

## INTERVIEW – GENERAL ROBERT T. HERRES

Following his retirement from the military, General Herres became the CEO of USAA, an insurance company that served active and retired military families and the general public. He serves as Chairman of the Board of JA of South Texas headquartered in San Antonio. He also served as Chairman of the JA national board for 12 years during a time of great change in the world and JA.

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(Edited by Brad Kaufmann – October, 2020)

NARRATOR: GENERAL ROBERT T. HERRES  
JUNIOR ACHIEVEMENT

DATE OF INTERVIEW: OCTOBER 4, 2005

MS. HUFF: Today is October the 4<sup>th</sup> and I'm talking with General Herres, who will share some of his experiences and his thoughts on Junior Achievement. General Herres, thank you again for letting us interview you to talk about Junior Achievement. Could you give me a little bit of background on when you first became involved with Junior Achievement and how you got involved? Who might have been the person to ask you to get involved?

GENERAL HERRES: Well, I had heard of Junior Achievement. I didn't know much about it in earlier years. Very soon after I retired from active duty I came to work for USAA, which was almost immediately. I just took a short vacation and then started work a month after I retired from active duty.

Right after that my boss and predecessor as CEO and chairman at USAA, General Robert McDermott, told me that he had been asked to serve on the national board of Junior Achievement. He had a good friend in Dallas who at that time was the CEO of Halliburton, who was not too long from retirement himself.

The other person was the guy who was CEO of ARCO and both had been chairman of the Junior Achievement board. One succeeded the other if I remember right. They wanted General McDermott to serve on the board. Well, he, too, was approaching retirement and was at retirement age. In fact, I think that was the year of his 70<sup>th</sup> birthday.

But he suggested that they might want to ask me. So he talked to me about it and then JA did get ahold of me. So I joined the national board. Seemed like a good idea. I've always felt strongly about the program being an important thing for people in the business community to support and foster, because one of the most important things we can do for the continuity of our companies and our community is to build a strong well-educated base of future leaders.

Junior Achievement is one of the best ways and one of the most cost-effective ways to do that. So I became involved. Shortly after that, I decided I needed to know more about Junior Achievement and so I decided the only way to do that was to become more involved with the local Junior Achievement organization, JA of South Texas.

When that happened, I learned that they were in a lot of trouble. They owed the national organization over \$100,000. They had not been able to raise enough money to cover the expenses of operating the number of classrooms that they had committed for and so forth.

The person who was leading the organization at that time ended up retiring or it changed by the end of the first year. Very soon we were in a local fundraising campaign to try and pay off the debt to the national organization and to get the local chapter on its feet and going again, which eventually we did.

That was one of my first introductions to the fundraising experience. The private life that I had -- and it was at a very difficult time, because a lot of people may remember but in 1990 and 1991 we were still

suffering the effects of the so-called Sun Belt Depression. San Antonio was hit pretty hard by that recession. The business community really tightened up building. All local building had stopped. Office vacancy was very high. So people didn't have a lot of money to use for philanthropic and not-for-profit support those days. But we did raise some money.

I teamed up with George Irish who was the publisher of the *San Antonio Light* at that time. He has since moved to New York and is an executive with the Hearst organization, which owns the *Light*. Between the two of us he introduced me to a lot of people I needed to meet anyway. We got that job done, and not too long after that I was on the local board of JA of South Texas. I later became chairman and continued to serve on the national JA board.

MS. HUFF: You served in several capacities on the national board. I know you were involved many times in board leadership with some of the leadership trainings that we would offer to local board members and you worked with the pension committee. So you served in many leadership capacities at the national level.

At the time you came into Junior Achievement, what other challenges did you see facing the organization, perhaps on a national level, besides the economy? That could be with educational challenges. I know sometimes teachers are so inundated with things to do that sometimes we have had challenges in introducing our programs into the classroom. Once they are integrated, though, both teachers and volunteers usually tell JA that it becomes an important part of their curriculum. How did some of your volunteers at USAA feel about the impact of JA programs in the classroom?

GENERAL HERRES: Well, the volunteers that I had contact with were very enthusiastic about the program. Obviously, at USAA we put a lot of emphasis on the program. Eventually, I became CEO of USAA and my involvement did stimulate a lot more emphasis on Junior

Achievement. USAA had been a good supporter previously and had been one of the few companies in the community that was really able to provide substantial support, not only in terms of volunteers, but a fair amount of financial support. But when I got on the board and became involved and got on the national board and was involved in the fundraising locally, we moved that to another level, because there really wasn't anybody else in the community that could support at the level we could.

Remember, these are the days before SBC moved to San Antonio. And Valero was just a very small company at the time. It spun off from the parent company. In Houston, Diamond Shamrock hadn't merged with Ultra Bar yet. We were by far and away the biggest company in town, and the other thing is that the insurance industry is sort of a recession proof industry at least -- especially USAA in a nationally based market. We weren't as affected by the Sun Belt Depression as others in town. Frost Bank was the only homegrown bank, Frost and Broadway, were the only two that survived, and both hung on by their fingernails and barely got through all that.

So we were really the only game in town, as far as any major support was concerned. But we did grow the program and once we got things paid off and we were able to grow it because we were able to give it that shot in the arm that it needed. After that it kind of got a lot of momentum, because we got other people involved. Clear Channel became very prosperous, and then Valero. The rest is history. You know what all has happened around San Antonio since then.

The 1990 to 1993 time frame was a pretty tough time. But our volunteers were very enthusiastic about the program. The schools were as happy as they could be to have the support. We let them use company time to go teach in the classroom, which is generous on our part. I'm sure everybody realizes that. Not many companies can afford to do that. Especially, smaller companies. But we felt it was important, and in the end the employees worked a little extra, too. The fact that

they are gone from the office for a couple of hours, there are still things that have to be done and they don't always go home right when the bell rings, (proverbially, not literally). So there are a lot of sacrifices on the part of the employees, too.

But they loved what they did, and JA is an organization that makes it easy for volunteers to participate and contribute and to be a part of the program in a positive way and they feel really good about how they reached the kids.

As things progressed from there, I eventually became chairman of the national board, and that's when I got involved in the pension program. Which I might add, at the time, IBM was kind of the leader in changing their pension programs and eventually they faced a lawsuit from their employees, and they did finally lose that lawsuit. I read about that last year and said, "oh, this thing has finally been settled." I don't think they really took it to a jury decision, but eventually they lost. That was an interesting time.

There were a lot of changes going on in the business community at the time. Those were the heady days of the latter part of the 1990s. The dot com growth and a lot of companies, the only way they could grow was by selling their stock at a higher price. They weren't making any money otherwise. Eventually, that didn't work.

I think one of the things that was most challenging about that era is things were happening in the business community that made it pretty hard for people to keep track of what really are the business principles that ought to be taught, and I think there was a certain amount of concern and maybe even pressure to make changes that ultimately would prove to be somewhat disastrous if you stray from the fundamentals.

But by the mid-90s the JA program was growing, not only here but all over the country. The first big initiative was the K through 6 initiatives to broaden from the three. The intervention of the grade school, junior

high, and high school level, the three interventions, and to work first toward K through 6 and then K through 12.

One of the concerns I had during those days was we were very excited about growth, but there was an awful lot of emphasis on the K-6 program and it was a lot easier to grow that program than it was the high school program. The high school program cost more money. It's more of a commitment by the volunteers and by the organization.

But the high school program is a very good program and badly needed. I felt we really needed to make sure that everything led to that and pointed to that and we didn't get ourselves infatuated with growth for the sake of growth.

We instituted a program of balanced growth here in San Antonio during the period I was chairman. One that set goals, specific growth goals, at the grade school level and junior high school level and high school level. All three levels and incentives for those levels of growth so that we didn't find ourselves looking at large growth numbers and finding out that we were just picking the low-hanging fruit by growing the easiest program and ignoring the more difficult ones.

Another challenge that the program I'm sure faces today as it did then, maybe even more so today -- is that it's important to make sure that we recruit and train committed volunteers. Volunteers that are willing to spend time necessary to prepare to go into the classroom -- especially during initial phases of their volunteer era. Once they have done it a few times, then preparation is a lot easier.

But there is nothing worse than volunteers not showing up and that can happen. While we don't like to talk about it and don't like to think about it, it can be disastrous to the program, because now you throw the job back on the school teacher who has to teach the course, and you disappoint a lot of kids. We are trying to teach kids a lot of things

besides just the course material. We teach by example and we don't set a very good example if we don't show up.

One of the strengths of the program is the fact that somebody – they look forward to having somebody from the outside come in and talk about what the business world is like and teach the program from a viewpoint of somebody who is not teaching school all the time and is out in the business world.

MS. HUFF: If I recall, General Herres, you were directly involved in the classroom with some of the classes, too?

GENERAL HERRES: Yeah. I didn't do as much in the classroom as I would have liked to. It was kind of hard. My biggest problem was I couldn't – I was not master of my own schedule as CEO. There were a lot of things that happened because it was time for them to happen and I didn't control that. So I didn't want to get myself committed and then be one of these guys that didn't show up.

I always felt that we overlooked a great opportunity and we have overlooked – but there may be some franchises doing this. People whose time is scarce and can't be depended on to teach a regular course, but would be a valuable asset in a classroom, could be invited as guest speakers. I did that a couple of times. I was willing to do that frequently. That's kind of hard to schedule and it's hard to work that in the program, but I think we could do more about making that easier to happen.

MS. HUFF: I know we still struggle as an organization. You talked about ways that we could bring the volunteering to the classroom via videos or through technology. We have had some success with that, but it's still limited because most people still say that isn't a direct connection.

GENERAL HERRES: You could have a local guy be in the video. But as far as that goes, you could go get the CEO of IBM and put him on a video, too. So it's hard. There is no substitute for a personal appearance. There really isn't. Especially if it's a local leader that they read about in the paper every once in a while, they would see at community events and that sort of thing.

MS. HUFF: When you look back at your tenure with Junior Achievement as a leader, what are the things that you are most proud of?

GENERAL HERRES: Well, I guess the first one was how we got the South Texas organization turned around. We really achieved some great growth and very soon we were getting national awards and we were one of the top franchise areas in the country. And that was a long way from being over \$100,000 in debt and almost out of business. So that's probably the one that I'm most proud of.

There were some other tough issues I had to pass on to my successor. I spent ten and half years as chairman of the national organization, because the guy that was vice chairman and was going to take my place when my two years were up, was with J.C. Penny. He was the president of J.C. Penny and one thing led to another and he ended up retiring a little earlier, so he couldn't take the job. So we needed to find somebody else to replace me and I ended up spending another six months as chairman as we found another replacement. The leadership transition is always hard in an organization like this. Finding people that can commit the time and energy to support something like this.

I guess another disappointment was that we couldn't find more ways to partner with other youth-serving organizations. I always felt like we could do more with Boy Scouts. Later I became a member of the Boy Scout board. I still am. I will probably phase out of that in another year or two.

But I thought there is a redundancy and overlap and there is too much competition and not enough cooperation between youth-serving organizations. I guess that's the American way. Just about everything we do we always feel like we have got to look around and see who we can beat. It's disappointing that we try that. In another organization -- and it has very much the same objectives. I can't remember the name of it now. We worked with college professors to teach. But we tried to find a way to get together with them and develop complementary programs. I always felt that 4-H was a good fit -- we did get something going with 4-H, but I don't know how far that went.

One of the things we don't do in Junior Achievement very well is reach rural areas. It's for two reasons. One is we are eager to get the financial support. How do we fund that? South Texas is a good example. We've got San Antonio, we've got Corpus Christi, and we have Laredo, but not much in between. We do have some, but it's very difficult.

There are some states where they do reach them. I remember hearing a pitch one time from one of the area leaders in Illinois and that reaching the rural areas in Illinois is a lot different than reaching in Texas and Oklahoma and Missouri and Colorado and Kansas.

Another disappointment I think was the international aspect. I have always felt that we were not ready to try the international initiative. They were infatuated that the wall had come down and we felt like we could make a big difference in these countries, but these are countries that never really experienced democracy much less capitalism. They were just not ready.

We would have had to fund it. Actually, to the largest degree we actually did fund the program. There was some U.S. State Department help. But we've got too many needy communities in this country to reach. If there was some other mechanism to generate financial support for international growth, that would be fine. I'm afraid that we lost

some traction during those late 1990s trying to go after the international program. We should have applied it our own national (U.S) program.

MS. HUFF: As we look into the future at both business and education and knowing that we live in such a rapidly changing world, what do you think will be the greatest challenges for Junior Achievement? I guess what I would like to ask is what would be some of your recommendations on what we should really focus on? Because you're right, we have to put our time and money into where we can make the biggest difference. With those challenges of both business and education growth, how do you think that will impact Junior Achievement?

GENERAL HERRES: Well, I think there was a popular saying around the business community a few years ago and people were using the expression, "well, we've got to remember that the main thing is the main thing." The main thing at Junior Achievement is education, and course materials are very important. I think there is a tendency for the senior leadership to think a lot about marketing and fundraising and all kinds of growth and everything else and not spending enough time thinking about the fundamentals and the course material.

In many of the speeches I was asked to give, I described in my mind the idea that if there were no Junior Achievement in our school systems today and we tried to invent it and a group of businessmen got together - - like they did almost 100 years ago now -- and tried to invent Junior Achievement, and went to the local school board, school systems, and said here is what we would like to do. We would like to help you out in the school and here is the program and we present a program exactly like Junior Achievement is, they would laugh at you and tell you there really isn't any way they could do that.

There would be so much politically influenced resistance to doing that. You just wouldn't be able to make it happen. So you think about what a

valuable asset we had, because it is already there, and it's easy, and we can build on it. All you need is volunteers and money.

Now, volunteers and money don't mean anything if you don't have good course material. The volunteers aren't going to come if they don't have good course material and the money is not going to come ultimately if we are not making a difference with the kids. If they don't see – if the contributors don't see that there is good product and that a kid is ultimately educated in business.

It achieves the educational objectives we have set about business and what it means and how our free-enterprise system works. It's very easy to fiddle around with curriculum content, course material, and be influenced by the latest fads and trends and so forth. There was a tendency, I think in the 1990s to lean in that direction.

Then we found out before too long, starting with Enron and leading to others, that the fundamentals are still the same. The dot com fad was not really going to change the business community. It was going to change it, but it wasn't going to revolutionize it in the ways that were thought. Revolutionized in different ways but not in the ways we thought. Revolutionized in some very fundamental ways.

I don't mean course material never changes. I just mean that we need to have some very thoughtful people. We need to be willing to spend money on getting the best minds available to work on course material. The development and the updating and improving and upgrading course material.

The “main thing is the main thing” and that is to educate the kids. So when they go to college and beyond, what they learned in grade school, junior high school, and high school sticks with them. It will stick with them whether it's wrong or right. I reflect back on things I learned in junior high school and high school all the time and that was 60 years ago.

Similarly, I say that about the Boy Scouts. That's a program that had a lot of influence in my life. It's definitely the teachers I had in school and I know that later generations of kids have grown up and have been influenced by their Junior Achievement instructors where they were lucky enough to have good ones. Where they were lucky enough to have Junior Achievement, period.

There wasn't much of it. When I was in school it was an afterschool program that competed with other afterschool programs. One of the best things we ever did was get it into the curriculum. That was one of the real triumphs of Junior Achievement.

MS. HUFF: I think one of our best success stories for JA Worldwide happened right here in San Antonio.

GENERAL HERRES: But that's where I think we need to really make sure that we don't lose that. You can't hire a college professor who spends all his time in the classroom and not anything else, to run Junior Achievement. You have to make sure you have got some people on the curriculum that really are good and the leader of our organization needs to be of stature, disposition, and have the capabilities that a good college president does today of a private school.

He/She needs to be a strong academician. Every college president sat there raising money all the time. So you have to be a good marketer. You have to be good with people. You have to be good socially, but you also have to remember the fundamentals. The president of a strong, private school has got to keep the academic standards at a level that will attract the best students. If we do that, JA will have a strong volunteer program.

The only thing I think that's really important is volunteer training. When we were in the growth years and we were talking about growth from meeting to meeting, many times I brought the point up to those on

the board that I'm not sure that there are enough qualified volunteers out there in the places where we will probably be able to raise money to grow to reach the goals we have set.

The knowledgeable people that I discussed that point with unanimously agree that that's it. The people that had their feet on the ground and spent a lot of time with the local organization or the classroom themselves, recognize that there is a limit to qualified, talented volunteers who could deliver the program.

Now, certainly what it takes to deliver a program at grade school, junior high school, and high school are three different things. Three different levels. I have kids that teach school. A son who teaches in middle school and a daughter who teaches special ed in high school and they both have a lot of teaching experience. And a granddaughter who is now starting special ed. So I hear a lot about what goes on at school these days.

I've got another daughter who teaches horseback riding for kids. She runs an equestrian center, so we are all involved with kids. And I know it takes different levels of understanding and skill and talent. My son will argue that the most important time is middle school. He says if you don't reach kids in middle school, that's when they drop out. That's when the highest dropout rates are. That's when they start getting in trouble, too. When they start getting to doing things that they shouldn't ought to be doing, it's just about the middle school level. ‘

In any case, it's a consistent struggle between other – what we are trying to do with the program and other influences. You know what? Most kids want to be good. Most kids want to prepare for a wholesome, positive adulthood, but they don't like fluff. They want some substantive content in what they get in school.

MS. HUFF: I think back to our programs in that when volunteers come in from the outside it lends so much relevancy to what's being delivered.

GENERAL HERRES: There really is.

MS. HUFF: Well, General Herres, thank you very much for your time and comments. It's very helpful, and we thank you again for what you have done for Junior Achievement over the years.

GENERAL HERRES: Well, I hope so. It was an interesting time to be involved in the program. I guess it was about 12 years or so from the time I went to my first board meeting in 1990 and I spent a lot of time with the organization. It was a lot of work. But it grew a lot and I think from what I'm hearing it's doing well now.

There is a valuable asset we could never have invented or reinvented. The kids need to understand how this business world works. I heard a guy calling in on talk radio just a little while ago on NPR and he was giving whoever the guest was on the program being interviewed a hard time, because he was arguing that the reason that people in the third-world countries are poor is because of business. I thought to myself, I wonder where this guy has been.

Before we went to those countries, those people were not very well off. They were a lot poorer than they are – they may be poor now, but they were a lot poorer before we showed up. The only reason to appear to be poor is because the rich guys came to town. We didn't know we were poor until we saw a rich guy.

So I thought what is this guy thinking? It's people who have those distorted views of the business world and economics and the like. Nobody wanted to teach. I remember the economics professor we had when I was at the Naval Academy was just so bad. It was like to qualify to be an economics teacher you had to be completely unscrupulous and dull. Nobody can understand you or, again, you could make it interesting.