Oral History of Eff Martin

Interviewed by:
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Hancock: Good morning, and welcome to the Computer History Museum. It's January 28, 2019. I'm here with Eff Martin. Welcome to the museum, Eff.

Martin: Marguerite, thank you. I'm delighted to be here.

Hancock: My name is Marguerite Hancock, and I'm the Executive Director of the Exponential Center, and we've been looking forward to having a chance to record your story. I'd like to start at the very beginning, if you don't mind, and ask you to, for the record, tell us your full name and where and when you were born. How did your life begin?

Martin: Well, my full name is Eff Warren Martin. I was born in Oklahoma City, Oklahoma, and grew up there. Many people ask where I got my first name, which is E-F-F, and I actually got that from my grandfather. He was born in rural Texas, in 1884, and a neighboring farm woman came over and saved his mother's life in childbirth and they named the child after her, Effie Lynch, E-F-F-I-E, Effie Lynch Martin. That was a pretty rough name to carry in those days. He actually ran away from home when he was 8 years old, and when he was 18 had his name legally shortened to E-F-F. He died just before I was born and I inherited his name.

I spent my 18 years there going through high school, Casady High School, which I felt very fortunate because I got quite a good education and my parents were very serious about education. They had lived through the Depression and the Dust Bowl, and there was a lot of passion and effort and desire to be better and to make life better. I ended up going to Rice University. My father was mistrustful of <laughs> either coast, and we determined Rice was the best school in the middle of the country, and we had a lot of Texas relatives and background anyway. So I went to Rice, became a mechanical engineer. I stayed there for four years of undergrad and then one more year to get a master's degree.

Hancock: Before we go on, I'd like to just go back to a little bit of the early years and ask you a few details. You mentioned about your father, and could you tell us about the members of your family and help us envision what was your home like?

Martin: Well, I had the benefit of having wonderful parents and a very stable home. <laughs> My dad always said that we were middle class, and with some pride. He had been raised on a ranch in Western Oklahoma. My mother had been raised in Pampa, Texas, in the panhandle, where her father had started a bank, First National Bank of Pampa, Texas. When they got married, they lived on the ranch in very difficult circumstances, and then the war came. My dad was an investigator in the war and it turned out, without knowing it, he did security clearances for people who worked at Los Alamos on the atomic bomb project.

But when the war was over, they were still in Western Oklahoma and Western Texas ranching, and my grandfather, for whom I'm named, died. So literally they sold the ranch to pay the taxes and moved into Oklahoma City, and shortly thereafter I was born. I had a very happy home life. I have one sister who was three years older. My dad was a wonderful man. He was a little anti-social in some ways. He did not like the country club set. He liked the common man. He rejoiced in farmers and people who were just out doing their work. I remember that there was a big turkey farm in Guthrie, Oklahoma, and we would go every year <laughs> and pick up, like, 50 turkeys and take them to people that my dad liked, and they were always the humble people of the world because that's who he resonated with. But he was a brilliant man, an insatiable reader. I'll never forget just stacks of books everywhere in our house and along his bedside. And I still have these stacks of books by my bedside and my wife's always saying, "You got to clean those up," and I go, "No." I say, "I got this from my dad."

And so, he was a brilliant man. Actually went to the University of Oklahoma and dropped out because he was so young. He actually started when he was 14 years old and dropped out though because he wasn't fitting in socially, and then went back to work. In those days, he had a <laughs> rather unusual career path. He went directly to the University of Texas Law School and graduated there. My mom was <laughs> a little more conventional than my dad. She was a fantastic woman, Phi Beta Kappa at Oklahoma. She was the All-Big Six shortstop on the women's softball team at University of Oklahoma. And I remember fondly that when I grew up I was very short and small, and so about the only sport I could aspire to play was baseball, and they would take me out. I mean, we would get up at five thirty and go practice ground balls and my dad would hit me fungos. But my mom, I'd throw the ball back to her and she'd throw to my dad. You know, she was great. <laughs> But that was part of their devotion to me and their encouragement of me, and then again, they really did emphasize family and academics. Those were just two great, great messages, along with what I mentioned earlier, this fundamental value of every human being and not just the major success stories in life.

Hancock: Well, thank you for sharing that background. It really gives us a window into your early years. You talk about these books that were surrounding you on all sides. What were some of the ideas or issues that were in your young life? Did you have an inkling in those early years about what things would become your own passions besides-- as you pursued your family and your academics?

Martin: Well, my dad was such a voracious reader, he read everything. But the ones that I remember the most were history, books about history. Biographies, whether it was Alexander the Great or whether it was Dwight Eisenhower. I mean, just the whole span of history. He actually was something of an insomniac, and so he would wake up at two or three in the morning and then just read for the next four, five hours, and that permitted him a lot of time <laughs>. So I got a great love of history from my dad, and actually, if I hadn't ended up being an engineer I might've been a historian.

Hancock: Hm. What period would've, do you think, captured your imagination, a particular place or period?

Martin: Well, I have two passions, actually. One is ancient history, from the Greeks and Alexander up through Rome. And then the second is sort of the Renaissance, kind of 1500 to 17 or 1800 in Europe. I don't know why particularly I fell in love with that period of time, but I guess it was the emergence of Western Civilization in many ways out of the Dark Ages.

Hancock: Yeah, that flourishing. Both of those times are times when the ideas fundamentally changed the world. Those, I think, the ancient time and those times. So you mentioned that you attended Casady, which was an Episcopal day school. Is that right?

Martin: Right. It was founded by Bishop Casady in, I think, 1949. It was a small school. My graduating class in high school was only 57. But we had wonderful teachers and there was an actual humanities focus, so I got to study Latin, French and German all in high school, along with physics and chemistry and math and history and English, et cetera.

Hancock: And then you made the decision to go to Rice. It was a solid institution in the center of the country to be trusted.

Martin: Right.

<laughter>

Hancock: And how did you choose your major?

Martin: Well, when I went, my dad, coming out of the Depression, said, “You can have whatever desires you want, but you’ve got to do something to get a job.” Because it was a different world then. Today when you hear speakers at most college graduations they say, “Follow your dreams. Have faith. Just go for it.” Coming out of the Depression and World War II the message was, “Make sure you can support yourself.” <laughs> We were more concerned with survival than we were with following your dreams, and so my dad encouraged me to be in some kind of engineering since I had a natural inclination toward math. And then he also had encouraged me, even from the beginning, to do something with the business.

When I started at Rice, a lot of the same interests emerged, but I was just drawn toward mathematical things. In those days the engineering wasn’t segregated into all the different art forms it is today, and so mechanical engineering was one of the broadest and it really had computer science within it. Some of that, of course, went over into electrical engineering. But I have this degree in mechanical engineering and I can’t fix anything. But it was more applied math. I loved applied math, and that was really where my heart was. Game theory and all sorts of things that are now called operations research, et cetera, and that’s what I actually got excited about. But I did take a ton of other courses, because I always liked the history and economics and things like that as well.

Hancock: As you found your way through being an ME, you know, mechanical engineering, do you remember any classes or professors that really kind of ignited your interest in this field?

Martin: Well, I remember the classes about advanced math. These many years later, I couldn’t possibly tell you the name of the class, but I remember studying things like Fourier’s transforms and all these kinds of things. It was just fun to see the intricate relationship of them, and so I just loved the math parts. That would be probably the things that were inspiring.

Hancock: Well, you were an exceptional student. I think you were a member of Phi Beta Kappa, right?

Martin: Right.

Hancock: And Tau Beta Pi. Was there any room in or time in your life for any other extracurricular activities?

Martin: <laughs> Well, yeah. I played baseball for two years there, and <laughs> I wasn't very good, but I got to be on the team, and I loved that a great deal. People ask me what I played. My position was second base, but I actually played first base coach, batting practice <laughs> pitcher. <laughs> That's really what I did for a couple years. But as we got into engineering it was pretty funny. We were taking these bus trips—from Houston to Lubbock, Texas, which is eight or nine hundred miles, and that is one hellacious bus trip. I remember one night my sophomore year coming back on this 16 or 18-hour bus trip trying to write a lab report, and I just said, "This isn't working." <laughs> And since I really wasn't very good anyway, I retired from baseball. A lot of pain inside for that because I think I'd gotten a lot of my identity from it.

But still, I just loved sports, and so we had all sorts of intramural teams and I worked for the Rice Sports Information Department, which was great. I did lots of scorekeeping, and I remember <laughs> one of the fun things was, when the first big ol' FORTRAN computers came out, I wrote a program <laughs> that would automate the stats from all the baseball games. Because there was a lot of baseball games, and I remember punching them out on these punch cards, and it was somewhat like an adding machine. I mean, it was so primitive, but it was one of these great big computers. The cards would go, "dunk, dunk, dunk, dunk, dunk, dunk..." It was pretty fun, and I enjoyed that a great deal. So sports has been a passion of mine forever.

Hancock: That's great. So was that in fact your first time that you interacted or were doing hands-on work with a computer?

Martin: Yeah, yeah, it was. It was.

Hancock: So how did you come up with this idea and did you access the computer, did you need to do it-- run the batches at night, or how did this work?

Martin: Well, they had a computer for the engineers, for the engineering groups, and I don't recall specifically, but I presume we all got some sort of training on it to some modest extent. I found that it was extremely tedious hand-doing every single statistic for baseball. In baseball, they keep infinite numbers of statistics, and I just thought it'd be fun to see if I couldn't automate this and cut down some of the work. And I liked it anyway because it was a little bit of a challenge.

Hancock: That's a terrific story. <laughs> So any other experiences that kind of stand out to you from your Rice years that you'd like to share?

Martin: Rice was a great school. One of the interesting things was that it was really hard, and being an engineer was really hard. I remember—this is like one of those stories about how I walked to work six hours in the snow—but we actually had classes that went Monday, Wednesday, Friday and Tuesday, Thursday, Saturday. One good thing about this in retrospect, not that I enjoyed it at that time, was that we learned some discipline about really working hard.

I left Rice in 1971, and that was the time the Vietnam <laughs> War had created great foment. College campuses in particular—Rice was pretty conservative but still it was everywhere <laughs>. I remember the SDS <laughs> was going to have a big demonstration at Rice, one of their first ones, and I was with one of my buddies who was an engineer, and we were walking back at the end of a long week. I asked him if he was going to go to the rally and he said, <laughs> "If I had time to go to that rally, I'd take a nap." <laughs> So it was a time of a lot of intense effort, and I wouldn't say that all of it was fun, but I think it was a great training ground.

Hancock: You mentioned this job that you had with the sports on campus. Was that, in fact, your first job? Or had you started working earlier in your life?

Martin: Well, let's see. I worked on the farm for my dad. My dad had a couple of quarter sections, and he really believed in work. When I was in high school I worked on the farm. He paid me 50 cents an hour, <laughs> and then at the end of the summer, just because he knew that was low, he gave me $10.00. But I did that all the way.

Hancock: What were you doing? Were there crops?

Martin: Well, yeah. On one quarter section we had wheat. But we had a farmer, a real farmer, who planted and harvested and everything else. But there was a lake and we planted pecan trees. I used to go around and water these pecan trees and take care of them when they were young. And then on the other quarter section we had grasses and lakes and stuff like that. We actually had, I don't know, 20 cattle, and we had some hogs and a few different animals, and I would go up and help feed those. One of the big things I did was drive a tractor around and mow it. I enjoyed that, but only a little bit, so...

<laughter>

Martin: So I did that, and then after my freshman year in college, I was back at home. I played baseball in the summer leagues, and I think I must've still worked on the farm. But starting after my sophomore year, I worked sophomore and junior summers at General Dynamics in the Quality Assurance. We were building the F-111 fighter bomber, which was pretty cool, at Carswell Air Force Base.

And then in the next three summers after, senior year, graduate school year and then the middle year of business school, I worked for Atlantic Richfield in the North American Producing Division in Dallas. I did a variety of engineering kind of calculations. I remember the first one I did was, we helped design what they call tank farms where they store natural gas and oil when they come out of the ground. That was okay, but sort of boring. But then my last year there I worked on this project to analyze, when ARCO was bidding in these offshore oil auctions, whether they were overpaying, or just to somehow figure out, “Are we doing a good job at this?” That was really fun because that went all back into game theory and analysis of the applied math that I loved. That actually had an important role, because at that time I was in business school trying to decide what to do and it was that love of applied math and markets that led me away from strict engineering, ultimately to investment banking.

Hancock: Let’s hold, though that’s really key. I want to make sure that we catch up a little bit and understand your decision, what you did after Rice and then how you decided to ultimately come to Stanford Business School.

Martin: Well, in those days, there was not this kind of enforced, “Go out and get a job.” There were a number of us that actually went just straight through school, and so my father encouraged me to get a business degree. The thought was I would probably come back and be in the oil business, but that with a business degree I could rise into management and it would give me more opportunities, and that made a lot of sense to me. So I applied to a limited number of schools and was fortunate enough to get into Stanford, and that really was the one I had my heart set on. The other was Harvard, but <laughs> Harvard was East Coast; it was cold. Stanford’s architecture looks like Rice and I came out here and there were blue skies, good weather. It just seemed a lot more the kind of place a person like me would like, and so I came to Stanford and went through. That period gave me seven straight years of college, so I was quite ready to graduate <laughs> when that finally ended.

Hancock: So you came to Stanford in 1970--

Martin: One.

Hancock: ’71?

Martin: Right.

Hancock: And can you describe, besides the blue skies, what was Silicon Valley? Those were early days for the valley in those days. What was it like for you at that time?

Martin: Well, first of all, to put this in perspective, I was 22 years old when I started Stanford Business School, and I had led a pretty sheltered life in Oklahoma and Texas primarily <laughs>. Today students go to Hong Kong for their week off. We would go to Beaumont <laughs> and Tulsa, and so I really was very naïve. When I arrived out here I didn’t know much about the technology world at all. I’d actually never ever heard the term of investment banking when I arrived at Stanford. I really had very little view of the broader world. So these next two years, probably the greatest thing I got was a vision for the wider world, both through the Stanford classes but through the things I was exposed to. And then, of course, simply being on the West Coast.

But when I arrived, the technology world was still practically nonexistent. It was very, very small, and so there were a few of the companies that were coming primarily out of the semiconductor phase. Intel had started. National Semiconductor was somewhere in there. But the basic computer ethic was primarily the minis and they were still back in the Boston area by and large. HP had started, of course, and was going, and that would've been the largest company around. But that was it, and so it didn't have that big of a footprint. The Valley was still lots and lots of orchards. When I arrived, 280 was being built but it wasn't complete. There was some freeway but the drive from Sand Hill Road north quite a ways was just a little two-lane road. And so, I guess the sun had come up, but it was barely dawn.

<laughter>

Martin: I mean, by then.

Hancock: And what was the spirit or ethos of the place as you were looking out at these nascent companies and new industries that were kind of making their mark?

Martin: Actually, the technology ethos had been planted in some of these companies, but it really hadn't hit business school yet. And the other thing that happened was, of course, that in 19-- late '72, I think, but somewhere in that period, the first Arab oil embargo hit, which sent the United States economy just into a tailspin. They were actually pretty dark days. Of the jobs that people aspired to in those days, the number one job was management consulting and then otherwise it would be some in investment banking. Stanford actually had very little investment banking presence. I think maybe in my whole class, only four or five of us went into investment banking. We had lots of people go to work, for major actual operating companies. And I don't actually know of many people, I'm hard pressed to think of anybody, that went to a startup, because that just hadn't happened yet.

Hancock: So these two years opened your mind to new possibilities and then, as you mentioned, you made this critical decision to pursue your passion for markets and the math and investment. Was that a gradual decision or was there some kind of aha moment where you said, "This is what I'm going to do"?

Martin: Well, it was kind of funny. As I mentioned, the economy was fading fast, and lots of people who came to campus didn't offer jobs. Actually, as it turned out later, some people who had offered jobs rescinded them. And I, of course, came into this to get a job. That was a job, and then we'd decide what kind of job, <laughs> and it was interesting. In the fall, I did a lot of interviewing and I didn't have much success, even with companies that I thought I should've gotten job offers from, but it didn't happen. I remember <laughs> one of the funniest ones was McKinsey, the company that everybody wanted to get a job offer from. And my mother knew the mother of one of the managing partners up in San Francisco. And through this little network they arranged for me to come up well before the interviewing on campus, and I got to meet everybody and I thought I had a great day. About, I don't know, four or five days later, I got this letter and it said, "Dear Eff, gosh, it was great to see you. We enjoyed having you up here. Thank you so much for coming. After very great reflection, we've decided that we'll not be able to offer you a job. We just don't think you're mature enough."

<laughter>

So anyway, that was sort of a crushing blow. But in many ways, I am very grateful for it, because truthfully, I think they were right. I don't think I was mature enough being so young and coming up, and I was not mature beyond my years. And secondly, truthfully, that isn't where my heart would have been. My heart was in investment banking. I regard it as actually one of those things that was a little hard on the pride, but very good for your life. But I think when I was “0” for 10, I started to get worried about whether I was going to get a job.

Finally, though, a few things came together, and I had job offers from commercial banks. Two commercial banks, two investment banks, and then, ARCO, that I was still thinking very seriously about because they treated me super well and they were a great company. And so, I went from being all worried about whether I was going to get a job offer at all, to being worried about which job I could take. But I actually not only thought a lot about it, but my Christian faith had developed at that time. I prayed a lot about it, and I just came to this conclusion that going to work for Dean Witter in San Francisco would be a great place for me. Some of the other ones were smaller or in other places and it just seemed like that was the right place and that would give me more options going forward. I remember I was headed at the beginning of spring break to Hawaii with my buddy for a vacation. And I called from the airport and accepted the job with Dean Witter just before we got on the plane. That was one great spring break, you know, because you got your job. I needed one class to graduate my last quarter, so that was a good time.

Hancock: That's a great, sweet, moment. So you celebrated and then you started there. Who were you working with, kind of your mentor, or whose team were you on and what were some of your early assignments?

Martin: Well, I remember I started, I took one week after business school and started because, again, they were really hard times. And I was <laughs> most eager to make sure I got there <laughs> and did get started. The head of the office was a man named Gus Knecht who was a long-time San Franciscan, very much from the old school. Dean Witter had the distinction of being the only “major bracket” investment banking firm headquartered outside of San Francisco. It was primarily a retail brokerage firm, but it had built an investment banking practice based upon having that distribution. And, of course, they were also building up their Institutional capabilities primarily in New York as well. But I started working on everything. There were, I believe, three vice presidents in the office, John Wilson and Emmett DeMoss and an older gentleman named Howard Tharsing. I worked mostly with John and Emmett. And a lot of what started to happen in those days was public utility financing, because they were in the midst of building all the nuclear power plants and other power plants. That was a place where Dean Witter could excel, because many of the securities got sold at retail. And so, I started working on a lot of things, but that was the biggest thing that I got into early.

Hancock: If we were to pull back the telescope a little bit, can you help lay out the context of what the other investment banks were doing at the time, to give us some context?

Martin: Well, we were actually at the end of what I would call the old era, the classic era of investment banking, which was really not as competitive. It was thought to be undignified to go out and hustle for business. And most of the choices of investment banking were based on the old school ties and everything like that. The undisputed leader, I would say, when I started, was Morgan Stanley, coming off of the historic strength. And Merrill Lynch was very well known because it was the massive player in retail. Interestingly enough, there were still a number of firms like Dillon Read and Lehman Brothers that came out of the earlier history. But Solomon and Goldman Sachs were these firms that were really starting to rise. Goldman Sachs is so prominent today, many would say the preeminent financial institution in the world, that you don't realize that in the sixties and 1971, in particular, '73, that they were not in that category at all.

Hancock: And so, how long were you with Dean Witter?

Martin: Ten years. And, in fact, I was probably a week short of 10 years. I remember the day I left, my 10-year watch for Dean Witter arrived as I was walking out. <laughs> I've still got it too.

<laughter>

Martin: But I had a wonderful experience at Dean Witter. I loved Dean Witter, but Sears had bought Dean Witter. This was now 1983. We had hit another kind of air pocket. And Dean Witter had grown to be a very, very good and wonderful firm. But in investment banking, it barely had critical mass. And some of the people—I know Brad Freeman was the head of the LA office and he was actually the first guy to interview me at Stanford Business School when I was there. And Ron Spogli. So Freeman and Spogli. We had a number of us in San Francisco that later went on to do pretty great things. And we'd actually built up a pretty good research staff. But a tough time hit. Sears made the decision that really had to cut this back. We couldn't keep investing in the firm. So we started to lose our research. And then we started to lose some of our trading. And then we started to lose some of our banking. The place was just starting to come apart a little bit.

Hancock: Before it started to come apart, can you just summarize the scale and scope of that? How many employees? What was the sort of size of the—

Martin: Well, in San Francisco, I guess we probably had maybe 25 investment banking employees, maybe 20. LA was a little smaller than that. New York would have been much bigger. New York had built up. I actually don't remember the revenues, but we were kind of scrappy and we were winning a lot of things. And I met one of my lifelong friends in 1974, a fellow who's still a partner of mine named Tom Healey. He had joined Dean Witter in New York to do project finance. And we ended up winning one of the major, major opportunities to finance utilities when we won this— there was a joint plant, a joint effort to build two coal-fired power plants in Colstrip, Montana. We beat everybody for it because we were scrappier and we tried harder, and it was just sort of a place where passion and persistence actually helped. So Dean Witter was like that in those days.

One of the great things that I remember was we won a mandate that I worked on to become the second investment banker for Nordstrom. The great thing was we replaced Goldman Sachs. This would have been probably, I don't know, '77, '78. But the Nordstroms were some of the finest people God ever made and it was such a privilege to work with them. And about a year after I had been there, Gus Knecht retired and they brought out a wonderful, wonderful man and talented investment banker named Tom Bertelsen who became one of my primary mentors. He was just fantastic, and he remains fantastic. Lives up in Marin, and I see him occasionally. But he was very, very important to me, not only in training me on investment banking, but in being a counselor about my career.

Hancock: So that important relationship that came to you. Can you say a little bit more about that? What did you look to him for? How did he help shape you? What is it that he did that made such a difference to you?

Martin: Well, I have to tell you the start of it. <laughs> What he did was he didn't fire me the first time I met him.

Hancock: <laughs>

Martin: I remember he came in, it was January 1st, right after January 1st, so now, 1974. Times were really bad. Four of us had been hired as associates in investment banking, two were let go as of Christmas. So two of us remained. And so, again, I'm pretty nervous about all of this. And they were sending out a new head from New York. So we all gathered in the conference room for, whatever day, January 3rd, when everybody came back to work. And we were there. We just sat down and all of a sudden, it turned out that Tom came in. He sat down next to me on my right and everything and so, <laughs> I had a coffee cup there. And I said, "Oh, let me move that." I went like this. <laughs> And I knocked the coffee cup over. Fortunately, though, it spilled, but the spill stayed on the table. But I was so flustered that I took my napkin and blotted it. And when I blotted it, <laughs> it made the coffee run off into his lap.

<laughter>

Martin: This was a horrible start, you know. <laughs> Of course, most people today think it's hilarious. But, of course, I didn't think it was hilarious when I was now 24 years old and people were losing jobs. <laughs> Anyway. But he was a great manager and he liked people. And, again, he was a very strong technical investment banker. That was something that maybe we lacked a little bit in San Francisco, and he helped a great deal with that. He was really honest and if something came up in a meeting with a client and we had said something and we were very direct, but he could see that the client didn't get the full import of the negative aspect, he would go back and say, "Look, I just want to make sure you understand this because I don't want to leave you with a misimpression. This is a problem." Or, "We got to fix this." And not necessarily we, the client, but we, Dean Witter. I mean, he was just terrific. I think one of the most ethical and upright people that I have met. And so, that was a wonderful, wonderful lesson for me, to see that that's what you're supposed to be.

I was an extremely loyal person. I think I was a little afraid. Actually, I was afraid of whether I would make it at Goldman or not. And so I thought, “I think I'm just going to stay at Dean Witter.” And I went to tell Tom about it and Tom, even though I was one of the better performers there, he said to me, "Eff, you owe it to yourself and your family to think about this. You've got to go have the meeting." He said, "I'd love to have you, but you owe it to yourself." And that was something that I will never forget. Because I did go, and then I really fell in love with the people at Goldman Sachs. And I left and that has been very good for me. So, again, that was Tom, I think, putting people ahead of a narrow business interest. And I will be forever grateful.

Hancock: Sounds like a remarkable person. So you made that decision. Do you remember that first conversation? What did you talk about and what is it that helped you fall in love with Goldman?

Martin: Well, I remember two early conversations. Initially, I met with Gene Fife, who was the head of the San Francisco office. And then I flew to Los Angeles and met with Peter Barker, who was the regional manager and head of the LA office. I don't remember very much about it, other than—they told me about Goldman Sachs—but thinking what incredible people they were. I mean, just <chuckles> so down to earth. And they remain two of my best friends in life. So down to earth. All of a sudden, I said, “Goldman is not this terrible dog-eat-dog place. There are good people here.” And they began to explain to me the culture of teamwork, which, really, was the hallmark of Goldman Sachs. And going back to my sports days, I really loved team sports and winning, rather than tennis or bowling or something like that. All of a sudden, they opened my eyes that this could be pretty interesting.

Then, they asked me to fly back, and I flew back to New York and met the partner who had been inaugurated with the task of starting a tech group. His name was Ken Brody, who's a brilliant, brilliant, brilliant man, and put in about 10 more brilliants. He was assembling a team, but they didn't have anybody in Silicon Valley. And so, they wanted a person to be Goldman Sachs Silicon Valley. I remember just being awestruck by the thoughtfulness with which this effort was being assembled and formulated. One of the greatest things, not only did it have a good business plan, but they had the full backing of the firm. That was really important because we went through two years of really tough times. And every criticism that any competitor would level against Goldman was going to be, “Ah, they're big. First sign of trouble, they're going to cut and run. They don't care about little companies.” But because it had been formulated, it was actually a strategic effort of the firm, with good people that everybody trusted. You know, we survived that. And so, I really fell in love with what Goldman was doing.

But still, it was a tremendous decision for me. I told Dean Witter that this was going on, and they made me an extremely attractive offer to stay. I mean, it was a lot, and I told Goldman about it. And Goldman said, "Well, we honestly can't match that." Dean Witter offered me a position on the board and a huge salary increase. But Sears (which owned Dean Witter) was one of Goldman's greatest clients and Goldman said, "Look. We're just going to offer you what we said," which was a good offer, but not anything like Dean Witter's. And they said, "Look. If you do well, you're going to make that up in the long-term."

Anyway, I called my dad and I asked him about it. I thought he'd say, “Well, gosh, take the bigger offer and go on the board and all that.” And he said, "Go with the quality." He said, "Take the other one." That was a testament to my father. And so, I did. And the other thing about it was Goldman had a saying, don't be short-term greedy. Be long-term greedy. The idea was, don't do what maximizes the short-term. Do what's right and, in the long-term, those rewards will come. And that actually was true with the way we treated clients, but it's also true in the way I ended up choosing Goldman Sachs. It worked out very well.

Hancock: Well, I should say it worked out very well. What was the year that you started there?

Martin: June 1st, 1973.

Hancock: Okay. June 1st--

Martin: I mean, 1983. Excuse me. 1983.

Hancock: 1983?

Martin: Yeah.

Hancock: June 1st, 1983. So you were the right person in the right place to start their technology investing in this new burgeoning place of Silicon Valley. What were your first deals? Who were you talking with as you were trying to start your business?

Martin: Well, the industry actually was starting to emerge by then. And Apple had come public in 1980. There were the previous existing companies. But there was now a little boomlet in computer companies that were coming out and others. And so, the disk drive industry had just <makes explosion sound> exploded into being. So, we started. We had a relationship with National Semiconductor, the historic one, and also with ROLM. But that was it. And so, one of the things that I thought was that if we wanted to be a real player in Silicon Valley, we had to be involved with the young companies, and that we couldn't just go and try to be HP and Intel's banker and all of that. That we really had to be there in the youth and play that game.

So we went around and we called on venture capitalists. We called on every kind of emerging technology company that we thought we could possibly work with that would be really good. And I remember the first deal we got was a private placement for a Maxtor, the high-capacity disk drive company. I think it was around $20 million, something like that. It was pretty big for them, for a deal like that at that time. It was really funny because Don Lucas and BJ Cassin were the major venture capitalists. They'd really reached out to Goldman and we were working with them. And this deal turned out to be very hard to do. November of 1983, the industry was still struggling a great deal. There were 54 disk drive companies and so, why would we need one more? And we really struggled, but we actually got it. Goldman really went to work to get some institutional investors in. I remember Prudential came in, was one of the major ones. And so, we got this done. We had the greatest closing party ever. First deal. I can remember the joy of that.

And then, we went on and our first IPO was Lam Research. <chuckles> Lam Research is a very major company today. Lam Research was about “yo small!” at the time. <laughs> I mean, it was really small. Roger Emerick was the CEO, God bless him. But the company had a bake-off and we won. I remember going over there. We made our pitches and they were kind of going back to us. I've forgotten everybody else. I'm sure everybody was trying for it. And I took a bottle of champagne over with my partner. (The partner was Gene Fife at the time) to express just how much we wanted this. And so, I remember. I got the bottle of champagne out and said, "Roger, we're not leaving until we open this and celebrate." And then, I kind of launched into this little spiel. "Eff," he says, "Let's just open the champagne." <laughs> And so, we did that. That was the first IPO of, oh, gosh. It was tiny. I don't remember, but, like, less than $30 million, with probably $100 or $120 million overall market cap. And $6 a share. <laughs> I mean, it was small. And we priced that, I remember, May 1st, 1984. Very poignant for me because I did everything, but I didn't go to the pricing because that was the day my dad died.

Hancock: I'm sorry.

Martin: But, of course, with Goldman, the deal went great and everything. And Lam became a wonderful client for many, many years. It didn't take off for a while, though. It was really struggling. I mean, that semiconductor equipment is a tough business. And they used to say that nobody actually knew what went on inside of these chambers, that it was like black magic in there. People were just trying to say, well, if we did this and we did that, this happened, we don't know why. But then later on it became one of the really landmark companies in Silicon Valley.

Hancock: I have a little appreciation. I worked for GCA.

Martin: Mm-hmm.

Hancock: My first stepper company, for a little while, in Boston. So I have a little appreciation of that. So you celebrated.

Martin: We did. Though, there had been a number of very, very bad deals done, companies that just cratered right away. I've forgotten them all, but I remember Fortune Systems and others. And so, technology fell out of favor. It was a tough market, '83, '84, '85. It was very hard, and we did some other deals, I think, less than notable. But nobody was doing much then.

And so, I remember that we kind of started to come out of it around the beginning of 1985. And one of the funniest things was Linear Technology, the analog semiconductor company, came out. Bob Swanson, one of the greatest guys ever. We went after that with everything we had and there's nothing that we could have done that we didn't do. And I was in New York at one of the training meetings when the decision came. Bob Swanson called me and said, "Eff, I just want to tell you—" He said, "First of all, I loved working with you. You understood this company better than anybody we ever worked with." He said, "Your research guys were great. I loved the depth of your trading and talent and your senior people are the best we met. And we've decided to go with Morgan Stanley." And I said, "Bob—" I said, "How can you say that?" And he said, "Well, I wanted to go with you guys, but the venture capitalist on our board said, 'Well, if you look at all the major deals, they've been done with Morgan Stanley,' and Goldman hadn't done one of those yet. And so, if you want the imprimatur of— this is one of the big deals, you go with Morgan." Which I later described as the “image is everything” decision. But, I mean, I tell you. That was a tough blow. Not so much that we missed one deal, but that was a great company. But what it represented was how high the mountain was to climb.

Hancock: So how did you persist? I mean, these are dark days, right? It's the whole environment. It's tough. You said you'd given it everything to make them love you and choose you. And they did, but they chose somebody else. How did you persist in that time?

Martin: Well, there were two things. One is there really weren't any other options. <laughs> And second of all, it's just not in my family history to quit. So we kept going. And also, I don't know. I think maybe it's my faith. I have a basic optimism about life. We lost a lot of business in my 22 years at Goldman Sachs. But I learned that you're never out of it. We lost a lot of IPO business, where we became their major banker, and then did all the business thereafter because we just never quit and we never threw a temper tantrum when they didn't choose us. I guess that was kind of the DNA of Goldman Sachs and of mine. We just kept going.

Then, later, about mid-year in 1985, we got a call that Microsoft wanted to choose its investment bankers and that they were going to go public. I'd been up there once and met Frank Gaudette, the CFO. And he said he's coming to New York and he's going to meet with three or four firms. So he did, and he met with us—you know, I was, of course, there—and went back home. And then, he called me up. It was in early December. I was headed to our year-end conference. And he said, "I really like you guys." He said, "I want to introduce you to Bill and John." John Shirley. And, "Do you think you can make it out here next week?" I said, "Yeah. I think we can." And so, anyway, I was just getting on the plane. I go to New York. You know, we rally the troops and everything. We come up and we went out to meet Bill and John at a dinner.

Hancock: This is December--

Martin: This is December of 1985. And so, anyway, that was tension-filled. We did have a good dinner and it was a little strange because what do you talk about? None of our guys really knew them or anything. But over dinner, we started to talk about the deal. And I remember Bill, when we got into that, going into his rocking mode and everything.

Hancock: What triggered that? When you knew he was engaged? Because you said it was awkward—

Martin: We started to talk about, not about the general market. We started to talk about the deal itself and how we would approach it, who would do what and what our vision for it was. And the funny thing was our vision for this deal was far more accurate than Bill's. Bill was very conservative. He said, "I want to be realistic about this." And so, we portrayed this as one of the great seminal deals of any time. And Bill kind of went, “Well, maybe, maybe not.” Even when we had the suggested pricing, the only time in my entire career that the client told me to cut the price. Okay. You know? <laughs> But then the demand for this offering was fantastic and the deal did become very, very significant. And of course, the company became historic.

But I remember, though, we left that dinner and we got up very early. They were flying back to New York and I went back to San Francisco on some, you know, 5:45 A.M. plane. And when I got there, I was, again, going on back to New York. And Frank called up and said, "Well, how do you think you did?" I said, "Frank, I don't know, and I really don't think my opinion matters very much about this." And he says, "Well, we want to have an organizational meeting on Tuesday. If you're here for it, you can be the lead banker." So, I said, "Thank you."

So that was probably the turning point of our entire effort in technology. Because it gave us the standing that we dealt with the best and brightest. So, we could compete toe-to-toe. Many others did great work and we lost other deals, but never again was it because, “I think that just you're not in the category,” anymore. And so, that was a great day for us.

Hancock: Well, congratulations. That was a great day. So Frank was the CFO?

Martin: CFO.

Hancock: Who was given responsibility to make the decision? And as other accounts say, that he did really serious due diligence about looking at a lot of other options, including ones who had been other stiff competitors for you. And I was reading that he had this chart of 19 different categories, where he ranked everybody.

Martin: Mm-hmm.

Hancock: How do you describe why, ultimately, they chose you?

Martin: Well, I think it was, really, kind of two reasons. One was Frank really liked the coordination between Goldman Sachs' investment banking, equity capital markets, and the sales distribution areas. He saw that there was actual real value added in that and the ability to know the market to be able to sell the securities and get feedback from the market. That was probably the thing on a technical standpoint that he liked most about Goldman. And also, we did have a phenomenal research analyst named Rick Sherlund, which didn't hurt a bit. But the thing that was maybe more subjective was Frank was a street fighter. He was New York. You didn't push Frank around and he was a wonderful man. But he liked mixing it up. I think he saw in Goldman a firm that was still building, fighting, scrapping, not the old white shoe. We were coming up and making our way in the world. And I think he really liked that.

Hancock: So this was a culture that you helped create and shape. You were recruiting your team and connecting the dots along the other parts. How did you--

Martin: Well, honestly, I wouldn't actually put it like that.

Hancock: Okay. Please help me understand.

Martin: I was a very integral part of the team, but it was a team. And we had tremendous strength in New York. Ken Brody was there for, I don't know, a year and a half or two years. Then, he gave way to Peter Fahey, who is a partner in corporate finance. We had wonderful people like Rick Sherlund and Mary Henry and John Levinson and Dan Benton in our research over time. So, not too long after Microsoft, Brad Koenig came. And there were two things. One, it was a team effort of everybody, especially Eric Dobkin and the equity capital markets and many others, including Lawton Fitt. But it was also the culture of the firm as a whole, and that really goes back, way back, to Sidney Weinberg and the German-Jewish family heritage that the firm was born with. And so, what we did was we took what was essentially Goldman Sachs and we put it into the technology world. I guess you could give us credit for not screwing it up, but it really represented the total effort of the firm and many people. And that's what sustained it all these years.

Hancock: I'd like to ask you help pull back the curtain a little bit to understanding what you and your other members of your team actually did for Microsoft, taking it public. People often don't understand the role of a great investment banker in terms of doing due diligence, assessing risk, understanding the market, setting a price, being partners on getting the institutional investors. Can you walk us through some of the key decision points for the Microsoft experience as a case, kind of to say what were some of the issues and turning points and what did you and your team do?

Martin: Well, as you just suggested, one of the first things one starts with is designing an overall strategy. And really, there was nothing unusual about that, help scope out a timeline. They had decided they wanted to go public not because they needed any money, but because it had been private for quite a while and a number of the employees deserved liquidity and Bill saw that and wanted to do it. The first thing we really did was to spend a lot of time doing due diligence and preparing the preliminary prospectus. And that meant putting together the team. The company had its team of attorneys and was led by Frank Gaudette on the CFO side. But we interviewed everybody, Bill, Steve Ballmer, Nathan Myhrvold, you know, all the way through. There was a lot of legal due diligence done on the structure of the firm, any outstanding liabilities, things like that. And so, we went ahead and prepared the prospectus. This was one of the more unusual ones because the company was doing very well. It was profitable. And—

Hancock: Had plenty of revenues.

Martin: Yeah. It was a more straightforward kind of story than many, where everything was on the come. And Microsoft, in those days, was not what it is today or what it became in the subsequent 10 years. But it was still pretty well known in technology circles. And Bill was iconic even then. But one of the things we saw was that they also had a wonderful president, John Shirley, who Bill had recruited. There had been a couple of others that hadn't worked out as well but he found the right guy, for sure, there. And so, we had a good team and we put together the prospectus. But one of the big things that you end up starting to do is trying to assess what is the price going to be at which this will sell? What's it likely to do in the aftermarket? And this is all before you've actually filed.

Anyway, we had had a memorable conversation, where we had recommended that they put in a range of $17 to $20 a share. And so, it was pretty funny. I went up to Seattle and I was up there—this is before Redmond. This was Bellevue. And Bill was in his office and we made our recommendation. I got the guys in New York on the phone and everything. So I left Bill's office. <laughs> Bill was in there with Frank and I'm looking through the glass and they're just talking to themselves. And Bill is very, very animated and exercised and I'm going, oh, God, you know, this is not looking good. So after a while, they invite me back in and we get the guys in New York on the phone. And Bill expresses the fact that he thinks that this is really egregiously overpriced and it ought to be lower, like 16 to 19. Anyway, we cut it, to 16 to 19, to Bill's concerns. So that was actually pretty funny.

But we went out and then, immediately, it became absolutely clear that there's going to be massive interest in this, which we knew. And so, part of what we had been doing was then creating the road show to approach institutional investors. And although Microsoft was very well known by consumers, the story wasn't known that well and the people weren't known that well by the major institutional investors. We ended up starting at a computer conference, actually, that was going on—I've forgotten which one—where some of the techies were there, and it was kind of a good way to start it. I remember Dave Liddle came. He was such a great fan and a strong supporter and gave us a lot of good feedback.

But then, we started the road show. We started in Europe and we went to London and Scotland. I remember one of the funny things, too, is— it will tell you how long ago this was. We had a big day of meetings and so, of course, you have a dinner. And we went to the theater. We went to see this play and Frank says, "What is this play?" And I said, "Well, it's about this guy and he's practically destitute and he's hiding from the law. And he becomes a priest and another person steals from him, but he lets him go. And then, the police are after them." He says, "God, this sounds terrible." He says, "This better be good, because we want a good evening tonight." I said, "Well, I hope so." Well, turns out it was *Les Misérables.* <laughs> And so, that was pretty good.

Hancock: Fantastic choice.

Martin: It'd been going about two weeks.

Hancock: Oh, you were right at opening.

Martin: Yeah. We had a fun time. And afterwards, we went to get a late dinner at Annabelle's [ph?], this nightclub. It's pitch-dark. It was really big. We're way, way, way in the back. There's nobody there. And Bill takes his coat off <laughs> and the guy comes running over. It's, like, eleven thirty at night. There's nobody else there. He says, "Sir, would you please put your coat back on?" <laughs> Okay. And so, anyway, that was probably the last person who told Bill how to dress.

Hancock: <laughs>

Martin: Anyway, we had a great time and then came back from Europe. The road shows in the United States were very successful. Then it came the time where we started to get feedback. We actually knew that there was more interest than the lower price range indicated. Instead of 16 to 19, we raised it, I think, to something like 19 to 22. I've forgotten the exact amount. And then, we priced it at 21. And that was before the days of the big blow-outs in the IPOs. And so, the deal went up to 26 or 27 after it opened the next day. That was thought, though, to be a monumental success, especially since it was coming off a period of time where things had been really down.

And I'll never forget this. Bill went to Australia during the pricing. So he just really left it with Frank. And Frank, I told you he liked to mix it up a little bit. So anyway, we had this giant negotiation over what the gross spread was going to be, over a one-cent difference. You know, it makes no difference at all and he was alleging that Bill was apoplectic about it. <laughs> Bill is down in Australia. But finally, we settled on it, which I'm sure we caved, and that was the right thing to do. <laughs> And the next day, we came and we went up to stand next to the OTC desk, where we were opening the stock, and there was a guy named Victor Wright, who was our partner in charge of desk. Victor was great. And anyway, so finally, they get enough input. They say, “Okay, we're going to make the first bid at 24.5,” whatever it was, 25. I remember he went on this system that broadcast what we're prepared to bid for the opening bid.

And all of a sudden, the phones exploded. And Victor is going, "Buy it. Sell it. Buy it." You know, like this. The place is just crazy. Of course, the stock starts coming across the tape like that. And Frank, who is a little rotund, and wore the suspenders and vest. He was in back and we're all standing. We're saying that, “God, this better work.” And so, all of a sudden, it comes out. It looks like it's going great. And Frank's kind of got his hands on his stomach and his giant smile lights up. We were off and running. That was great.

And so, the aftermarket is the final thing that we do. Now, we had a lot of deals for other people later, where the aftermarkets are significantly tougher. And so, being willing to support the deal and managing that aftermarket can be more problematic than it was in that case.

Hancock: What a spectacular story. It worked out just fine.

Martin: It did.

Hancock: And your pricing turned out to be not only proven but exceeded. So there was a lot of churn in the— there were other companies at the time. It was around the time of Oracle, is that right, and Sun. Others that were not as fortunate. Can you just give some context about how positive that was for that time and what it meant for you? You know, why it was so significant.

Martin: Well, a lot of people don't realize that Microsoft, Oracle, and Sun Microsystems all went public in the same week.

Hancock: Same week?

Martin: Of March of 1986. Honestly, I don't actually remember the immediate aftermarkets for Oracle and Sun, but they were, of course, both great companies. That really, I think, was the turning point for the market as a whole. Because all of a sudden, you had really, really good companies out there. And

Microsoft, of course, with all this profitability, just did spectacularly well every quarter for a long time. Again, as I said, I don't remember the other two precisely, but they also did really well. And so, I think it was an inflection point for technology for that entire period of time, and maybe forever. Because these were the first of the new great companies. I mean, there was Intel and HP, but the first of the newly born companies that all of a sudden started up and did this. So, it was great for the industry. And needless to say, it was wonderful for Goldman and wonderful for my career.

I've always been very grateful and I have admired the people at Microsoft for my whole life. One of the things I admire is not just what Bill did as a businessman, but to see what he's done philanthropically. I don't know that there's ever been a philanthropic force as great as the Gates Foundation. And so, it's interesting to see. Now, obviously, there's a lot of people that had a lot of business clashes and there are different perspectives. But I think he's certainly one of the great people that's changed technology and actually, is now changing our world.

[Break in recording 1:14:30]

We initially got introduced there [at Apple] to help them analyze whether they would take their Claris software subsidiary public. And it was led by Bill Campbell, God bless him. What a wonderful man. And so, we went down to work them. As it turned out, Claris' financial performance never really permitted it to become a public company. So it ended up getting reabsorbed back into Apple later on. But in the process of that, not only did we get to know Bill, but we got to know Al Eisenstadt and John Sculley and others who were instrumental at the company. We then started doing a lot of work with Apple. We worked on a number of strategic projects, most of which didn't come to fruition, seeking partners or minority investments and things like that. And meanwhile, Apple was continuing to struggle. And ultimately, John left and Michael Spindler became CEO. And even though Michael was more of an operator, he was still unsuccessful in turning the company around and things were just getting worse and worse. Finally, they brought in Gil Amelio, who had been at National Semiconductor. Gil was a noted leader and a good manager at National Semiconductor. And the thought was that he could rally the troops and make the company sustainable. It turned out that that wasn't actually true, but at the time, it looked that way.

But Apple was down to barely having enough money to meet payroll in a couple of weeks. I mean, they were really in dire straits. So we proposed an overnight convertible debenture to the board and the board was also talking to, I think, Morgan Stanley, who said it couldn't be done. And we thought it could. It was a gutsy deal because we would end up basically buying it and selling it all overnight. In any case, we put that deal together and it turned out to be a $660 million convertible debenture, which was very, very well received. And the company got the money to stay alive. I think that that was one of the deals that is most gratifying to me. I was only a small part of it, but still, to have worked on that and to see what Apple's become. And, of course, I love Apple products anyway. But that was really great.

Now, the amazing thing about it was, though, the premise was based on new management running the company the right way. Well, Gil was really not successful in that and ultimately, he and the board parted ways. And that's when they brought back Steve. And so, during this period, when it really wasn't going well, the price of the stock went down. The convertible debentures were underwater. But Steve came back and I would say, probably in about a year or so, if memory serves, he had righted the ship. And a couple of years out, things were really starting to happen. People who invested in that ended up making a lot of money if they held it. Maybe not for all the reasons we might have forecast, for our fundamental belief in the Apple franchise was there.

But Steve was amazing. The fun thing for me was when we met Steve, he had selected us to work with him at NeXT. And we advised him in, I think it was a $100 million investment that the Japanese firm, Canon, made in the company. Then we started working on an IPO for them. But the economics of the PC business were pretty tough, and whether that IPO was ever going to happen or not is questionable. But at that time, Apple found that they really had to do something about their operating system. They were talking to NeXT and a couple of other companies about acquisition, not really to buy the company, but to get the foundation of a new operating system. That was fascinating because we were talking to Steve, we were talking to Apple, and we were kind of informally in the middle of it. And that deal did happen. When it happened, though, Gil was still running the company and Steve had had his estrangement from Apple. And so, he wasn't really sure that this was going to work out. He was keeping his distance and as things slid, the board made the decision that they really needed to ask Steve to come back as CEO. I was there for at least some of those discussions and I thought it was a very courageous decision on their part because these were, of course, the people who had let Steve go to begin with. They loved this company dearly, but they also knew bringing Steve back would end their tenure there. But they made the decision and Steve came back, but he wouldn't be CEO. Because he didn't really know at the beginning if he could save the company or not. He took the role of interim CEO and used to sit over in this little office across from the old CEO office which was empty.

But as I say, though, when he came back, he made five decisions, any one of which would have put him in the all-time hall of fame. Pretty much the first two of which were, one is to simplify the product line and get the number of SKUs down. And the second was to not license the operating system. This was really a little awkward because Gil had decided to license it and there were actually some agreements out there. <laughs> And so, Fred Anderson, wonderful man and great CFO, was sent out to go tell all the people to forget <laughs> that little agreement. That never existed. Forget it. And so, they kind of worked through that. And Apple went back to being Apple. The products succeeded and then, of course, came the iPod. And after the iPod, the iPhone, and the iPad. And then, Apple became the largest company in the history of the world. It was really fun to see that. And, of course, a lot of that later growth happened after I had retired from Goldman, but it never ceases to gratify me when I see Apple succeed.

Hancock: It's amazing that it's a trillion-dollar valuation in the way that its devices are in, literally, a billion hands around the world. I'd like to know a little bit more about that gutsy decision, as you described it. Apple really was on the ropes and financially was sputtering within weeks of being able to have any operating cash. So what possessed you and the rest of the team to really come up with that kind of approach and feel like that was the right solution at the time?

Martin: Well, honestly, I do think that we really believed in the Apple franchise and that people wanted Apple products, and that it was really a question of putting together a business structure around it that would make that possible. So, fundamentally, we believed that this was something that people wanted and needed. Secondly, we thought that there were some good ideas and that there was a new operating system on the charts, and we really thought that could happen, especially if we raised enough money to give them the runway to do it. But, of course, there was no guarantee that was going to happen, and to that point, I am not sure that any person in the whole world besides Steve could've saved the company. I don't blame Gil or any of the other people. Had they gone out and gotten one of the greatest people ever, I'm not sure they could've done it, because a lot of it had to do with Steve's persona, him bringing back the magic to Apple. He was something that was part of the marketing that sort of reinvigorated the company. But even though our rationale was good, it was very risky. In fact, I was at a retired partners meeting in New York with the guy who, on the equity capitalist market desk, did the deal. His name's Mike Ryan, another fantastic, talented pro, and Mike and I were talking. We were saying, "Here's that deal," and he says, "You know, we were crazy to ever do that," <laughs> and we probably were. He said, "Looking back, we were crazy." But it worked out, so...

Hancock: So you had this chance to not only meet Steve early in his NeXT days but then work with him, go through this time of difficult transition and see him kind of take the helm again. How would you describe him, and what made him the right person, the only person, as you've described it, to be able to do that?

Martin: Well, course, the life of Steve Jobs has been pretty well documented. Steve was brilliant and all of that, but what he had was a force of personality and a charisma that was unmatched in my entire history. He had a purpose, a charm, an ingenuity, that when he approached you and he wanted you to do something he wanted, it was practically impossible not to do it. I mean, it was like an electromagnetic force was operating on you, getting <laughs> you to turn. Walter Isaacson wrote about his reality distortion theory, and part of the reason I think Steve had that was that his force of personality was such that he could change the reality to what he wanted it to be, and he was unbelievable. And that same force of character demonstrated <laughs> itself in other ways in other times. He could be very, very hard on people. But if you were part of a group that he actually respected and trusted, even when he was tough on you, it kind of just came with the territory. It wasn't that bad, and honestly, most of the people I know that ended up working with him over a longer period of time just thought the world of him, even though he did have his human failings like the rest of us.

Hancock: Is there an incident or a story from your own experience that could help illustrate this?

Martin: <laughs> Right. Well, I could illustrate some of the hard times. I'll never forget Steve had gone off to do NeXT and <laughs> it was really secret. Steve didn't let anybody in, and so I think I might've called down there but we never got to see him. So one day I'm kind of standing in the office <laughs> and my assistant puts the phone call on hold and says, "Eff, it's Steve Jobs on the line," and I go, "Steve Jobs is on the line?" <laughs> Anyway, I went over to take it and he goes, "Hello, Eff," <laughs> and just like that <explosion sound>. And he told us he wanted some ideas, and we set up a meeting to go down there. Honestly the first two words he said, which were not exactly remarkable, were just so compelling— he took advantage of his reputation. He had the persona.

We did a lot of work, and our contribution really in that part was to suggest that in raising money he turned to Japan rather than trying to do something with institutional investors in Europe. Steve actually did most of the negotiating of the deal. But we helped, and guided at least the concept. And then we started helping put together an IPO, if there ever had been one. The other thing though was there was a time Steve wanted us to raise some more money, and the markets were bad. NeXT was doing okay but it wasn't doing great. And <laughs> anyway, Steve had come to New York and we were having lunch with our senior partner Bob Rubin. It was just meet the senior people stuff. We had this really delightful lunch and Bob said to me, "What a great guy." He said, "I'm so glad we've got him as a client," and I said, "Well, Bob, you know, he can be plenty tough, and there may come a time when you get a phone call about some stuff that we can or can't do, and so just remember that part too." Anyway, about six or eight months later it came up that we were not able to get Steve what he wanted in a deal. I don't think we ever went in the market. We said just, "Steve, this just isn't going to happen." And that was not what he wanted to hear, so he called Bob Rubin.

<laughter>

Martin: I had a conversation with Bob and Bob called me and said, "Eff, I heard from Steve Jobs. He wasn't very happy." And I said, "Yeah, yeah," I said, "I assume it's about the private placement." He said, "Yeah." He said, "You know, you told me I might get a call like that," and I said...

<laughter>

Martin: "And I'm sure glad I did, Bob."

<laughter>

Martin: But see, the point there is I don't criticize Steve for that. He was trying to get done what he needed to get done. It turned out we were right. It just wasn't going to happen. So we went on to the next thing and we went back to working with him closely. <laughs> But Steve had plenty of steel in him. Let me say that.

Hancock: So how long did that relationship with Apple last, from early days with Steve at NeXT before he came and then...?

Martin: Well, the Apple relationship went back into probably the late '80s, again, with Bill at Claris.

Hancock: Oh, with Claris. That's right.

Martin: With Bill Campbell and then Al Eisenstadt and John Sculley. But the relationship at Goldman remains very strong with Apple today, and Apple is one of Goldman Sachs' foremost clients. And when I left, a fellow named Gene Sykes kind of took over the helm along with Ken Hirsch. And it is a very, very close relationship and one of the ones that we absolutely treasure. <laughs> I still say "we" all these years later, but...

Hancock: I'm sure they say "we" also, thinking about you, since you helped build the whole business. Well, let's talk about another company. What shall we talk about next?

Martin: Well, I loved Juniper Networks a little bit later. Juniper was a company that got founded with a lot of questions about whether it ought to be able to succeed. It was basically going after Cisco, which was one of the great, great companies that had been built and Juniper was basically doing higher-end routers in direct competition with Cisco. Juniper, however, did a brilliant job conceiving of the product and then starting to execute on it, and they had a strong team. Scott Kriens had come in as the CEO, Pradeep Sindhu was the technical genius and Marcel Gani was the CFO. Those were the people we worked with the most. They had one of these bake-offs, and it was actually kind of hilarious because they were very, very concerned about giving out any numbers. They kept saying, "Well, what is the valuation?" We kept saying, "Well, like, what are the revenues? What are the projections?" I mean, we don't just make these things up, and so they'd go, "Well, you know enough about our general trajectory." <laughs> In any case, it was actually very funny. We had a research analyst named Mary Henry, who was, I would say, beyond sensational, that really helped us a great deal in this. They wanted to be associated with her and we did everything we could, and were fortunate to win the mandate for this company against everybody.

One of the great things about the company was that they described their routers as purpose-built, and because they were designed for a very specific function at this high end. It was a very clever way of marketing it that sort of made sense and highlighted what they did. But Juniper itself was purpose-built. Scott Kriens was one of the most thoughtful persons, really rational, a great human being, and he really built the company to have a lot of teamwork and to be focused. It's really a company that was built almost with textbook-like qualities of building a team and motivating people.

I remember we were in New York for the pricing. We priced it, and this was one of those insane markets where no matter how high you priced it, it doubled and then it went up some more from there and then it went all over. It was just a crazy market, but they were there and we priced it in the late afternoon. And they flew back from New York to Silicon Valley to be with the team for that day and to celebrate, and I remember talking to Scott. We were on some kind of a— I don't even know if we had video feeds, but a connection, and the whole company was there to celebrate.

Of course, the thing became enormously, enormously successful. Went through its downturn when the whole market turned a course, but it remains an outstanding, outstanding company and one that I got a lot of gratification out of because the people are so good. And in fact, Scott has gone on very successfully. I believe he's still chairman of the company, but he has a magnificent foundation and built a tremendous retreat center up here. He's doing work with all sorts of great causes, and I remain close to him today. And Marcel's my neighbor now, and whenever I see Pradeep, <laughs> I light up and smile. It's just a great group of people that I'm just very privileged to have been associated with.

Hancock: You've worked with remarkable leaders that were both pioneers in innovation and also disruptors in the world of entrepreneurship and building their companies. Are there any others that you would like to talk about? Stories and also what you sort of took away from that experience with them?

Martin: Gosh. Well, I loved being associated with Hewlett-Packard. We did a number of mergers for them, mergers/acquisitions. Little ones. Because they really didn't do any big acquisitions until much later. But I got to be in front of the board with my colleagues quite a few times actually. Bill and Dave were still there and at that time they were older. But they were still lions, and so what a thrill that was. John Young was the CEO and I thought he was incredibly gifted; that was really a remarkable experience.

I did see there though how difficult it is for companies to continue into another generation beyond the founders. HP was also great with the HP way. They empowered their people, and it was very good for a while. But it also got to be a little dysfunctional, I thought, where too many people were going their own ways, and this is just a very difficult thing to manage. HP has continued to do well overall. But I learned a lot. I got to work on the Agilent spinoff, the first of the spinoffs, and then I was only peripherally associated thereafter. But Goldman was involved in the others, and I thought that those were probably good transactions that needed to happen to kind of get back to the focus.

But it really illustrates how tough it is to sustain businesses. You look at AT&T, one of the great companies ever. Well, the company that bears the AT&T name is not that historic company, it's another company that outdid AT&T and took the name. And IBM, the greatest of all companies in '50s, '60s, '70s is a player in a more narrow field. They've done a very, very good job of innovating and recreating themselves, but still, it's a great lesson about how hard it is to keep companies going in the face of this constant technological change. A lot of these companies used to be small disrupters and now they're fighting all the other disrupters that are coming after them, and it is a fascinating part of the Silicon Valley technology ecosystem. I have a great deal of respect for people who have to manage that, especially on the bigger companies trying to play defense.

Hancock: I'd like to return to that conversation about the ecosystem a little bit later, but before we leave, talking about HP and its seminal influence on the Valley and its culture. Were there any experiences or occasions that you can remember seeing Bill or Dave in action that really helped kind of crystallize who they were and why HP was so significant for this place?

Martin: Well, not really, honestly, because I only saw them in board meetings in their very, very latter years. But, of course, I talked with just dozens and maybe hundreds of people who had grown up under their leadership, and the ability that they had to infuse their personal value system and to let the people feel like they were in touch with the senior leaders. That gets pretty hard though if you have 150,000 employees. But they did a great job with that, and they did have a very distinct philosophy about excellence and management that obviously made the company enormously successful. You know, there were so many other great companies though. I spent a lot of time personally working with Sun Microsystems, which, talk about a scrappy brawler that came up against all odds. That was a lot of fun, and they used technological innovation and caught a good market segment, and really did a great job.

Hancock: Any moments there, a story that you could kind of help us understand what your relationship was working with Scott or others at the time with--

Martin: Well, ah, gosh. One of our first deals that we did for them was when they sold 20 percent of the company to AT&T. But the way the price was set would be very favorable. There was some initial amount up front for five percent, or something like that, or two percent. And then the company would put stock to AT&T at a price, and the way the price was negotiated was that it would be the average of the last 30 days. So one of the funny things about that was that there was so much volatility in the market and the stock that the stock would be at 30 and then <laughs> it would go to 18 overnight. I mean that's just the way these things happened <laughs>.

And so this 30-day deal actually turned out to be great for Sun and not so good for AT&T, because Sun would go, "Hm, we're making our put today." So we <laughs> got one day of 18 and 29 days of 30. So you get this very high price, and it turned out that we had a lot of fun negotiating that. It turned out well, and of course Sun did well and AT&T did fine and they were giant. That was fun. I always got kind of a big kick out of that the way it worked. But I just loved the fighting spirit. There's almost no time you ever spent with Scott McNealy that you didn't see the <laughs> fighting spirit.

Hancock: That's great. We've talked about some of the great deals that you led, and you've also along the way talked about these bake-offs that happened. And there were deals that went the other way or deals that even didn't materialize. I think Pixar might be an example of that. Could you, because for those who are looking at the business and trying to understand that not everything always turns out perfectly, do you want to talk about that or any other example?

Martin: Yeah, well, sure. I can think of a bunch of them. Pixar was one. Steve asked us to look at that for him, and so *Toy Story* was in production. But it was coming out in about three months or four months or something like that. And I remember we went over there with Steve and he and I sat in a little theater and John Lasseter came in. They had all the storyboards, and then we saw a bunch of the things that had been filmed. It looked great but, I mean, who knows, right? And Steve's position was he wanted to go public before the film was released.

Hancock: Oh, really?

Martin: I said, "Steve, I don't think that makes sense." And he says, "Well, look. It's so evident that this is going to be successful, that we want to go beforehand." And we're going, like, "Well, it would be more evident to us if we went after the release and investors could look at the results," <laughs> which is, I think, a pretty reasonable position. But we also had a research analyst at the time- this was not technology. He was an entertainment analyst who really didn't think that the hits driven movie business was well suited to the public markets. You had one and then the next one wouldn't come out for two years. So you're saying, "Well, what's going to happen for two years here?" But nonetheless, it turned out in the end that we just said, "Steve, we can't do it. We don't have the internal support and the plan doesn't fit us." And he said—you know, Steve was great—he said, "Fine, I respect that." He went with, I think it was Robertson Stephens. I'm not sure. But we ended up doing a lot of work with Steve afterwards at Apple. That's why I said he was very fair. He knew we tried. He knew that we had given it our best shot. He knew that we were thinking, and even though it wasn't what he wanted, he recognized that it was not just some crazy position on our part. In the end it really didn't affect our relationship with him in all the other ways.

But, of course, we didn't get to do that great deal as it turned out, but there were so many others. I remember that we had solicited SanDisk. Eli Harari. I loved Eli Harari. I just thought he was great, and we ended up not winning the mandate and had to co-manage that deal behind Morgan Stanley and kind of eat dirt.

Hancock: Ooh.

Martin: And I don't think they went out of their way to make life easy for us. But what I'm very proud of is that we ended up doing many, many additional transactions for SanDisk over a long period of years. The decision to swallow our pride and not to just go off in a huff, turned out to have been a great decision economically. And the ability to have a relationship with such a great group of people and company was terrific. And we did the great lion's share of everything they did thereafter.

Hancock: Hm. One journalist wrote about what he described as a star system that was going on, that it was really built around these incredible people and then the teams that were around. You were here, Frank Quattrone was another, and there were others, and one characterization said, "Eff Martin of Goldman Sachs was quieter and more understated, a warm smile and conveyed a polished and polite demeanor. If Frank Quattrone came across as Wild West, Martin was more established East." <laughs>

Martin: Well, I would actually maybe take a little bit of exception. You know, it's natural that the leaders of certain efforts are going to get a lot of focus on it, but we went to considerable effort not to make me or anybody else at Goldman the star, because that's inherently a bad business model. It's just not our culture. What we emphasized over and over and over again is not this one person, but this team of which we said, "Everybody on this team's a star," and we endeavored to make it that way. It is true that Goldman eschewed some of the dramatics and the sort of fireworks and things like that, and we always did less entertaining. Not no entertaining, but less entertaining than others. Our approach has always been that, "We're just going to do the very best job for you," and sometimes that sold well, sometimes it didn't. But we found that over the long term it sold really well, and that's what we really tried to emphasize.

One of my actual greatest satisfactions came when I left a voicemail for the whole technology group the day I left Goldman, and I said that I was very proud that every major relationship was in better condition as I was leaving—after a period of transition—than it had ever been in. And, again, I think it's the mark of good business, good people, good firms, not that you leave and you're the star and it falls apart, but that it gets better and better because you did your part in building the right foundation, and that's just the way Goldman Sachs thinks.

Hancock: It says so much about the firm and about you. I'd like to ask you about, just to have a better sense of the unique kind of value proposition. And also that culture. It's not easy when you have to build that kind of a culture that sustains over time. How do you explain what was sort of the recipe for Goldman having that in its DNA?

Martin: Well, I think part of it, it just started that way. This is Goldman Sachs' 150th year, and we just celebrated the kickoff of it back in New York. The firm grew up with, as I mentioned, German-Jewish families that were together, and there was always a sense that, "This is a family." And maybe we were a little patriarchal in the early days, but there was a sense that, "We're in this together. We're going to take care of the employees." The Sachs family stayed in the business longer than the Goldmans, but the feeling was that, "Our names are on the door." There was, again, this inherent culture that started in the beginning and continued to be cultivated.

The second thing was, though, that this was one of the longest-lasting partnerships, where economically everyone's fate was tied together. So in a year that investment banking did terribly and fixed income did great, I made the same amount of money as vice versa. Therefore there was this big incentive to help other people, whether it's in your division or another division, and it brought together a collegiality that was spawned by economic interests. Even after Goldman Sachs went public, there is within the firm still a partnership where some of the economic rewards are shared on the basis of percentages in partnership that is preserving this culture.

Hancock: As you reflect on your-- is it 22 years?

Martin: Twenty-two.

Hancock: You've talked about some of the things that you felt were most significant in terms of your impact and that you were grateful to be a part of, the culture, the relationships. Is there anything else that you would add as you look back at that chapter in your life?

Martin: Well, of course, being at Goldman Sachs, one of the great firms, gave me a platform, and so I got to work with pretty much everybody, or at least know them, or have some interaction with every major figure in West Coast technology and beyond. That wouldn't have happened if it were Eff Martin on his own, and so I am really grateful for that opportunity. We never did a lot of business with Larry Ellison, but I had a lot of fun with him and he's a good friend. And one of the riches of my experience is that I got to know somebody like Larry. It was awesome, and so that's just one of those things that happens.

The other thing though is that I got to know so many great people at Goldman Sachs. We went back to this retired partners dinner last December, and there were 350 retired partners there from all over the world. Honestly, they almost couldn't organize the dinner, because all anybody wanted to do was just talk to each other, and where do you ever go where there's 250 people that you want to spend an hour with? <laughs> That is a remarkable, remarkable experience that I got to have, and actually it remains one of the strengths of the firm. And they're really smart. They do a lot to try to keep this alumni network together and then in touch with the firm. But seeing those people, that's just the greatest thing.

Hancock: Thank you for sharing that perspective. I'd like to kind of ask your opinion about Silicon Valley. You came in early years when you arrived at Stanford, when it was still in its very young years, and you've been not only an observer but a keen person who's helped support and enable its growth and who is, you know, at the center. So many people come to the museum, come to Silicon Valley and ask, you know, "What's the secret sauce of this place? What enables it to create and recreate its leading edge?" What would you say to people who ask that kind of question?

Martin: Well, I think I would just reference your earlier term on the ecosystem. One of the things that we've got here is that we've got all of the ingredients in place. The great educational institutions. We've got a robust legal community, a robust banking community, still the leading venture capital community. And now, maybe more important than anything else, we have a history where young entrepreneurs can see dozens and hundreds and even thousands of stories of people who succeeded. As I said, when I came out of business school, no one said, "Well, I think I'll go start a company." Today that's a huge segment of the population, and that's based upon being able to watch this shared history.

And then, of course, with that success there are a number of entrepreneurs, venture capitalists, investors, who have participated in this, and so they're there for these young people. One of the lessons that I always say that I learned is that young people can do anything. It was evident even when we started the firm that I'm associated with that we helped found, Anthos Capital. We put two guys in business who were 30 years old, coming directly out of Stanford Business School, when everybody told us we were crazy. Because "they're 30, they haven't done anything," et cetera, et cetera. We said, "No, no. We worked with them at Goldman. We know how good they are," and so we helped them for a while with a little age and gravitas and now they're doing great. They're better investors than I am by far. It's just that they might not have gotten started if they were in an area of the country where people just didn't buy into the "young people can do things" mentality.

Hancock: Well, let's talk about Anthos. So you had your final day at Goldman. You made the phone call. Were there any other parts that you want to mention about you ending your— you made your decision to end, and then--

Martin: Well, I retired as a partner in November of 2002. Then I stayed as an advisory director and worked on quite a bit of stuff through 2005. But at that time it was become clear that the transitions were really in place, and that was good. I didn't want to get in the way of the young guys totally establishing themselves. And then, second of all, I was ready to do something else. The one piece of advice I'd gotten was, "Don't make any quick decisions," and truthfully, I was tired. I mean, <laughs> Goldman Sachs was fabulous and a wonderful, wonderful career, but it was demanding. I actually think that I made over 500 separate trips to New York from the Bay area, 250 of which were on red eyes. <laughs> I used to get on the red eye, God, it seemed like every two weeks, with Tony Sun, who was at Venrock. Because Tony was the West Coast guy, and he was going back frequently. I'd get on the plane and see him and say, <laughs> "Oh, no. Not you again," and so it was really funny. But I took some time then to actually just decompress. And one of the things I learned was it's a big world and it's bigger than business, it's bigger than Silicon Valley. I started doing more and more in the philanthropic area and with our Christian community as I had more time. And then it was not until 2007 that we actually put together Anthos. It was a couple of years between leaving Goldman and starting Anthos.

Hancock: And what was the vision for Anthos? You'd been a seasoned investor, and this was something new that you started with people, alumni that you brought with you.

Martin: Well, truthfully, I was not a seasoned investor. I was a seasoned investment banker.

Hancock: Oh, oh.

Martin: But that's more the sell side than the buy side. I had very little experience putting my own money to work and/or somebody else's money that I'm responsible for, at least directly. That was one of the things that really attracted me, because it gave me a chance to stay involved with some people that I really, really admired. My friend Tom Healey from New York, and Gavyn Davies, who'd been our senior economist in London, and then Bryan Kelly and Paul Farr, who are now the managing directors of Anthos. It was fun, the five of us going to work together and starting it. I think Gavyn and Tom had done a little bit more principal investing than I had, but the thrill of the chase was there, and it was fun to learn new things.

Hancock: So can you give just some sense of the scale of the initial fund as you started and some of those early deals that Anthos pursued?

Martin: Well, we started with a $30 million fund, and we closed it down after about 22, because we were starting a second fund and we hadn't gotten much back yet. The next fund was $70 million, and in that fund we brought in some other investors. But still the three of us were the major participants. Then the first fund started to have some payoffs that had done well and the second fund was looking promising. We raised a third fund then, which was $300 million, and that brought in the pension funds and major investment arms, and not only family offices but other investment counselors and things like that to get to that size. And sure, we've had setbacks, but they've done really well overall. The firm moved from Menlo Park down to Santa Monica, and we've got 17 or 18 people there in Santa Monica and then still Tom, Gavyn and me. When we were really, really small, we used to say grandly that we had offices in London, New York and San Francisco, because that's where <laughs> Gavyn, Tom and I lived, but now we can even include Los Angeles, so...

Hancock: <laughs> So we were talking about Silicon Valley and your kind of perspectives, not only strengths, but perhaps some of the challenges. I'd like to hear your perspective on some of the challenges some people have raised questions about, talent flow or about ethics or about reinvention and new technologies. What are the kind of challenges that you see on the horizon for this place?

Martin: Well, I'm going to start with the easier ones, and these aren't easy. I actually think that the infrastructure challenge is huge. I mean, this traffic is crazy, and we really, really need some solutions to that and people working toward it. There are some people doing it, but by and large the political will to really put in a mass transportation system or to do other things is lacking, and so I actually feel like we're at the point where people are just going to say, “No más,” that it’s not worth it. And what will inevitably happen is more companies will get started outside of Silicon Valley or get started here and then move, et cetera. I think that’s a really big challenge.

I think there’s also an important social challenge. When I started, technology people were not really the “haves.” We were the scrappy little people trying to find something to do and build a life. Now it’s the biggest business in the world, and there really is a great social divide where there are problems of driving people out of their houses by running prices up. These are not any one individual’s doing but are part of the system. I really love to see that Microsoft committed $500 million for housing, and Facebook and Salesforce and so many others have gotten involved in the community to try to address these issues. But I think everybody’s got to be involved with those or else the system will crumble on itself.

And finally, I think there’s a really, really important personal challenge that every single person here has to address, and that is keeping success and the desire for success in perspective and not letting it become the major element of your life. I remember in the internet boom when things really took off, around 2000. The head of our investment banking group was out and I was taking him around to meet people, and he said to me, “You know, Silicon Valley is now known as the greed capital of the world,” and I thought to myself, “This guy from Wall Street is telling me <laughs> we’re the greed capital of the world?”

But he wasn’t making just some wild assertion. It was really true, and I think that internet bubble and the excesses there showed that there were some bad judgments being made. I talk to so many people that are so wrapped up now in the thrill of it, the hope for glory and success and power and money and influence, that that is the goal of their life. And it becomes all-encompassing in the 22 1/2-hour workdays and all of these things. I hope, though, that we can find within our people and teach our people a greater purpose in life. There is more to life than making money and winning at business and things like that, and so I think we’ve got to see some greater value system than just what I have, what I’ve accomplished and what other people say about me.

That is one of the things I’m doing now is I’m teaching a course at Santa Clara University with my friend Chip Adams, which he has really designed. But it’s called Conscientious Capitalism, and it teaches not only a value system for building good companies, but also that there’s a major leadership development component. We say that in order to be a good leader you have to be a good person first. In order to lead others, you have to lead yourself first. I’d really hoped that, more broadly, we as a technology community and Silicon Valley community could tackle the value issue in addition to everything else.

Hancock: It’s so important, and maybe not enough people are focused, focusing their energy. What else, in addition to teaching, what else do you think can be done to tackle that value issue?

Martin: Well, of course, I think we can take our own advice and try to live it ourselves and be models to people. I think it’s important that the people who set the ideas and tone of Silicon Valley reflect that. One thing that I hear a lot is that Silicon Valley companies are all greedy and don’t do much philanthropically, and I don’t actually think that’s right at all. It might’ve been true back in the early days, but it’s not true now. I would just encourage that everybody get on that bandwagon, both corporately and then individually, and I would say that Silicon Valley has sustained itself thus far because enough people have done it. But we're getting bigger, the rewards are greater, the temptations are greater. It breaks my heart to see someone misled like apparently was the case in Theranos. And I think that we've all got to step up and just not let the desire for success so permeate our young people that they lose their way.

Hancock: This is really at the heart of the mission of the Computer History Museum, to not only preserve the legacy but to help turn it to both inform and inspire the next generation. Do you have any advice for what a museum as a cultural institution might do to help that next generation?

Martin: Well, I think you're keeping the memory alive. That's one thing, and a very, very great thing. I actually think that museums have a pretty unique ability to cross all the lines of companies and bring together resources and memories, and then to reach out and ask people to come in and see them. I mean, we've seen that for centuries with art museums. One of the things that I hope the Computer History Museum will do is not only emphasize the technology, but the values and the quality of the people. There have been some fabulous, fabulous people as human beings that have also been tremendous successes in the Silicon Valley and in computer history.

Hancock: Thank you. Well, that's our mandate, and we'll continue on that. I'd like to ask you about other parts of your life, because your professional success has been, and your professional work and impact, has been significant. There are other parts that are very important to you, your philanthropic work, your community service, your faith, you've mentioned. Can you describe some of those areas that are important to you and what you're working on?

Martin: Sure. Well, the biggest area of emphasis in my life and my wife's life now is basically to try to develop our own faith, and then also help others develop their Christian faith. We've been involved in a general process of Christianity called spiritual formation, which the best definition I've heard of, "It is the process of being conformed to the image of Christ for the sake of others." It's a more intentional way of trying to dedicate oneself to become more like Jesus through his power, but also emulating the way he lived, and then applying that for the benefit of all, not just to make me feel like I'm better. We do quite a bit of teaching. We founded several educational institutes to try to promote the intellectual background and underpinnings of spiritual formation through a man named Dallas Willard. And one of the great things I have a lot of fun with is I get to meet with a number of groups of young businesspeople on a pretty routine basis and either study books that we're getting together or from time to time give talks, et cetera. So that's really a great, great passion of ours.

But whether people are interested in Christianity right now or not, everybody needs help, and so we're also just trying to do what we can to help educational opportunities. We've been involved with Garfield School, which is a K-to-8 school in Redwood City. It sits about 250 yards north of the border of Atherton. Over 90 percent of its people are below the poverty line, primarily Hispanic, and it just strikes me as unimaginable that 250 yards away from the wealthiest enclave pretty much anywhere is a school that doesn't even have portable computers or iPads or technology or support services for this community of really important human beings that are our future. So, we're trying to work with the Boys & Girls Club and with Garfield School directly. I'll just put in a plug. Garfield School and the Boys & Girls Club of the Peninsula are two of the finest institutions I've ever seen with great leadership <laughs>. But many people in Silicon Valley are supporting things like that and it's really worthwhile to try to make life better and actually to hold our society together.

Hancock: It's a countervailing force to what we were talking about, this increasing divide, and I appreciate you talking about what you and your wife are doing. I see you've been involved also in the arts and cultural world and music as well. Do you want to say anything about that?

Martin: Sure. I had the privilege of joining the board of the San Francisco Symphony when I was the Goldman partner in San Francisco, and that was really fun. One of the most ably-led nonprofit institutions I've ever seen. Nancy Bechtel and John Goldman and now Sako Fisher, it is a spectacular group of people, and they have done a lot of wonderful work. I am not musically talented myself. That was not part of my background, but I love music. One of the things that we then drifted into is chamber music, and we got involved with a chamber music festival called Music at Menlo, which is now in its 17th year. It's led by David Finckel and Wu Han, husband and wife, who also run the Chamber Music Society in Lincoln Center and are pretty much at the pinnacle of the chamber music world. That has been so wonderful for us because chamber music is a more personal experience. You're right up close and involved. But to go back to Silicon Valley, our chairman, and one of the great people who've supported this, is Ann Bowers, who is Bob Noyce's widow. She is a fantastic force for good in our community and has been such a great sponsor. Her particular interest is in the young students that are being trained, not just the concerts for everybody to come and amuse themselves at, and she has been such a force for good in helping young students be trained in their life and in their musical careers.

Hancock: I'm a personal recipient of that. I'm a regular at Music in Menlo. My husband actually leads a parallel life as a musician.

Martin: Oh, great.

Hancock: Has his own trio. <laughs> We could talk about that separately—

Martin: What does he play? What instrument?

Hancock: He's a pianist.

Martin: Oh, great.

Hancock: But he also heads up a nonprofit here in the Valley that works on things like transportation. We can talk about those things later.

Martin: Great.

Hancock: But just as we come to the close of our time I want to thank you so much and ask— I know that you have a family and generations of family. As you think back about your own life and the impact that it's had, this is an opportunity maybe to share for your family and also for other, you know, the next generation of people that will be following you, what are the things that have brought you the most meaning in the way that you measure your life, both professionally and personally?

Martin: Well, gratitude is pretty high up there as I think back on the way I've been blessed and the people that I've been able to be associated with. I recently had a major health issue and I'm very grateful to be here <laughs> talking with you today. So I've just been the beneficiary of wonderful business people, wonderful friends, a great family, wonderful people at Stanford Hospital, and so that is one thing. And I think gratitude is one of the most important characteristics that we can cultivate to have a satisfying life and to see life in that perspective. And then I'm also a believer— one of the great lessons I learned was that no matter what you lost, no matter how bad things went, to never give up and to just keep going back again and again with your best shot. Failure is so ephemeral and failure is really not what it appears to be, and learning that was one of the great lessons of my life. Because there's going to be a lot of failures in life and a lot of things that are very difficult to deal with. But I appreciate the chance to have seen that if one just has tenacity and persists, that good things can happen.

Hancock: That leads us to earlier today, I did ask you about your one word of advice that you might give. You chose tenacity. Is there a story or an example that would help bring this to life as a principle for somebody else to emulate?

Martin: Well, I would say that hopefully this whole record is going to talk a little bit about not giving up in the face of not having the platform initially to get chosen for the Linear Technology IPO, but staying with it and building relationships with other companies and ultimately building a business that succeeded overall. I would say that if you look at some of our biggest clients— Sun Microsystems, we did not do their IPO. We became their lead banker primarily. The same was true with so many others. We didn't start with Apple, but that's one of our great clients. We certainly didn't start with Cisco. We've had a very, very fine relationship with them, and so I just saw that repeatedly professionally. But I've also seen that every life, every family, has its ups and downs, and just staying together and the value of not giving up on each other and holding on, is one of the great lessons I've had the privilege of learning. If I can pass that on to our kids I'll be very grateful. And speaking of grateful, if I'd had another word, if you'd given me two words, the other one would've been gratitude, which I just talked about.

Hancock: Well, thank you so much, Eff Martin. On behalf of the Computer History Museum, I want to thank you. It's been a great privilege and a pleasure to spend time with you, to have you say in your own words, to take us on a journey of your remarkable life and its impact for us here. So thank you very much.

Martin: Well, thank you. It's been an honor to be here.

Hancock: Thanks.

END OF THE INTERVIEW

