for NVCA and also for Chuck Newhall, who has guided this Venture Capital Oral History project.*