

A TRAITOR TO HIS CLASS

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ROBERT A.G. MONKS AND THE BATTLE
TO CHANGE CORPORATE AMERICA

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*For Mom and Dad
Sol and Ruth Rosenberg*

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Introduction

The chief executive officer of Stone & Webster, the old-line engineering firm, had just finished the annual exercise of touting the year's accomplishments to a packed shareholders' meeting in a Wilmington, Delaware, hotel ballroom. When he finally opened the floor to comments, a man in the back raised his hand and was called on. Dressed in a dark suit and conservative tie, hair neatly combed back, he appeared to be just another in the legions of investment managers doing his fiduciary duty by attending yet another annual meeting. The man stood up and took a microphone that had been handed him. And when those in the ballroom recognized him, they fell into a respectful silence.

"Listening to the president," he began in a steady voice. "I kept wondering, when is he going to commit this company to create value for shareholders? A day late and a dollar short? No. A year late and \$60 million short. Please, Mr. CEO, make yourself accountable. When are you going to achieve these things?"

He approached the front of the room to direct questions to the three nominees to the board who were seated in the first few rows. As he came nearer, his six-foot-six frame loomed menacingly. The chairman of the board, eyebrows raised, stopped him by thrusting out his hand, and then, pointing to a microphone stand in the middle aisle, said, "I don't think we'll be sharing the podium with you. I am the chairman of this meeting, and I am going to control it. Why don't you stand back there before we get too close together?"

Somehow, this interloper talked the chairman into letting him stand at the front, but all the way to the left of the crowd, without a microphone. But he did not need one. His resonant voice carried to the back of the hall.

Still, as he usually does, the man in the dark suit got a bit too close for comfort that sunny day in May 1995. Although he did not share the podium, he, or more exactly his investment fund, the Lens fund, managed

to win 36 percent of all votes cast for a proxy resolution to hire an investment bank to study the idea of selling part or all of the underperforming company—an impressive result for a shareholder-sponsored resolution.

That tall man in his mid 60s does not fit most people's stereotype of a social activist. But then again, most people have not met Robert A.G. Monks. Born into privilege—a New England family whose fortune stretches back more than three generations—including greatly multiplying his wealth through shrewd investing as a young man, he could have worked little and lived in luxury. Instead, he chose to use his wealth and social position to wage a guerrilla war on big business. The goal: nothing less than to make corporate America answerable both to its owners and, in accomplishing that, to society at large.

Both the goal and the tactics he employs to attain it are controversial. Critics have branded Monks a publicity-seeking gadfly who has hurt corporations by hounding managements or encouraging big investors to rally behind hostile takeovers. Many people have misread Monks' campaign as merely an effort to make a quick buck for big investors by urging companies to take such drastic actions as laying off thousands of employees or divesting businesses in one fell swoop. But, after years of work in business, investments, and politics—including three runs for the U.S. Senate—Monks has developed a leather skin that wears surprisingly well under constant disparagement of his work. Besides, he has found vast encouragement in the change that he and his disciples have helped bring about at U.S. corporations and in the shareholder activist movement's progress abroad—not to mention the kudos he has won from many admirers. Today, institutional investors in the United States, including pension funds, own almost 50 percent of corporate America's equities, and due in great part to Monks' efforts, many of the largest public pension funds and investment managers have learned how to flex their muscles and throw a mean punch as share-owners of corporations. There are now many instances of big shareholders driving change at troubled or mediocre companies, and in more than a few cases driving the CEOs out. What is more, corporate managements and boards of directors are increasingly attentive to their shareholders' wants and needs—which include having boards that are independent from management and are therefore trustworthy monitors of management.

Missionaries can be found in every field of endeavor from charitable works to science to politics. In the business world, a person with a mission might be a CEO who strives for his or her company's continued prosperity

or an investor building a track record and a fortune or a labor leader out to improve the lot of workers. Business world activist Monks has a broad agenda that he and his longtime partner Nell Minow have tried to communicate in the books and articles they have written: They would like their efforts to help cure some of the ills of society. What Monks is trying to do is to make the point—one case at a time—that companies need to be accountable to someone and that someone must be its shareholders. Since increasingly those shareholders are big institutional investors such as pension funds and mutual funds that represent millions of citizens with long-term goals, accountability to owners becomes, in his view, the same thing as accountability to society. Once institutional investors learn that they have to serve their constituency as the major owners of U.S. businesses, Monks reasons, they will have to demand that those businesses do more than make money; they also must, for example, maintain a clean environment and good working conditions for their employees around the world. “In the same way my owners are going to require the board to maximize profits, they are also going to hold them to other standards,” Monks says. Those other standards may be nonprofit oriented, but they will be essential to the shareholders.

Certainly, Monks has not been the sole patriarch of shareholder activism and corporate governance in the United States. He himself gives great credit to the late Jesse Unruh, the former California Treasurer, corporate adviser Ira Millstein, former California pension fund chief Dale Hanson, and money manager Dean LeBaron, among others. But, he also does not hesitate to give himself a great portion of credit as a leader in the field. And some prominent figures in the investment community name him as the most influential figure of the movement. John Wilcox, chairman of the New York proxy solicitation firm Georgeson & Co., who has worked both for and against Monks in a number of shareholder campaigns challenging corporate managements, unabashedly calls him “a Jesus Christ of the activism movement—a kind of messiah.” Richard Schlefer, investment officer at the nation’s largest pension fund, the Teachers Insurance and Annuity Association—College Retirement Equities Fund, says that Monks is “Number 1” in corporate governance and that “without him, there wouldn’t be the kind of corporate governance activity, particularly by institutions, that we have today.” Richard Koppes, general counsel of the California Public Employee Retirement System in the 1980s, remarks: “I really view him as the grandfather of the movement. He was out there long before Dale and I.” Al Sommer, a former commissioner of the Securities and

Exchange Commission (SEC), declares, “If I had to choose one person who’s had singular impact, I’d have to say Bob Monks. He’s been a crusader, a burr under the saddle of corporate management, a maverick.” Finally, Anne Hanson, deputy director of the 110-member Council of Institutional Investors, says, “It is his name that pops up first when you think of the founders of the shareholder activist movement.”

Monks is one of the few if not the only leader in this movement who both helped lay the groundwork for its development and has stayed with it to prod its momentum over the years. For the past 15 years, he has devoted nearly all his energies to the mission of improving corporate governance in this country. And before that he spent several years thinking deeply on the subject. He read the works of those who have pondered the modern corporation and its role in society, including Louis Brandeis, Frederick Hayek, James Willard Hurst, and Adolphe Berle and Gardiner Means, who first recognized that the dispersion of small shareholders in modern corporations separated ownership from control, which by default went to management. At the same time, he wrote long essays and letters to friends to clarify his thoughts and find the best way to approach the problem.

How Monks became so effective a reformer is really the story of a life. Unlike other protagonists in this story, generally institutional investors or corporate attorneys, Monks hails from a varied background as a businessman, venture capitalist, corporate lawyer, politician, and regulator. His character is similarly multi-faceted. He is an intellectual with a fascination for history and a highly logical mind. While he is a member of an old-line wealthy family with an appreciation for the power of money, he is also a minister’s son with a need for spirituality and a desire to do some sort of public service. So, to him, the possession of wealth means he can satisfy these cravings: live well and make his mark in public service, as a regulator or entrepreneur working in the interest of bettering corporations. He likes having the security of money in the bank—he says his net worth is in the tens of millions—and he likes the luxuries—two beautiful homes in Maine, a Palm Beach retreat, land, and travel. But, for all his wealth, Monks is not a man of many indulgences. In fact, he prefers an old Jeep to a luxury car, comfortable clothes to spiffy suits, and he is more likely than not to leave a dinner table with a spot on his tie or shirt.

As a businessman, Monks is personable, but calculating, and gets impatient when things do not go his way. He has been known to hold a grudge against those who have stood in his path or not returned favors. As

a negotiator, he can be crafty, annoyingly persistent, or even a bully using threats to get his way. He can use his size to his advantage—just by standing up. Once, he even picked up financier Sanford Weill and threatened to throw him out a window, though apparently in jest. But with friends, he is engaging and inquisitive, telling stories with a talent for pulling apt analogies out of the air, and finishing them with a deep, infectious laugh. His mood is often one of general enthusiasm, and he usually sees any glass as half full rather than half empty. “He’ll walk in here with a big smile: ‘Let’s see what we can do to stir things up!’” says his friend and fellow Mainer William Cohen, who is now the Secretary of Defense. Business associates genuinely like Monks, though some find his tendency to show concern for them hard to believe. “He can make you think more of yourself and your abilities than you ever thought,” says Jamie Heard, who once headed Institutional Shareholder Services, which Monks founded. “Sometimes I feel, ‘He really believes in me, I should believe more in myself.’ Other times I think he’s buttering me up because he wants me to do something for him.”

Earlier corporate gadflies—Louis and John Gilbert and Evelyn Davis are the best known—were outsiders viewed as eccentric. Monks, on the other hand, is an insider in terms of his background, education, wealth, Republican politics, and professional credentials. Says his friend and fellow activist Alan Kahn: “The analogy is Franklin Delano Roosevelt. He was an American patrician, born to wealth, who by all reason should have been conservative, Republican, a protector of property rights, whereas all the liberals were looked on as radical fringe, quasi nuts. He became the champion for the liberal cause. Bob Monks has become the champion for corporate establishment to make change.” Others, too, refer to Roosevelt. In recalling her distinct impression of the controversy that surrounded Monks during his 1991 campaign for a seat on the board of Sears, Roebuck & Co., Olena Berg, who recently left her position as pensions regulator at the Department of Labor, says, “The reaction in Sears days reminded me of Roosevelt. The personal antipathy. Roosevelt’s former classmates from prep school treated him almost like a traitor. To the chieftains of the corporate community, Bob is almost a traitor to his class.” Certainly, Monks is no FDR and would not pretend to be. But there is no question that he is a renegade.

Often, he has seemed as much a traitor to his party as to his class. Frequently, for example, he has not voted the Republican ticket. And, dressing down corporate chiefs and boards is hardly on the Republican

platform. “This is really a blue collar issue,” says Cohen, “because you’ve got many individual investors in pension plans, and they have no idea what’s going on with those programs. People have their life’s savings in these. If you had a Democrat doing this, it might resonate more. To go after companies would be typically Democratic. But for a Republican it’s harder to make a case.”

Monks gained notoriety for the Sears effort and other battles he has waged on the public stage. At Sears, he advanced the movement considerably by demonstrating that it was virtually impossible for a shareholder nominee to come onto the board of a large corporation. Furthermore, he showed that the highly publicized efforts of one activist investor could inspire enough support to help restructure a major corporation. Monks is also known for his boldness as the Department of Labor’s pensions administrator in 1984–1985, when he laid the foundation for much of today’s scrutiny of corporations by big investors, by making it the government’s policy that institutional shareholders had a fiduciary duty to behave as owners of corporations.

But what Monks has accomplished as an undercover agent of change has been equally vital to the progress of this movement over the years and, it can be argued, to that of corporate America. For example, he was the one who educated the officials of the California Public Employees Retirement System in the rudiments of shareholder activism and for a few years held their hands as they set out on the path to make Calpers the leading activist institution. For Calpers and others, he wrote many of the first shareholder resolutions demanding changes in corporate governance at major corporations. Moreover, from nothing, Monks built Institutional Shareholder Services, which today handles shareholder voting for hundreds of corporate and government pension funds and represents a deciding factor in many controversial proxy votes at large companies here and abroad. The forays of his Lens fund into such poorly managed corporations as Stone & Webster and Waste Management have set new precedents for shareholder activism.

From the beginning of his effort in governance, Monks habitually mapped out “governance agendas” that he then followed closely. Because he was so familiar with the development of ideas, politics, government, and business, and because he is a master strategist, he knew that certain steps were essential if he and other shareholder activists were to have an impact. What is remarkable is how he kept at it, though the odds were stacked against him. It is but one example of his characteristic tenacity, molded by a competitive

spirit and a lust for achievement. His belief is that with enough effort and enough time, he could do just about anything. Of course, he could not; and he has failed time and again, suffering because his investment of emotion and time had been so great. But his self-confidence is a solid core of his personality, and it allows him to rebound. “I have tender feelings about the man, because I see that he gets hurt with a degree of regularity,” says proxy solicitor Wilcox. “And yet he never gives up. He’s incredibly persistent.”

What have been his agendas? Monks realized early on that the government would have to set policy requiring attention to ownership duties. He personally began that process and helped make sure that others finished it. What is more, he knew that for any idea to blossom into reality, it needed an intellectual foundation; he needed to nurture a new academic discipline for corporate governance complete with new terminology. In the interest of this goal, he and his partners wrote articles and books, participated in forums and conferences, and developed associations with scholars. Later, Monks and Minow would attempt to raise corporate governance to the level of a profession by speaking at numerous universities worldwide and writing a textbook. Then there had to be activist owners—the pension funds and money managers. In Monks’ view, they would emerge not only as a result of government decree but also when they saw value flow from activism. Monks patiently introduced the concept of activism to scores of institutional investors, one at a time, and then demonstrated to them the power they could have and the value they could achieve. From there, he moved abroad, for his methodical reasoning indicated that since multinationals could move anywhere and get their capital from anywhere, governance needed to be a global concept.

If others were working in one area of corporate governance, Monks, often working with Minow, would turn his attention to another where he saw a need. “I saw my role in this evolution as the person who would always be attempting to raise the next critical issue,” he says. “I mean, why run for the board of Sears, Roebuck? You could sit and tell people til you were blue in the face that the election of boards of directors was the equivalent of the election of the Albanian government. And people would chuckle and they would go on to their next course. It didn’t mean a god-damn thing. You finally had to get up and say, ‘I’m a guy who’s been a director of ten public corporations. I’m highly qualified. I legally will file the papers. I have a lot of support from institutional investors. And I can’t get in the front door.’ Only something like that makes it clear.”

To be sure, Monks recognizes the limitations of his efforts—that his goals will never be reached in his lifetime and indeed may be unreachable. But he maintains his zeal for the mission, not unlike a scientist whose life-work may be to uncover something obscure and seemingly miniscule but that may enlarge the possibilities for future exploration. His hope is that as the structure of business and its ownership becomes international, competitive forces will fall much more in line with owners' standards for corporate behavior. At the same time, he recognizes the contributions that need always be made by other forces working for the interests of society, including the government and citizens' groups. "I don't claim exclusivity," he says. "I've got my hand on a piece of the puzzle. And all the pieces have one unifying link, which is, you were not put on earth to be a spectator."

A TRAITOR TO HIS CLASS

1

The Minister's Son

His father felt second-rate in this elite culture. That had an overwhelming driving effect on my father. He was really driven to succeed.

Robert Monks Jr.

It is an afternoon in late October, and a stiff breeze blows in off the Atlantic, but Monks, standing outside in shirtsleeves, seems not to notice. At the age of 65, his powerful frame is still sturdy, his eyes still a cloudless blue, though his black hair has faded mostly to gray and is whitening at the curly edges. As usual, he is slightly stooped, perhaps from explaining his views of the world so earnestly to others (most of whom are much shorter). He walks toward his car, parked outside his shimmering, all-glass home in Maine, a 200-acre forest behind him and before him the vast ocean. Reflecting on the scene, he remarks to a guest, "I've got this beautiful place, a beautiful wife, more than anyone could ask for. What else should I do with my time but think about big important issues?"

To those who argue that the most effective reform comes from inside the system, the career of Robert A. G. Monks serves as illustration. Putting his mark on the world in some way, making changes that affect people's lives—these were the vague goals of Monks as a young student and lawyer. Yet, he would have to evolve into this role. The practice of law was not to be the means to any end for Monks, other than furnishing knowledge and contacts as well as legitimacy that would later prove most useful. It was only the first of many lines of work he would pursue—for the most part with great success—in thrashing about for personal satisfaction. "I am a creature of enthusiasms," he once told me. A restless soul. In time, he found something to do

that both matched his talents and moved his spirit, when he defined a “mission” of improving corporate governance and accountability by prodding shareholders to act as owners.

What helps explain the intensity of Monks’ search and his ultimate inspiration is his upbringing as both a Boston Brahman and a minister’s son. It was an unusual combination, replete with both contradictions and complements. Among other characteristics that emerged from that simmering pot was an overarching sense of history; a deep appreciation for family; and a reverence both for his Yankee heritage and for the work that his forebears put into the accumulation of wealth. Along with his love for the spiritual aspect of life was an equally strong craving for intellectual pursuits. Moreover, he always possessed almost an instinctive drive to make himself useful to the world. Indeed, his intellectual capacity gave him an unusual degree of confidence—often overconfidence—that he could make momentous changes.

Robert Augustus Gardner Monks was born in Boston, on December 4, 1933, the fourth of five children (the first died from a birth defect when only a few days old). He got his first name from his mother’s older brother Robert Treat Knowles, an oil field wildcatter, and his father’s uncle, Robert Monks, an impressionist painter. His two middle names come from his grandmother’s cousin, Augustus Peabody Gardner, the only member of Congress—Monks likes to recount—to die in World War I. In a strange coincidence, Gardner had run against and defeated James Shaw, whose great granddaughter, Millicent Sprague, eventually married Bob Monks.

The Gardners were a great family of Boston that had moved to New England before the Revolution, in 1624. George Augustus Gardner, Monks’ great-grandfather, came into a large inheritance from his ancestors, who had been involved in the East India trade. He himself went into real estate in Boston and became known as a tough bargainer, even when haggling with peddlars. But he was also a generous man. Many have described his great grandson in similarly contradictory terms. There is a story about a 84-year-old George Augustus going to visit legendary Boston Mayor James Michael Curley in 1913, to whom he said, “Mr. Curley, I think this winter is likely to be a difficult one so far as the economic picture is concerned, and I would like to give you \$10,000 to be used by the city to give work to the unemployed on some project of civic improvement.” He told the mayor that he would make the donation under the pseudonym “Mr. Smith,” as he did not want to reveal himself as the benefactor. However, Mayor Curley

did unveil the true donor in 1914 at a ceremony opening Gardner Way in South Boston, and Gardner was cheered by the 20,000 spectators for 15 minutes.¹ Immensely wealthy for his time, Gardner had three homes: in Boston, at Monument Beach on Cape Cod, and on the family-owned Roque Island off the northern coast of Maine. One of his brothers was married to Isabella Stewart Gardner, known in the Monks clan as Aunt Belle, an eccentric, headstrong woman who became one of this country's great patrons of the arts, establishing Boston's Isabella Stewart Gardner Museum.

George Augustus and his wife, Eliza Endicott Peabody, were actually blood relatives. Both of them were grandchildren of Joseph Peabody, another great New England family name. Peabody fought at sea in the Revolutionary War, and after the war headed a large fleet of merchant ships, becoming one of the foremost merchant traders of the time. He made much of his fortune by commandeering British merchant ships, towing them back to an American port, and selling their stock, a practice that was well within the law at the time. The Peabody name turns up all over Massachusetts, for example, in the Peabody Museum in Salem and the town of Peabody itself. Joseph also established roots in Maine, around 1800 acquiring a small group of islands off the coast, one of which, Roque Island, remains in the Monks/Gardner family and is used as a retreat by many of the 100 or so family descendants.² It continues to be one of Monks' favorite places on earth, where, he says, his "soul resides."

The oldest of George and Eliza's seven children, George Peabody Gardner, distinguished himself as one of the early directors of the General Electric Company—from 1895, its third year, to 1938. His son George Jr. served as a GE director for 20 years after that. Collectively, the Gardner family was at one time the largest holder of GE stock. Indeed, Bob Monks inherited a great deal of it and held it for many years.³

Bob's grandmother was George and Eliza Gardner's youngest child, Olga, who married George Howard Monks, a physician. The Monks family had arrived in America much more recently than the Gardners. Around 1820, Bob's great-grandfather, Irish immigrant John Patrick Monks, started a lumber business in Hampden, Maine. Later he moved the principal business to Boston, where it thrived. He even earned mention in an 1851 tome entitled, "The Rich Men of Massachusetts," a sort of Forbes 400 of its time, and is credited with having accumulated \$200,000—a fortune much smaller than that of the Gardners and Peabodys, who had amassed their wealth over multiple generations.⁴

Olga Monks was known as an energetic and charitable woman in the Boston community, and her reputation endured long after her death in 1944. One day in the fall of 1958, when Bob had just started practicing law, he saw Mayor Curley at a restaurant having lunch. Bob approached the octogenarian and introduced himself. Curley recognized the Monks name at once. "You must be Olga Monks' grandson," he said. "You know, when we put parking meters in the Back Bay, there was no meter in front of her house. I believe there are some people who should enjoy the freedom of the city forever."

Her son, and Bob's father, George Gardner Monks—who went by the name Gardner because so many of his contemporary relations were George—was an extraordinarily bright man. Since childhood, he had an unusually strong affection for poetry, and in grade school chose to memorize and recite poems that were much longer than those assigned to the class as a whole. As an adult, he often quoted poetry and hymns in casual conversation, and even at the age of 80 he could still recite all 2,000 lines of Thomas Macaulay's lyric poem *The Lays of Ancient Rome*. He was also fascinated with puzzles of all kinds, and as he grew older, became obsessed with crossword puzzles. He had the ability to complete an entire Sunday crossword from the Across clues alone.

Gardner Monks studied engineering at Harvard. But, his work as a volunteer in a church program for teenage boys convinced him to become a minister in the Episcopal order in which he was raised. "I was certainly one of those to whom much had been given. I accepted not grudgingly but gladly that of me much ought to be required. I could try to fulfill this responsibility through my work as an engineer," he once wrote. "But somehow mental and spiritual contributions seemed more basic and fundamental, issues of the spirit more urgent and crucial. The overwhelming impulse was to be of maximum service."⁵ Perhaps because he was a mathematician as well as a spiritualist at heart, he later referred to religion as "the best bet he knew" for his own life. He married Katharine Knowles, a compassionate, voluble woman from a long line of Mainers. While she bore three boys and two girls, she was not a particularly hands-on mother, preferring to have household servants deal with the children. Instead, she put much of her energy into fulfilling the obligations of a minister's wife.

In his son's view, Gardner Monks was not a happy man. One reason he went into the clergy, believes his son, was to avoid the social obligations of his well-stationed family. "My father was not a people person," Bob says. "It

was a very serious problem for a clergyman.” Gardner openly admitted his preference for one-on-one contacts and long stretches of solitude over participation in groups. Yet, as a cleric he did well. In 1927, Gardner Monks took charge of a newly established Episcopal boys’ high school in Lenox, Massachusetts, The Lenox School, where the students were responsible for running most of the basic functions. (It had a staff of three: a chef, a doctor, and an engineer for the boiler.) In 1948, after leaving the school to another cleric, the senior Monks moved to Washington as a canon in the Washington Cathedral, the home church for the presiding bishop of the Episcopal Church, and for a while also served as acting dean. While, in keeping with his reserved character, he appointed someone else to handle the ceremonial responsibilities of the cathedral, he periodically delivered sermons to crowds of thousands. Indeed, at one point he taught homiletics at the Episcopal Theological School, though his own sermons lacked the passion and drama of the most effective preachers. But his main charge as a canon was directing the work of finishing the cathedral, a project that, given his abiding interest in engineering, he loved. Later, he became more and more involved, particularly with his son Bob, in what became a great avocation: investing.

As a boy, Bob Monks looked to his father for attention and approval. And, in time he won both. For one thing, he developed a sense of humor that could break his father’s severity, easing the son out of many a potentially tough scrape. Moreover, the young Monks showed an intellectual capacity that matched that of his bookish father. The two regularly engaged in arguments at the dinner table over such questions as, “What is the highest mountain in the state?” Once excused from the table, Bob would run to an atlas to find the answer. Monks also had a predilection for memorizing something to recite to his family. One year it was parts of the encyclopedia; other times it was baseball statistics. “He was fascinated by learning,” observes his older brother George. “He was motivated by an internal drive to succeed, a bug that was inside him.”

Like his father, Monks is contemplative and more comfortable one on one than in large groups of people. But, having inherited his mother’s loquaciousness, he is much more at home among people than his father was. Perhaps most elemental to his success is that, like his father and his grandfathers, both of whom were doctors, Monks has a clear sense of duty. Not to God, in particular. In fact, the Monks children were turned off to religion by the weekly march to church and by inconsistencies they perceived in the behavior of the day’s leaders of Christian institutions. But there is no doubt

that Monks' sense of obligation came partly from daily exposure to religion and a religious school. The motto of the Lenox School was *non ministrari, sed ministrare*, "not to be ministered unto, but to minister."

It is also an aristocratic tradition to give something back to society, and both Bob and his father were undoubtedly shaped by their heritage. Over time, however, Bob grew cynical, indeed angry, about this image accorded the patrician class. What most disgusted him was that members of wealthy Boston families—including his own—were handed privileged positions in public service on account of their social standing, but then often they did not carry the weight of their jobs. He suffered a disillusionment as a young man. One of his uncles, for example, was president of The Children's Hospital, and was the third generation in his family to hold that title. But Monks found out that this uncle spent a good deal of his time arranging for a sculptor to do his bust, which he then ordered placed in the hospital's entrance hall. Later, as a lawyer, Monks ran across instances in which trustees acted for their own benefit rather than that of the trust beneficiaries. "It was just a culture that was so confident of itself and of its place, and I began to see that many of the assumed virtues were false," he says.

His friend Arthur Dubow tells a story about an awkward dinner he and Monks had at the fancy Somerset Club in Boston in the late 1970s. It was a summer evening, and they were sitting out on the club's patio. "As we were sitting there having dinner," Dubow says, "you could see that he began to get really uncomfortable. He looked around and said, 'All these people. Either I am related to them or I went to school with them. They are all un-giving people. I can't stand them. They're all mean-spirited.' The venom poured out of him. We almost had to leave before dinner was served. Here I am a Jewish member of a predominantly WASP club, and Bob is the one feeling uncomfortable."

While he has this queasy feeling about his own social class, Monks also has unmistakable pride in being included in a line of people that helped build New England. After all, in public life he has always used his two middle initials. And, he has lived the kind of life that has been passed down to him. Until the age of 10, he lived with his family at his father's school in Lenox, himself attending school in nearby Barrington. They resided in an old house that was so large it required a staff of six to maintain. A governess was on hand to help teach the young children, and they all read at an early age. After the United States went to war, domestic help was hard to come by in the region. So everyone but Monks' father moved to a smaller home

in Cohasset, south of Boston, and Bob attended fifth and sixth grades at a nearby private school, Derby Academy. Often on weekends, taking a break from the rigorous academic routine, Bob and his older brother George would sneak up to the third floor of the house with Cokes® and piles of comic books, and would not be seen for the rest of the day. The family spent summers at Roque Island, where fishing was a great preoccupation and prizes were awarded (25 cents for the first catch, 25 cents for the biggest, and 50 cents for the most fish).

For seventh and eighth grades, Monks entered boarding school, the Fessenden School in West Newton, Massachusetts, outside Boston. After that, it was off to another Episcopal school, the prestigious St. Paul's in Concord, New Hampshire (Bob assumes that his father did not believe it was a good idea for a boy to attend his own father's school). These private schools were breeding grounds of future relationships in business and politics. At Derby, Frank Cahouet, the future CEO of Mellon Bank, was a classmate. Edward Kennedy was one of Monks' school- and dorm-mates in seventh grade at Fessenden. They were on opposing debating teams in 1945 when the topic was, "Should the U.S. cooperate more closely with Russia than Britain in the postwar world?" Both men also later attended Harvard. In 1962, when Kennedy, then 30 years old, was thinking of running for the Senate, he consulted with some old friends, including Monks, who was then practicing law. Monks advised him against entering the race, remarking, "Ted, do you remember our speech teacher at Harvard who got everybody's attention the first day by breaking a chair against the speaking podium? What'll happen is that your opponent will use you instead of the chair." Kennedy laughed at this and then went on to win every election he entered. They kept up a distant acquaintance. After the tragic incident at Chappaquiddick in which the car Kennedy was driving veered off a bridge and his female passenger drowned, Monks made a point of inviting him to his house after a college football game along with some mutual friends.

At St. Paul's, Monks befriended Minoru "Ben" Makihara, a student who later married into the Japanese family that ran Mitsubishi and who himself now heads that corporate giant. The year before Makihara arrived, St. Paul's rector got up in front of the assembled students and announced that the school was bringing over a Japanese student in part to counter a perceived attitude of intolerance among the students. Makihara, who was born in England, was happy to come to St. Paul's from his war-torn country and found the students welcoming and curious about Japan. Both he and Monks

were seniors in 1949–1950, and they became fast friends. The two boys were amiably competitive, as in one essay contest on what U.S. foreign policy should be in Asia. “I felt this was a contest I would win,” Makihara says. “But Bob won the thing. From those days, he was interested in Asia and what was going on.” In that essay, Monks suggested a program whereby the U.S. government would work with American companies to develop trade in certain foreign locations, a sort of extension of the Marshall Plan.

When he graduated from St. Paul’s, Monks was only 16, having skipped the fourth grade, and his father did not think he was ready for college. So, he sent his son to yet another school, L’École International in Geneva, where he learned to speak French. On the weekends, he would often catch a bus to the ski slopes of the French Alps. One day while skiing, he came across an image that would become indelible—a cross stuck in the snow inscribed with the words, “Maquisard, Mort pour la France.” He didn’t recognize the word *Maquisard*, but with a little research he found out it derived from the word *maqui*, which meant “underbrush,” and that it was the name taken by the French resistance in this region.

The next year, when he was 17, Monks entered Harvard University as a sophomore, majoring in French history with the full intent of becoming a history scholar. Among his classmates were Makihara, who became a roommate, Ned Johnson, future chairman of Fidelity Management and Research, and Dean LeBaron, who as a money manager became a good friend and ally later in the corporate governance crusade. Monks was well aware that he was younger than his fellow students. In October of that year, he learned somehow that the second youngest person in the class was Arthur Dubow and through a mutual friend arranged to meet him. They met near the Charles River, behind the boathouse.

After shaking hands, Monks said to Dubow, “You’re not the youngest person in our class any more.”

“What? I didn’t know I was the youngest person in the class,” Dubow replied, surprised that someone would actually find a way to look this up.

They chatted and then said good-bye without plans to meet again. But, over the next three years, they became friends and, later, fellow investors.

Another friendship Monks initiated was with Thomas Jefferson Coolidge, who was descended from two presidents and was actually Monks’ distant cousin. He introduced himself to Coolidge by informing him that they were related.

At Harvard, Monks joined the crew. While he had played baseball in high school, he was not good enough for college competition. His father had rowed at Oxford, and his sister's husband, Austin, had rowed for Yale and told him it would make all the difference in his life. So he decided to give it a try. In a sport made for tall, rugged men, Monks at 6'6" and 210 pounds fit the bill. But it was still back- and limb-breaking work. The crew rowed along the Charles River six days a week, from 3 P.M. to almost 7 P.M., and had weekly races. Every day, Monks would mount the steps outside Newell boathouse feeling confident he had the stamina for the workout to come, but also anxious that if he performed well he would end up wishing he were dead. "Rowing is a head game," he recalls. "After you have acquired the physical capability, the whole question is, 'How much can I ask of myself?' If you ask a lot, you hurt a lot; if you don't ask a lot, you're wasting your time."

In the spring of his junior and senior years, 1953 and 1954, the crew spent a few weeks at a training camp in Connecticut to prepare for the four-mile race against Yale University. In his scanty spare time over both seasons, Monks managed to read the English translation of Marcel Proust's multipart novel, *À la recherche du temps perdu* (*Remembrance of Things Past*). The magic of sensory experience opening doors to the past appealed to the young Monks' romantic tendencies. He has since reread the volumes twice.

The Harvard crew did well while he was on it. Monks went on to row for Cambridge University in a year spent there after college. "He was the biggest, strongest man in the crew," says one of his best friends and another rower, Torquil Norman. In a race down the Thames in London, viewed by millions, Monks helped the crew beat arch enemy Oxford by the largest margin ever recorded. Rowing reinforced Monks' already solid self-confidence because it showed him he was physically able to do something that initially seemed beyond his capacity. The sport also enhanced his already highly competitive nature. As Norman says, "He is not someone who likes to come in second—at all." What David Halberstam wrote about rowing in *The Amateurs* is revealing about Monks: "It was in its way a very macho world. The egos were immense—they had to be for so demanding a sport. Men of lesser will and ambition simply did not stay around. The oarsmen were almost to a man highly individualistic and exceptionally compulsive."⁶

Yet at the same time, they had to learn to work as a team. Monks, who was the sixth rower of eight in the boat, says he found that aspect of the sport especially gratifying. At times, however, he was accused by observers

of trying to be “the stroke,” or the lead. He denies it. In fact, he was horrified once when someone mistakenly introduced him as “Monks, the stroke of the Varsity Crew.” He says he enjoyed the anonymity of being in “the powerhouse” and simply doing the job. At the 40th reunion of Monks’ Cambridge Crew, however, the president of the boat club told Milly Monks that, given the force of her husband’s rowing personality, they had no choice but to build the crew around him. Try as he might to fit in, and somewhat under the illusion that he did, Monks could not hide the force of his presence.

Disciplined and focused, Monks had little trouble handling his studies while keeping his rowing commitments. The evidence was in his grades; he graduated Phi Beta Kappa, magna cum laude, and Number 2 among history majors. “I liked to work, and that’s all I did,” Monks says, as his friends confirm. And then, in his senior year, he met Milly.

Millicent Carnegie Sprague came from another of New England’s wealthy families on her father’s side and one of America’s great families on her mother’s. Her mother was Lucy Carnegie, daughter of Andrew Carnegie II. He was the son of Thomas Carnegie, whose brother and business partner was Andrew Carnegie, the founder of U.S. Steel and a great philanthropist, who gave away the vast preponderance of his money. Lucy grew up on Cumberland Island, a 25-mile stretch off the coast of southern Georgia, where the Thomas Carnegie family had built mansions. Milly inherited a 200-acre strip of land, featuring her grandfather’s beach house. The U.S. government began negotiating with the Carnegie clan to acquire the island during the Eisenhower administration, and when he was practicing law in the early 1960s Monks traveled there with his mother-in-law to meet and negotiate with then Interior Secretary Stewart Udall. The government bought the land in the early 1970s and turned it into a national park. Some family members chose to retain life interests in their homes; Milly and Bob kept a 25-year lease on theirs.

Milly’s father, Phineas Shaw Sprague, owned C. H. Sprague & Son, a New England fuel distribution company that her great-grandfather Charles Hill Sprague founded in 1870 with his son Phineas W. Sprague. Charles Sprague was an MIT professor of geology who took samples of the black outcroppings he had seen in the West Virginia hills and discovered rich veins of marketable coal. The business grew very large and profitable, and P. W. Sprague set up trusts for his heirs that included 2,500 acres of land he had purchased in two nearby towns on the Maine Coast.

Milly’s parents divorced when she was 13, in part because her mother could not tolerate her husband’s womanizing. A slender and attractive

brunette, Milly attended a private high school in Virginia. From there, she went to Sarah Lawrence College, but stayed only one year. At the time she met Monks, in the fall of 1953, she was studying to be an opera singer at the New England Conservatory of Music. Years later, she lost her voice, cutting short a promising operatic career. But she took up dancing with equal zeal and made a name for herself as a choreographer, both in Maine and Washington.

Bob and Milly first met at a dance, a coming-out party for one of her schoolmates. He stepped on her toes while dancing, so they talked and discovered that their families had known each other in Boston. They did not see each other again for some weeks, when they happened to meet on an airplane to Aspen, Colorado, during a school break. Both were traveling with groups of friends on separate ski trips. On the plane, Milly says, "He was impossible. I mean he talked the entire time. I couldn't read my book. When we got to Aspen he kept following me around. I skied faster, so I got away from him." On New Year's Eve, the two groups got together for the evening. For a while, Milly and Bob sat talking under a Christmas tree. "And he discussed my sex life," Milly recounts. "Well that did it. I simply wouldn't speak to him. He was just curious about what I'd be like. I'd seemed uptight." But on the trip home, things changed. "We got on the bus, we sat in the back of the bus, and on the way to the airport I fell in love with him. I was completely and totally in love with him. Something just clicked in my head."

But when they left the plane, she remained standoffish. So, the persistent suitor, seeing opportunity at the baggage carousel, decided to steal her skis. The next day, he showed up at her door with them, admitting that he had taken them so he could see her again. They were engaged in May and married in July 1954, shortly after graduation. "I liked the look of the man. I just liked to look at him," Milly says. "I liked his mind. I liked that quick intellect and that wonderful creative way of thinking. And the energy level. The energy level is enormous in Bobby."

At that time, Monks had his heart set on pursuing an academic life as an historian. He was also interested in politics and how the U.S. government was run, and in the U.S. and Japanese economies, according to his friend Ben Makihara. As yet, he showed no inclination to run for political office or go into business. "The instinct was in him to make a broader impact, but at that point he was simply very energetic," Makihara says.

And curious about the world. For his senior thesis, Monks chose to write about the Maquisard, the French resistance, whose cross he had encountered in the snow while attending school in Switzerland. The summer

before his senior year at Harvard, he spent a few weeks in France to conduct his research. The region of Haute-Savoie had been occupied first by the Vichy government, then by the Italians, and ultimately by the Germans. Monks sought out people who had been involved in the resistance. "I saw guys who'd been tortured, and they took off their shirts [to show him the scars]. I went to places where they'd killed people. In retrospect it was folly that I went, because there was much too much residual violence. [During the war], communists from Paris had come in and blown up a German truck at which point the Germans took 10 [local] people and shot them. The communists' terrorism was much resented by the locals who had to pay the price of German reprisals. Those scores were still being settled." During his research, the history student discovered that the cross marked a spot where a Maquisard had been killed in a mountaintop battle.

Monks also chose to explore a different region of his own country, not by vacationing but by working there. Since high school, although surrounded by privilege, Monks felt compelled to work and earn his own money because, as he has said, "To me, earning money was always freedom." The summer after graduating from St. Paul's, the future investor worked as a runner delivering stock certificates for the Boston office of Paine, Webber, Jackson & Curtis, where he took home the minimum wage, amounting to \$30 a week. In college, he worked in Michigan and Illinois as one of many laborers building a pipeline from St. Louis to Detroit. The young Monks was eager to get on with the experience of life, and here in the Midwest was something that was out of the realm of his patrician New England upbringing.

He got the job through his namesake uncle, Bob Knowles, the wildcatter who went broke in the Depression and later got a job as the person in charge of buying rights-of-way for Shell Oil pipelines. For two summers, 1952 and 1953, he worked seven days a week, up to 15 hours a day. He hitchhiked from Boston and then daily to the job sites, imagining himself to be the lanky Montgomery Clift at the beginning of *A Place in the Sun*, walking along the highway, lugging a battered suitcase, a jacket draped over his shoulder, just before Elizabeth Taylor swings by in her Buick Roadmaster convertible.

The first summer, he worked eight weeks on the maintenance crew for Phillips Petroleum, which meant digging lots of ditches. Then he spent four weeks serving as a welder's assistant in the construction of a pipeline for Shell, carrying metal rods from pipe joint to pipe joint as the welders fit them all together. There he learned the gospel of the welders: "Only God and us make steel," they would chant as they arrived on the job in their special bus.

The second summer, Monks worked eight weeks in the railyards in Jackson, Michigan, coating steel pipe with cement as insulation. Nights were a contrast; after working all day, he'd often read French writers like André Gide, Albert Camus, and André Malraux, and the American John Roderigo Dos Passos. Malraux, especially, inspired him, writing about the capacity of individuals to affect their surroundings.

One day, Monks' uncle Bob visited him in the small town of Jackson. As they drove together to the construction site, Monks said he was hungry, and his uncle offered to buy him a meal. "No, no," said the inspired youth. "I'm hungry for life, for experiences."

But this was dangerous work. It involved operating electric static leak detectors, moving cement, using pressurized bottled gas to fuel torches used to coat the cement on the pipe, and loading lime onto conveyor belts in 100-degree heat, all the while breathing in lime and cement dust. One morning just before noon, Monks heard a bone-chilling scream and turned to see one of his co-workers aflame like a human torch running through the cornfield, then rolling to put out the fire. One of the bottles of gas had exploded. Another day, a pipe length fell off a ramp and severed a co-worker's arm below the elbow.

Those doing most of the grunt work were college boys like Monks looking to earn some fast money. The deal with the company was double time after 60 hours a week and triple time after 80. The laborers easily fell in the triple-time range, sometimes working 105-hour weeks. Monks was in his sixth of eight weeks, having just worked 80 hours, when the foreman told the group that they'd run out of lime and there'd be no more work that week. The crew was furious. Monks and his friend Eric Sellin demanded the name of the lime supplier. The foreman shot back, "Are you calling me a liar?" But then he came out with the truth: there was no shortage of lime. It was, Monks says, a traditional management bait-and-switch. The two college students appealed to their boss's sense of fairness. When that did not work, they threatened to sue. And finally, Monks recounts, "We said, 'No lime, no work next week.'" The other laborers, mostly a group of students and young teachers from a local religious college who were planning to work longer that summer than Monks and Sellin were, were astounded at the nerve of these two Easterners. But they remained silent. After much yelling and screaming with the foreman, the young activists won the day, and the workers got their hours and their pay.

The income helped Monks pay his way through Harvard. Not that he really needed to pay for college himself. Even though he did not yet have access

to his inheritance—a trust fund set up by his father for use after age 21 and a trust fund set up by his grandparents available only on the death of his parents—his father would gladly have paid his college expenses. But Monks was determined to earn the money himself; and his father, who came from a tradition of the Puritan ethic, was fully behind his son's desire.

By the time he graduated in 1954, Monks did not have any money to speak of. His father had put aside \$3,000 a year for him in the trust, which was then invested in stocks and bonds, but he was only 20½ and by law could not draw on it for six months. So, his father advanced the funds for living expenses for the remaining period. That fall, Monks went on a Fiske Scholarship to Cambridge University for a year of study in history under a tutor.

The newlyweds did not live well in England. Some food was still rationed; Milly was able to get an extra milk allotment after she became pregnant. The only apartment they could get, at any price, was a three-room flat on two stories costing 7 pounds, six pence a week, translating into around \$20. The place had coin-operated gas heaters, and, as Monks puts it, "A gas heater is good for toasting crumpets and English muffins, but it ain't good for anything else." Some nights were so cold that they were forced to pull the rug up over the bed. There was no telephone in the apartment, due to a general shortage. To make matters worse, the locals disliked Americans, apparently because of the U.S. air bases in the area. "I'd oftentimes be thumbing a ride on a road and they'd hear my voice and drive off," Monks maintains. Milly attended some classes with her husband and worked in the hospital helping the midwives. Between terms they went on a five-week excursion that included Egypt, Israel, Turkey, Greece, and skiing in Davos, Switzerland. After another month in Cambridge, they moved to London because the Cambridge crew was rowing nearby. Once a week, Monks would take the train to Cambridge to see his tutor.

At the end of the term, the tutor advised Monks not to pursue a career as a history professor because Monks seemed to have too much energy for the academic life. This was, of course, one person's opinion. But it came from someone Monks trusted. His tutor was an older man who had gone from serving as an officer in the British secret service to—when his cover was blown—teaching history. He spoke with an air of authority. "It really was a startling confrontation," Monks recalls, "because I worked hard and I really thought well of myself as an historian. I liked history. I liked the

historians there very much. Then to be told that the work I did was excellent, but I couldn't do it was shocking to me." But at the same time, it rang true. Reconsidering his career options, Monks settled on law school because he knew the degree would be helpful in whatever else he decided to do. And, he says, "it seemed to be the thing that foreclosed the least. If you were a lawyer, you could be anything."

By the time he had made this decision, it was Labor Day and much too late to apply to Harvard Law School. So, he paid a visit to the dean, who told him that if he went to Boston College Law School that year and was first in his class, Harvard would take him the following year. Monks spent his last two years of law school at Harvard.

Now married and with a daughter, Monks did not need to worry about money. He had full access to the trust his father had set up for him, which by then had grown to \$150,000. It was a lot of money at the time, and certainly he could be considered wealthy by Boston standards, though not on a broader scale. They bought a house in Cambridge and hired a maid. The family's second house in Cambridge needed extensive repair and refurbishing, and an uncle of Monks' who was an architect helped them map out and perform the work. The family lived there for 12 years to 1971—much of that time housing one of Monks' relatives as part of an effort that would last many years to help him overcome a drug addiction. All the while they summered in Maine on the property in Cape Elizabeth that they would later live on. When they left for Maine in 1971, Monks donated the Cambridge house to Harvard.

While at Harvard Law School, Monks met French Anderson, a medical student who would prove to be as creative and aggressive in his own field of gene therapy as Monks was in his field of shareholder activism. They served together on the Harvard-Cambridge Scholarship Committee, which awarded the Fiske and other scholarships. As Anderson relates: "We couldn't stand each other. We were too similar. We were both aggressive, focused, hard driving." Monks liked to tease Anderson in front of the committee by calling him "the Boy Scout" because Anderson didn't smoke, drink, or swear. By that definition, Monks himself was also a Boy Scout. But, Anderson was particularly annoyed because he actually had been a Boy Scout and was proud of it. In any case, the two young men soon found that they were allies on every single issue about each candidate and "the intensity of the negative feelings we had for each other turned into the reverse," Anderson says. "He's my lifelong best friend."