



The Pet Rescue Foundation

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Heroes in Our Time
By Michael J. Ybarra

Humane Resource: Cats and dogs and PeopleSoft founder David Duffield

David Duffield and his wife, Cheryl, drove from their condo in Walnut Creek, California, a suburb east of San Francisco, to a breeder one day and came home with a miniature schnauzer they named Maddie. The shaggy little dog soon became one of the joys of their life. "We really got to like and love this little critter," Duffield says, "and made a promise to her that if we ever made some money, someday we'd give it back to her kind."

Duffield, it turns out, made more than a little money. In 1987, with the mortgage on his condo, Duffield formed PeopleSoft, which, under his leadership, grew into a business-software giant almost as well-known for its casual corporate culture as for its elegant products. After a serious setback in 1998 and 1999-at which time Duffield moved to the company chairmanship and a new CEO took the helm-PeopleSoft looks to be bouncing back with a new line of products and a stock price that was thriving when this article was written in December.

Once he hit it big, Duffield began to give prodigiously to animal-care causes: almost \$1 million to the Walnut Creek-based Animal Rescue Foundation, close to \$2 million to the Oakland Society for the Prevention of Cruelty to Animals and another \$1.5 million to San Francisco's Society for the Prevention of Cruelty to Animals (SPCA). Then, in January 1999, Duffield got really serious, pledging \$200 million to Maddie's Fund (formerly the Duffield Family Foundation). Maddie's Fund (www.maddiesfund.org) is a nonprofit organization Duffield created with the goal of encouraging "no-kill" policies at animal shelters, whereby healthy dogs and cats are adopted into loving homes instead of being euthanized.

"Some people have dismissed it as not being realistic or too impossible to conceive of as working," says Maddie's Fund President Richard Avanzino, who developed a no-kill policy at the San Francisco SPCA before being hired by Duffield in January 1999 to run his foundation. "Dave started PeopleSoft because his employers didn't see the opportunities to use software outside of mainframes. That was outside-the-box thinking.

He pioneered that. His creativity, insight and dedication proved that he was right. Now it's the norm.

"The idea of guaranteeing every adoptable animal a home will take time, but I'm confident that in just a couple of years, this idea will become the norm."

The soft-spoken Duffield adds, "This foundation was set up to give these critters a little bit better opportunity than they ever had. I promised Maddie I'd give it back, but I'd never imagined it would be at this size."

PeopleSoft posted sales of \$1.4 billion in 1999, making it the world's second-largest maker of enterprise resource planning (ERP) software-programs used to perform human-resource, manufacturing, supply-chain and financial tasks for corporations.

Duffield grew up in Ho-Ho-Kus, New Jersey, and went to Cornell University, where he earned a B.S. in electrical engineering and a master's in business administration. In 1968, after a few years at IBM, Duffield co-founded Information Associates, a company that developed software for college final exams. Moving to California's Silicon Valley in 1972, Duffield next founded Integral Systems, which made human-resources and payroll software for big universities. "There was a lot of infighting at the company, a lot of talented people but not a great work environment," Duffield recalls. "And I wasn't smart enough to figure out how to fix it."

Things got so bad for Duffield that he installed a new management team and concentrated on technology-only to find that the new bosses weren't interested in his concept of abandoning mainframes to push into client-server computing.

"The company didn't want to make the investment," Duffield says. "To take advantage of all these new technologies, you have to start from scratch. It required a big investment on the part of the company, and they weren't ready to do that; they felt that the mainframe was here for years."

It wasn't. In 1987, Duffield quit and started PeopleSoft, betting on client-server computing as the wave of the future-and forging a corporate culture he felt people would be happy working in.

"Our founding principles were to have happy customers, to be profitable and have fun," Duffield says. "Those were really key things and have remained part of our value systems to this day. It's really critical that people have fun at their work here. It's also important to build a world-class product and be perceived in the market as a real strategic organization."

Duffield, 59, is perhaps the only software billionaire famous for tidying up the company's bathroom if he found it in disarray. He once hired a high school marching band to play fight songs in the halls after a new product launch. He has dug into his own pocket to support a company band called (in his honor) the Raving Daves. And when the company

was younger and smaller, Duffield and his wife personally paid for two company retreats at Lake Tahoe.

Before PeopleSoft moved into its new, sprawling corporate campus east of San Francisco in Pleasanton, California, in July 1998, Duffield worked in a cubicle and answered his own telephone; his Pleasanton office was small enough to be mistaken for some junior employee's if it hadn't been for all the dog statues and pictures. Duffield made his own photocopies, and he participated with other executives in a program where they answered the customer support hotline. When Duffield decided to redraft the company's mission statement, he sent out a memo soliciting advice from all employees.

These might just be some of the reasons why Fortune magazine has repeatedly ranked PeopleSoft as one of the 20 best companies to work for.

But as the adage goes, the sun doesn't shine on one dog's tail forever.

In April 1998, PeopleSoft's stock hit \$57.44 per share before languishing in the fourth quarter of 1998 and diving to \$12 a share in 1999. The drop was largely due to sluggish sales growth, which analysts attributed to weak demand in an increasingly saturated market and Y2K jitters. The company was forced to cut 7,000 employees, 6 percent of its work force.

In May 1999, Duffield stepped into the role of board chairman and hired Craig A. Conway, former executive of Oracle Corporation, to engineer a comeback as PeopleSoft's new president and chief operating officer.

So far, Conway has developed, introduced and marketed PeopleSoft 8, the company's new suite of e-business applications, sending its stock soaring to as high as \$47 a share in early December.

Fortune magazine has reported that the company seems to be getting back on track. The Industry Standard slugged its story "PeopleSoft Rides Again," and went on to say that the company is now "boasting new customers, growing revenues and a tripling of its stock price."

With the management change, Duffield is now free to concentrate more on Maddie's Fund, which has embarked on the challenging project of building on regional success to become an organization with national influence.

The group has put together a program to provide grants for nonprofit organizations to start up their own versions of no-kill policies in their areas; the grants allow them five years to succeed. "We're not trying to direct anybody about how they do it," says Avanzino. "They have tremendous flexibility. But they have to demonstrate on a quarterly basis that they're getting there. The idea is to create a program that demonstrates a successful track record and that's worthwhile to the community. We're somewhat like a venture capitalist that's investing in something, but instead of talking about widgets, we're

talking about ideas, and instead of a stock profit, we're asking for payback in reducing the number of lives being eliminated."

Thirty-five years ago, according to Avanzino, the city of San Francisco killed 65,000 unwanted dogs and cats a year; now, under a six-year-old no-kill policy, that number has dropped to 2,379-the lowest per-capita rate of animal euthanasia among large metropolitan areas of the United States.

"The mission is to really make America a no-kill nation," says Duffield, whose company's success has made this a possibility. No matter how successful his company is and no matter how much money he makes, Duffield says, "I want the vast majority to go to this cause. And why not start enjoying seeing the results before I depart? Over time I'll be gifting more and more. It feels good."

Regular Sky contributor Michael J. Ybarra is a writer based in San Francisco.