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Wisconsin Roots: Making History Interviews with Richard M. Jaffee and John W. Rowe

TIMOTHY J. GILFOYLE

Richard M. Jaffee and John W. Rowe may have started from humble beginnings, but each became a leading corporate citizen of Chicago. The persuasive and affable Rowe was arguably the nation's leading utility executive at the turn of the twenty-first century. As the CEO of Commonwealth Edison and Exelon from 1998 to 2011, he managed the largest fleet of nuclear power plants in the United States and more than nineteen thousand employees, co-chaired the National Commission on Energy Policy, and served on the US Secretary of Energy’s Blue Ribbon Commission on America’s Nuclear Future. In 2008 and 2009, Institutional Investor named Rowe the best electric utilities chief executive in America.

Jaffee began working for the Oil-Dri Corporation of America in 1958, quickly moved into leadership positions, and served as president or chief executive officer from 1960 to 1997. Founded by his father in 1941, Oil-Dri was originally a distributor of clay floor absorbents for automobile repair shops. Jaffee, however, deftly and creatively reinvented the firm during his three decades at the helm. From 1971 to 1991 alone, Oil-Dri’s sales increased by more than a factor of one hundred, doubling in size every five years. When Jaffee retired in 1997, Oil-Dri was one of the nation’s leading manufacturers of absorbent products for individual, industrial, agricultural, and environmental consumers.

Rowe and Jaffee share more than their long tenures as chief executives. Both have roots in southwestern Wisconsin. Rowe was born in 1945 to William and Lola Rowe, and grew up on a farm near the town of Dodgeville. “My parents were farmers out of several generations of working farmers,” explains Rowe.

Richard M. Jaffee (left) received the Marshall Field Making History Award for Distinction in Corporate Leadership in 2014. John W. Rowe (right) was honored with his wife, Jeanne M. Rowe, with the Bertha Honoré Palmer Making History Award for Distinction in Civic Leadership in 2013.
“They were Depression-generation farmers, so hard work and saving every dollar you could was simply in their bones.” Rowe attended the one-room Holyhead School from first through eighth grades. In most years, the total enrollment numbered less than twenty. Rowe remembers that one year the number jumped to twenty-two: “It was a good year because we had enough so we could have a better baseball game,” he remarks.

Jaffee was born in 1936 to Nick and Lucille (Bloom) Jaffee. His father grew up in Platteville, Wisconsin, but after World War I, the collapse of commodity and agricultural prices generated a “farmer’s depression.” “That wiped out a lot of people, my grandfather included,” says Jaffee. The family packed up and came to Chicago. His mother grew up in the city’s Back of the Yards neighborhood, frequenting the settlement house run by Mary McDowell.

Jaffee lived in several residences in the ethnically diverse South Shore neighborhood. He has fond memories of growing up on both Merrill and Jeffrey Avenues where he attended the nearby Horace Mann School: “I loved being in South Shore,” he states. “I lived at the lake and went to the beach almost every day of my life during summers. And we rode our bicycles all over the place. To me, it was a great place to grow up.”

The University of Wisconsin was instrumental for both Jaffee and Rowe, in part because it nurtured their passion for history. After graduating from Dodgeville High School, Rowe moved to Madison, where he excelled as an undergraduate, was elected to Phi Beta Kappa, and named the Outstanding Graduating Senior. He stayed on to complete his law degree, graduated in 1970, and was elected to the Order of the Coif. Rowe laughs about the rewards of his unique upbringing: “Growing up on a farm and knowing what it takes to get hay to cows on a winter morning, and what it takes to castrate pigs on a summer afternoon, and then going to the University of Wisconsin, you can’t ask for two better starts than that.”

Rowe intended to major in political science as an undergraduate. But then he took a course with the famed German historian George Mosse. “Mosse had this ability to make history come alive in ways that we all try to do when we teach,” reminisces Rowe. “He had the gift.” Rowe quickly changed his major to history and enrolled in other Mosse classes. He acknowledges that Mosse had many virtues as a teacher, “but the thing I would give him most credit for,” Rowe insists, “is teaching me about evil.”

Jaffee also knew George Mosse, even though he never took a course with him. Mosse “was somewhat like an unofficial advisor to my fraternity,” he explains. “He would come over and sit around, and smoke cigarettes and drop ashes all over the place, and talk in his German accent. He was quite a special person.” Although Jaffee majored in accounting, he readily concedes,
“My real love was history.” More specifically, “I loved Wisconsin, and I loved the history part of it.” He confesses that he used to tell his future wife, Shirley, whom he met at Wisconsin, “I’m going to work for twenty-five years, make some money, and then I’m going to be a history teacher.”

Rowe moved to Chicago upon graduating from Wisconsin. From 1970 to 1980, he worked at the law firm of Isham, Lincoln & Beale and eventually became a partner. He was interested in regulated industries and initially assigned to matters related to Commonwealth Edison, the company he would eventually lead a quarter-century later. Then an unexpected opportunity arose within the firm: “I worked full-time on the Milwaukee Railroad bankruptcy for three years,” Rowe recalls. “That is the work that, more than any one thing, made my career.”

He began collaborating with Richard Ogilvie and Stanley Hillman, both of whom were appointed trustees to the bankrupt corporation and became instrumental mentors. The up-close experience proved invaluable.

During a three-year period, Rowe argued a Fifth Amendment case and was directly involved in splitting the railroad in half “because there was no way to save any of it at the pace the Interstate Commerce Commission was willing to go,” he remembers. “My work there got me from being a law firm junior partner into being a senior officer at a corporation at a very young age.” Rowe also realized something about his legal skills: “I kept noticing that the real accolades went to people who fit a box better than I did. I realized that my career was leaning toward management.” In 1980, at age thirty-five, Rowe gave up his partnership and accepted the position of senior vice president and general counsel of Consolidated Rail Corporation (Conrail).

Jaffee followed a different route back to Chicago. After passing the Illinois CPA exam, he briefly worked at the accounting firm of Touche Niven before joining his father’s company. Nick Jaffee had started a business selling car parts to garages during the Depression. He noticed that the garages relied upon sawdust to absorb the considerable amount of oil on their floors. The elder Jaffee theorized that fuller’s earth, a clay-like absorbent mineral substance used for thousands of years, could be a safer, less flammable absorbent. He initially called his new product and company Floor-Dri, and since fuller’s earth was not rationed during World War II, the company quickly expanded. In 1945, the firm moved to new offices at 520 North Michigan Avenue, where Oil-Dri remained into the 1990s. In 1958, Richard joined the firm; two years later, he became Oil-Dri’s second president.
The younger Jaffee’s fortunes took an unanticipated turn in 1962, when his father died suddenly at age fifty-six. Compelled to guide Oil-Dri without the experience and advice of his father, Jaffee began moving the company in new directions: “We diversified, but all within—because going back to discussions I had with my dad, I said we should buy these mines and then come up with other uses for the clay.” So between 1960 and 1979, Oil-Dri acquired competitors and clay mining operations in Georgia, Mississippi, and Oregon, effectively converting the firm from a wholesale distributor with almost all liquid assets to a capital-intensive, vertically integrated business. Jaffee adds, “I invested in research and development, and ultimately, we had a research center in Vernon Hills, Illinois, with about twenty-five or thirty scientists who studied clay mineralogy and application.”

A new product, which Jaffee introduced in 1960, proved to be a major source of public attention—kitty litter. As cats began overtaking dogs as the number one pet in America, Jaffee recognized a new market for absorbent products. By 1988, the nation’s cats outnumbered dogs 58 million to 49 million, and Oil-Dri was one of the top two producers of kitty litter. Jaffee, however, remains circumspect about the attention given to the product: “Cat litter is our biggest volume, but it’s so competitive that it’s not our best source of income. The other applications—chemical specialties—are really more profitable, but cat litter is the one that gets all the press.” Indeed, one Oil-Dri official proclaimed in 1988, “Cat litter has done for the cat what air conditioning did for Houston.”

Kitty litter may have attracted the most attention, but Jaffee transformed Oil-Dri into much more. In 1962, the company developed a soil conditioner for maintaining lawns, golf greens, and playing fields. Three years later, the firm introduced a new fuller’s earth-base product for delivering various pesticides and other crop chemicals. During the 1980s, Oil-Dri launched Flo-Fre Flowability Aid to prevent soybean meal and other animal feeds from caking. Another product—PelUnite—enabled manufacturers to make stronger food pellets and reduce wear on their machinery. By the 1990s, Oil-Dri was developing new products related to environmental protection, including polypropylene absorbents such as Oil-Dri rugs, rolls, pads, sweeps, and brooms that could be incinerated and in some cases recycled.

These new products transformed Oil-Dri. With revenues of $141 million in 1995, Oil-Dri enjoyed a compound annual sales growth rate of 14 percent from 1965 to 1995. By then Jaffee had turned Oil-Dri into a global corporation, building or purchasing plants in Germany, Canada, and the United Kingdom, while expanding its sales and marketing operations into Malaysia, Japan, and Australia.

Rowe’s rise up the corporate ladder was equally rapid. After only three years at Conrail, he was named the chief executive of Central Maine Power Company in 1984. Rowe had been to Maine only once in his life. “They just realized that the company had troubles that went beyond politics,” he explains. “They had to rethink what they were doing, and all of a sudden my Conrail and railroad bankruptcy experience seemed very relevant.” At age thirty-eight, Rowe became one of the youngest CEOs in the United States.
Rowe’s tenure at Central Maine Power proved to be an instrumental learning experience. “A utility is inherently a community and political business, and if you forget it, you die,” Rowe insists. “The public service things you do as a utility CEO are as much a part of your business as running power plants or restoring service after a hurricane.” In the rapidly changing, high-tech economy of the twentieth century, the business models and corporate structures of contemporary utility firms were analogous to dinosaurs. “It is not an entrepreneurial business,” emphasizes Rowe, “hasn’t been since 1930.” Nevertheless, Rowe adapted and discovered his niche; five years later he was recruited to be the CEO of New England Electric System in 1989. Less than a decade hence, he accepted the same position at Commonwealth Edison (ComEd). Rowe was returning to Chicago.

The most severe problem Rowe confronted upon arrival was ComEd’s transmission and delivery service (called T&D within the industry). Less than a year after taking the helm, more than one hundred thousand Chicago households lost electricity during a power outage in July 1999. “I had no idea that we had let the T&D service get so bad,” Rowe recognizes retrospectively. “So we put billions into improving the Commonwealth Edison T&D.” With the help of the company’s chief nuclear officer Oliver Kingsley, Rowe increased the utility’s operating capacity from 49 percent to more than 90 percent. “Over fifteen years, we made a good nuclear culture in Commonwealth Edison, we made good nuclear plants, and we made significant cultural and hardware improvements in transmission and distribution.”

Rowe transformed ComEd into Exelon by merging with PECO Energy in 2000. “Putting those two companies together made a much better utility,” Rowe believes. “It put the new Exelon in a place on the map that Commonwealth Edison wasn’t ever able to get to by itself.” But Rowe was not finished. At the end of his tenure at Exelon, he oversaw the eight-billion-dollar merger with Baltimore-based Constellation Energy Group in 2011. By then, Exelon was the nation’s leading utility.

Exelon’s position as a large American corporation stands in sharp contrast to the family-run enterprise of Oil-Dri. In 1995, Massachusetts Mutual Life Insurance honored the company as the Family Business of the Year in the category of firms with at least 250 employees. At the time, the Jaffee family main-
John and Jeanne Rowe, along with Frank and Vera Clark, are the namesakes of the Rowe-Clark Math & Science Academy. In 2011–12, the academy celebrated the opening of its Exelon Gymnasium. The Rowes attended the groundbreaking (above) and mingled with student athletes in the finished space (below).
tained control over Oil-Dri by owning 30 percent of its publicly traded stock and all of its voting stock. That year, Daniel Jaffee, Richard's son who had worked for the firm since 1987, became Oil-Dri's president and chief operating officer, while Richard remained chairman and chief executive until retiring two years later. Dan, like Jaffee's three other children and two of his sons-in-law, worked for Oil-Dri, but only after first working at other companies.

Jaffee believes that encouraging family members to work for Oil-Dri has proven beneficial: "I've always been able to say to my children, and now to the grandchildren—and we'll see which ones, if any, come into the business—you can be paid for what you do, you cannot be paid for who you are. In a lot of other family businesses which are private, everybody wants to be on the payroll." Jaffee attributes Oil-Dri's success as a family-run operation to the values he learned from his parents: "If an employee had a good work ethic and values, chances were high his brother or uncle or kids did, too." The family atmosphere extends beyond the Jaffees; in 1995, at least sixty different families had multiple members working for Oil-Dri. "We have modern business methods, but a folksy atmosphere," insists Jaffee.

As chairman of its transformative capital campaign, Jaffee was instrumental in helping Rush University Medical Center rebuild for the twenty-first century. He is pictured at the groundbreaking (top, center) and 2010 beam-raising ceremony (below) of the patient-centered, state-of-the-art hospital building, known as the Tower (left), which opened in January 2012.
Rowe was never adverse to defending controversial positions in which he believed. Early in his tenure at Exelon, for instance, he became a vocal supporter of the cap-and-trade mechanism for carbon emission control, a divisive issue within the industry. He made international news in 2009 when he pulled Exelon out of membership in the US Chamber of Commerce over the chamber's opposition to cap-and-trade. In 2013, Rowe also joined forty-nine other business leaders in sending a letter to Illinois state lawmakers calling for their support of the marriage equality bill.

Public controversies, however, never diminished Rowe's well-known sense of humor. In defending the importance of a chief executive taking action, for example, he once said, "It is better to be a moving turkey than a sitting duck. If you're just standing still, whatever you're doing is going to get shot apart." When queried why Exelon was not aggressively investing in new-energy technologies, such as windmills or solar cells, Rowe replied, "A dinosaur cannot save itself from extinction by mating with a rodent." After analyzing individual state cap-and-trade requirements, he concluded, "California always goes further. Its renewable requirements are higher. If you tell California that scotch is good, they drink it by the gallon." Or when discussing his national influence, Rowe quipped, "My impact on energy policy wouldn't fill one corncob pipe."
Rowe and Jaffe have been equally active in local philanthropic efforts. Since returning in 1998, Rowe has committed himself to a wide variety of civic and charitable activities focusing on education, science, history, and diversity. He has held the position of board chairman, president, or chairman of the Illinois Institute of Technology, Wisconsin Alumni Research Foundation, Commercial Club of Chicago, and the Chicago History Museum. He has served on the oversight boards of the Field Museum, Illinois Holocaust Museum, Northwestern University Settlement House, Chicago Shakespeare Theater, OneChicagoFund, and the Morgridge Institute for Research in Madison, Wisconsin. Rowe is widely regarded as one of Chicago’s leading corporate philanthropists, mentioned in the same breath as Standard Oil’s John Swearingen, Sara Lee’s John Bryan, and his predecessor at ComEd, James O’Connor.

Education and research have been Rowe’s greatest passions. Along with his wife, Jeanne, and son, William, Rowe founded the Rowe Family Charitable Trust. The trust was instrumental in establishing numerous research positions, including the Rowe Professorship of Architecture and the Rowe Family Endowed Chair in Sustainable Energy at the Illinois Institute of Technology.

In 2006, the Chicago Historical Society celebrated its sesquicentennial with a new name, extensive renovation, and grand reopening. Below: As chair of the board of trustees, Rowe (left) guided and served as a spokesperson for the effort. Above: At the dedication ceremony, Rowe officially opened the new Chicago History Museum with the help of (from left) Gary T. Johnson, Mayor Richard M. Daley, and Potter Palmer.
the Rowe Professorship of Byzantine History and the Rowe Family Professorship in Greek History at the University of Wisconsin; the Rowe Professorship in Virology at the Morgridge Institute; and the Curator of Evolutionary Biology at the Field Museum.

In 1987, after raising their family in the suburbs, Richard and Shirley Jaffee moved back to Chicago. He immediately became an active trustee at the Illinois Institute of Technology, Rush University Medical Center, the Museum of Science and Industry, and the Chicago History Museum. Jaffee allows that he “had a natural inclination” toward service and philanthropy. “I saw my dad do some of this,” he remembers. “I saw my mother do some of it.” But it was Shirley who truly inspired him. “She really was the one who got me thinking in that direction, because from her earliest days, she was always helping other people,” he explains. “I saw her take our daughter Karen to Lutheran General Hospital weekly or a couple times a week and work with sick kids in the hospital. She tutored kids who had disability issues. She formed a Girl Scout troop for mentally disabled girls.” With much admiration, Jaffee is quick to point out, “I learned a lot about this from my wife.”

Jaffee has displayed a special talent for fund raising. He co-chaired the Illinois Institute of Technology Challenge Campaign, which reached its goal of $250 million in 2001, a year early, and ultimately raised $270 million in just four years. Jaffee’s success, modesty, and magnetic personality caught the attention of Sears chief executive and Rush University Medical Center board chairman Ed Brennan, who recruited Jaffee to lead the planning phase for a $300 million capital campaign at Rush, which was publicly launched in 2006. The campaign led to a massive building project. “I think my contribution at that time was my natural tendency toward being cautious,” Jaffee admits. He convinced his fellow planners to
break the project into phases. “We ended up with four phases, and the new hospital building was phase three,” Jaffee remembers: “In the first, we had to get the power plant and the parking straightened out and some of the infrastructure. The second was to get the orthopedics building built. The third was the new hospital.”

Jaffee ultimately served as campaign chairman. He directed a team of trustees and friends of the medical center that raised $389 million to support facilities, clinical and community programs, research projects, and student aid. Most ominously, the campaign took place at the height of the Great Recession from 2008 to 2011. “It was a very scary time,” Jaffee confesses. “But in spite of all that, we were able, by that time, to finance and sell bonds.” The campaign was completed in 2012, the largest and most successful in Rush’s history.

Jaffee considers the Rush campaign “one of the best things that ever happened to me. I loved it.” He acknowledges that the successful campaign gave him a great deal of satisfaction: “I never did anything that I had such a complete sense of fulfillment,” he said retrospectively. “I got so much more out of that experience than anything I ever contributed that there’s no way I could pay it back.”

While Jaffee was helping Rush rebuild for the twenty-first century, John and Jeanne Rowe were actively supporting Chicago schools. They are co-founders of the Rowe-Clark Math & Science Academy in Chicago’s Humboldt Park neighborhood, patrons of Pope John Paul II Catholic School in Brighton Park on the Southwest Side, and the benefactors of Wicker Park’s Rowe Elementary School. John is also chairman of the Renaissance Schools Fund, a nonprofit organization formed to fund charter schools in the city.

“We said if we’re going to put money in, we’re going to spend time in the school,” he declares. “We wouldn’t have put more than half as much money in if we didn’t know the kids.” The couple not only provides scholarships, but physically participates in school activities. Jeanne tutors weekly at both John Paul II and Rowe Elementary.
Both Rowe and Jaffee see their roles as corporate and philanthropic leaders as an intersecting form of stewardship. Corporate leadership, in particular, entails a responsibility beyond profits and dividends. “I would say if I have any historical contribution, it’s an effort to find honor in Mammon’s work,” believes Rowe. “There is a big difference between seeing yourself as a steward and seeing yourself as just somebody who has all these neat toys that you can play with. And I saw my companies as stewardship.”

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ILLUSTRATIONS | 66, courtesy of the awardees; 67, Chicago History Museum; 68, courtesy of Richard M. Jaffee; 69, courtesy of Oil-Dri Corporation of America; 70–71, courtesy of John and Jeanne Rowe; 72, courtesy of Richard M. Jaffee; 73, Chicago History Museum; 74–75, courtesy of John and Jeanne Rowe; 76, courtesy of Richard M. Jaffee; 77, Chicago History Museum.

ENDNOTES

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