

# The Role of Financial Services in the Global Economy

*Charles Schwab, facilitated by the College of Business' Dean Steele*

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## Introductions

*Joyce Osland, Executive Director of the Global Leadership Advancement Center (GLAC)*

Chuck Schwab is a businessman, philanthropist and author. In 1986, he founded the Charles Schwab Corporation, a highly innovative and well-respected financial services company. He is a thought leader in his field -- his company became the nation's first and largest discount broker, which made it possible for anyone to buy stock. He is chairman of the company, which has \$2.22 trillion in client assets today. Mr. Schwab is also chairman of the Charles Schwab Bank, and a trustee of the Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios.

Somehow he also finds time for volunteer and non-profit activities. He and his wife co-founded the Charles and Helen Schwab Foundation, which supports entrepreneurial organizations working in education, poverty prevention, human services and health. He is also the chairman of the San Francisco Museum of Modern Art. In 2008 he was appointed by President Bush to be chairman of the President's Advisory Council on Financial Literacy.

As if this wasn't enough for one lifetime, Mr. Schwab is also the author of three books and the father of five children! He earned his B.A. in economics and an MBA from Stanford University. We are delighted that Mr. Schwab took time from his busy life to share his thoughts and wisdom with us tonight.

It is also my pleasure to introduce you to our moderator for tonight, Dean David Steele. Dean Steele came to San Jose State, the College of Business in 2008, much to my delight because he is a true global leader and has always been a tremendously supportive of GLAC. He was born in Venezuela, but he's lived in 8 different countries. He's lived in Europe, Asia, the Caribbean, The United States, obviously, and South America. He worked for Chevron for many years, um and he...he was the President of Latin America, Chevron Latin America and he was also um in charge of finances. I, this stuck out in my mind too. You know if you work at San Jose State big numbers are always impressive. He was responsible as a Finance officer...Financial officer for over \$7 billion budget. Heaven knows what he's doing here with our budget. Um he has degrees in eng uh Chemical Engineering, he's also been CEO of a software startup and a nonprofit. He has over 25 years in Global Business and we're delighted to have him at San Jose State. So, I would like both of them to come up now please.

## Talk to Chuck

I am happy to come down here to talk about Talk to Chuck a little bit, but um, I said I need someone to be an MC for this thing because it's always a heck of a lot easier than writing a big speech that nobody wants to hear anyway. To have some questions about real life, but I want to talk before we ask the questions. I just want to say how much fun it was to always come to San Jose State. You know, the prettiest women are here. It is absolutely the case. I had a wonderful girlfriend down here while I was at Stanford. My parents always wondered why I wasn't at Stanford studying. And I go, well I am down enjoying the great parties at San Jose State where Lucas was down here having all the fun. I know Sally's not here tonight, but uh we continue to have fun, Don and I, and Sally and my wife, Helen.

So anyway, entrepreneurship, when I started the company now 40 years ago, uh, I...I think I have always been an entrepreneur but I was never quite sure because I never had much money to begin with. So I think part of it, the whole entrepreneurship for me was about seeking a way out of my sense of poverty. Actually, when I got out of Stanford, you know back then our tuition was all of \$250 a quarter. I know that makes you feel really bad because I'm sure your tuition is a whole lot more than that and your parents are wondering: Where's all this money going to go? What are you making anything out of it? Are you going to pay it back to me when you get out of school or pay back the Government? But back then, uh 40 years ago Stanford was \$250 a quarter, which was pretty reasonable. But still, it was really a tight thing in my budget to get that paid for. So, I tried to figure out from biographies was how people became really rich. Because that's what I wanted to do. I wanted to make sure I got far enough away from poverty and that means you got to get successful and that means you have to figure out a way to make a heck of a lot of money because you have to pay a lot of taxes too. So that led to one thing after another and I said...biographies...biographies that I read, most of these guys were entrepreneurs. Figured out some way that the world could use a service that we didn't already have. So, but before I started the company I spent a whole lot of time studying because I love the Financial Services world, I studied an awful lot about the financial world, how banks function, how brokerage firms function, how mutual funds function, how different services like life insurance companies etc. function and uh probably ten years, I was working also at the same time before I started or even thinking about starting this company. Actually even my earliest business was having a chicken farm, which was sort of strange, in Woodland, California near Sacramento. And I would raise the chickens, sell the eggs to the ladies down the street. I would sell the manure for gardening and...and finally the poor old hen would be...would have to be slaughtered. So we had great integrated businesses out back in the fifties. So that was sort of my early beginning. But uh entrepreneurship is something I think is somewhat overstated to some degree. It's uh it's a word that obviously means bringing things together, creating a business opportunity and hopefully making money. In my case, you know, it was...I began having a passion about financial services. I think for entrepreneurs the starting point always is around passion. And I had passion because coming out of the depression years, my parents...my father was a lawyer, small town lawyer, but out of the depression years money was really tight. There was no money really available in the forties and the fifties. And so, again I was...thought how can I get, how can I find success uh in the financial services world. So, that was my early beginning, but uh, fortunately it did work out really well.

**David Steele**

Congratulations.

**Charles Schwab**

Ya, thank you David.

**David Steele**

What are some ideas of the lessons that you learned about keeping a young company going, and hiring the right staff to support growth?

**Charles Schwab**

Well keeping a young company is, keeping any company for that matter, young or old or mid-age is about innovation and of course being extremely lucky that I live in a hot bed of innovation meaning Northern California. Right from San Jose right up to San Francisco. We live in a hot bed of the greatest innovations the world has ever seen, frankly. All the things are growing. I lived in a time period uh in this area where sort of anything can go. In fact today you can finance almost anything, you have a brilliant idea. You saw that more recently this...the guys that uh just sold Google. I understand he was an alumnus of uh San Jose State.

**David Steele**

Never graduated.

**Charles Schwab**

Make sure you don't graduate for god's sake. That's almost a guarantee. Get right up to the edge and don't take the diploma because it's not going to make any difference. No, not really. It's really important to finish education. In fact, uh it's not just what you learn in school, but what you learn after school that really makes the difference I think. And uh, uh in my case I look back in my early career how much I studied and how much preparation I had before I really launched the company. But uh, what were you talking about? We were talking about...

**David Steele**

Growth. How do you grow a small company?

**Charles Schwab**

How do you grow a small company? Well you always have to think small to begin with and certainly in our case uh forming my company, I had a really uh very uh low way of raising money. I mean nobody wanted to put money into our company. It wasn't...it was...so we had...we were always desperate for money and we always had to treat the company as we had no money. Uh and we and that sort of created an attitude within the company that everything was in the shortage. So it made us work extra-long hours, extra hard. And so attracting people to this environment in many ways was not easy because our pay was quite low. And that's obviously what you expect when you go to work for a small little entrepreneurial company is you're not going to get rich there but the dream is there. And we had the dream. And so, I

guess you sort of live on the small companies and still even today we have 15,000 employees. I think something like that, but we are always thinking in some ways about the dream. What is our real ambition in life and of course our case is to get everybody in the country to be an investor. To be thinking about ownership, owning a piece of America's enterprises, owning stock in other words. And so that's what we continue to do to this day and make it easier and easier and easier for the average person to participate. ETFs or mutual funds, uh, different ways to do that and make it easier and cheaper for people to participate. That was always our dream, 40 years ago it was our dream, today it's our dream and we have big dreams even now for this new launch we have in our 401K. 401K that is working for a company and now we have some big dreams about that. So, keep the dream.

### **David Steele**

What challenges did you face and what changes did you have to make to adapt to this global presence?

### **Charles Schwab**

Well the global markets have gotten even more global. Uh, you know the Internet, what a fascinating and unbelievable capability that was created right here in the Valley. Uh, and it continues, it will be certainly the basis for all...all the innovation that we really have to offer sort of comes from the Internet and that capability of communication. Not only domestically, but globally. Uh, we...you know we don't have a big global footprint. Schwab is predominantly in the U.S. And there's a reason why, we have an office in Hong Kong and one in uh London and we're...I was just in China last uh fall trying to see how we can get in there. Talking to the...some of the main leaders are in China. You know expanding from where we are now in Hong Kong. Um we do have clients from all over the globe and of course that comes from the value of the Internet, which is...I think we must have 100 different countries we do business with...or clients that are in those countries. But having a physical presence, there's all kinds of uh, thank you, uh deterrents particularly in the financial services. We are so lucky in America to have so many freedoms that many countries don't have and aren't yet about ready to permit. Uh, whether it was in Japan we tried to do a business there, but they have such control by the banking authorities there they wouldn't let us integrate and of course the...the great uh benefit of Schwab here in America we have the integration of mutual funds, banking, brokerage, insurance, all those are done through what other than [schwab.com](http://schwab.com). And you cannot do that in many of the countries because they...at the heart of it they really try to protect their banking uh industry as such from any competition. And that really puts the...a real dent into uh, uh a firm like us because we don't make, you know we hear about trades of 895 or 495 or whatever it might be. We don't...we almost look at those as like as tips in some respects. A firm like ours has to make money on a variety of things and it...and the actual brokerage fees themselves represent maybe about 20% of our revenue, which people would not think that's the case. Or when we first got started 40 years ago, um 95% of our revenue was on brokerage, but you had to...and as brokerage fees have come down down down we had the thoughtful and innovative uh...introducing newer and broader services, which we've done. And that's been sort of the way we prosper as a company and attracted uh...well almost about 10 million client accounts now. And that's uh...that's been great to see that kind of growth, but the global thing will

continue to be...hopefully we will get into the mainland China in the next few years. The idea out there is that they are still very suspicious of people like us on the outside that...so they're cautious, their government is cautious, and we have to be a little cautious too about entering into China. Uh in England, for instance, the banking community really controls so much of what they do there that they're very hesitant to let us integrate these things. Uh, global will continue to be a very important thing for us, but it uh the biggest oyster for us is the U.S. It is the most dominant and the most educated and...and innovative maybe. It's a...not like than any other country in the world so what we offer and it's pretty fast growing will be our ability to do now that we are not in any rush to spread globally in uh a very dense way.

You want to become an expert in whatever it is. Whether you want to go into starting a business in that area or working for somebody. There's nothing more interesting to me than to see a passionate employee about what we do and that...that doesn't just come from you know, it takes a lot of hard work. And uh, I really do believe in that 10,000 an hour type of commitment to whatever it might be. 10,000 or more hours to whatever it is you want to be involved in. To be an entrepreneur, to be an associate, to be a part of the team, uh whatever that takes and...and I think also as I mention the word team. None of these things happen alone. You got to be able to be, whether you're the leader of the team or you're a participant of the team, it's knowing your expertise, your capabilities and how to interrelate them with the other people you working with because nothing ever happened in our company without a team effort. And um, and I knew early on in my career some of my deficiencies and there were quite a few actually as I look back on it. I had, you know, lots of entrepreneurial capabilities, persuasion and that kind of thing, expert in a couple things, but there were about 10 other subjects or more that I wasn't. So how to attract and build the base and the confidence uh is almost a job of a psychiatrist in many ways. You think with a business and the longevity of businesses, many businesses that can stay alive maybe for a couple years. But to be able to...looking back on it now to keep a business going for 40 years took a lot of, I think I might call it humility. It's making sure that the other person, the other persons on the team are...feel highly confident in their capabilities and always remind them of their capabilities. How great they are to be associated and be a part of the team that we created. So, the best way is to do the rewards system. And I have always believed in having people around me, all have shares and stock in a company, or ownership in a company or be prepared to receive those things upon doing a great job.

### **David Steele**

How has technology and high speed trading affected market transactions under welfare or retail investors?

### **Charles Schwab**

Well maybe I should divide into two parts. Technology uh in...in interest for Schwab being right in the hot bed of technology. I have lots of friends who are technologists and such and that was their businesses. But I got first familiar with very..to us it's been the key for our growth as a company. Just living with and depending upon technology. Well technology and as you mentioned fast trading or high speed trading or..it's...it's a real problem for the...knowing the

people who are doing it. And I don't think people are probably some of the students here or the people here are into the high frequency trading. Because unfortunately on many respects, that high speed and high frequency trading I think it's become...going to become really a black eye for the industry. And what has happened is that there has been sort of a sub industry that has been created that is sort of, what I call almost scamming. They figured out a way to have the pipes going directly from Chicago to New York. They are very high speed and they can trade in and around and ahead of normal people. I think that... today, there is an author coming out with a book, really a very deep expose uh on it, his name is Michael uh...I forget his last name. The name of the book is uh Flashboys and it'll be talked about by the end of this month. I had a meeting today with the author about it, expose about uh...high speed trading and what is happening to it. I know many of you have read about this thing, but they...they...you know their pipes connect right to the stock exchange and they are able to do trades ahead of normal trading. And so, it'll be on 60 minutes I think in about three weeks. So, it doesn't add really liquidity it takes liquidity out of the system. It probably represents maybe \$20 billion a year of scamming. So it's a...it's a real issue to me. So I'm not really... I wouldn't advocate going into the business right now. I think it will become really quite uh rejected by the traditional uh financial world. When you finally find out and read the book um and read what um and see what's happened on 60 minute's expose. So, but technology overall is a fantastic thing and will grow our innovation speed, lower costs, um more personalization. I mean there's just so many great things about technology and what it does for the real uh for real industries, for real investors, for long-term investing. And all that technology is a fantastic tool, but high frequency trading is going to be I think black balled before long actually.

### **David Steele**

You are in some of Schwab's ads today and what is your perspective on the role of marketing and advertising for a business?

### **Charles Schwab**

How important is marketing and advertising for business? Well it's almost everything I guess. Um, you know I was fortunate enough to be on a board uh with one of the important people at uh Google um and when he started to tell me the underpinnings of Google...everything is going to be free...and I said that's a fantastic idea, everything free. And sure enough they executed it. Everything you do on Google is free, but you do make choices sometimes to buy some of the products and their able to uh...obviously the advertising that they provide on Google ends up paying a lot of money...big portion that goes to Google and a big portion ends up going to the company that buys the advertising on Google. Uh what a great model Google is. So if you can come up with another idea like that, please call me. I'd like to uh...but marketing and advertising. That was something I didn't know too much about in the beginning of our business uh, I was more of a finance guy, accounting guy, that kind of stuff...analyst. That's how I really came up into business, as an analyst. I was a salesman, but very early on I figured out, man the only way this product is ever going to move was to have super advertising and the right kind of pricing on the thing and have the right kind of marketing and uh, and all that. But early on we didn't have much money as I said earlier. So I found out the way to really kick off a great service without any money and that's using PR. If you have a great idea, public relations...PR is a

fantastic way to get started because you can always find some writer, um, some place that is thinking "I need to get a good story". How do I get a good story? Well, you show up, tell them the great story you have and if it's a great story, they will write it up and it almost costs you nothing to do that. And I would really learn the essence of great PR. And you'll see many times the San Jose Mercury News or the San Francisco Chronicle about some product and it almost costs you nothing to get that in and many times it's a great starting point for uh little companies. It certainly was true in our case.

### **David Steele**

Let me turn to some of the questions which uh the audience has um...the first one is how could the global financial crisis in 2008 best be prevented in the future?

### **Charles Schwab**

Well the global crisis of '08 was probably the greatest black eye of American business and certainly of American Wall Street. Uh, in my opinion it was because it all started with some excessively leveraged companies well known to you all as, Lehman Brothers was right front and center, uh Bear Stearns...they were leveraged something like 33 to 1. Can you imagine that? 33 to 1. Some even, mid-month went as high as 40 to 1. Well you don't have much cushion against any kind of a haircut or any kind of a loss, which was sort of started by all the things in the...in the whole world...the credit world concerning real estate and some of those things are unfolding, some of those creations that were based on many derivatives and things of that nature. So...uh the illiquidity that came into the market place forced these brokerage firms in the market to market their portfolios and balance sheets to go down down down to eventually where they went broke. And had they not, it wasn't banks it was the brokerage firms, the big investment banking firms that got into so much trouble. Morgan Stanley got in trouble. They were just days away...hours away from calling it quits. Uh, Merrill Lynch of course was forced into a merger with Bank of America. And it was these big investment banking firms that just...and it goes back to actually an interesting decision that was made by the SCC in 2004, which permitted these large investment banks to create their own leverage ratios. There were traditional ratios that were created for firms like ourselves. And had been put in place back in 1930s...35...37...40s, altered a little bit in the early 60s. But the major investment banking firms as a result of a decision in 2004 uh...April 2004 were permitted to create their own leverage ratios as long as they assured the SCC that they had a risk-assessment system that allowed them to know what the risks were at any given moment and would be able to handle their balance sheets just fine. Well, that didn't turn out to be the case. So it was almost a government...well it was a government decision in 2004 to set the stage for these firms to get into trouble uh by excessive leverage and of course they did it because they were thinking they were making money. Uh well it turned out the money making machine looked the other way as people started finding out some of these mortgage assets weren't as successful or weren't as solid as they thought. Many of which were supported by some private...some private uh loans and uh so it was just the beginning. So it took all through 2008 to have this thing unwind all the way through and create a fear by the general public and interesting they were no big banks that really went out of business of it. Um but it was fortunate big banks did stay alive and well and they're buying some of these weaker assets like uh Merrill Lynch at the time. So the meltdown

just kept going and finally we obviously had bought them in March of five years ago March of uh 2000...uh 2009. So it was uh a terrible learning thing but I think much of which was created by bad government policy. You know, I think ineffective regulatory scheming...they didn't even enforce some of the laws that were in place. And a little bit of liberalization, like I said, the decision was made in April 2004. Most of us skated right through the crisis, but it was a shock to every investor and we're still paying the consequences today. Investor trust, investor uh....is still at a very low point. Getting a little bit better, but it's still not back to where it was.

### **David Steele**

What would you say the tipping point was for the success of your business?

### **Charles Schwab**

The tipping point? That's a great question, I think one of the tipping points...there were many tipping points actually along the way, but uh we had....early on we were growing so quickly that's...these are the problems of small companies. We didn't have access to capital, for instance at one point we had 2000 and uh....2000 was really...in 19 uh...in 1980 we were growing very rapidly. Revenue was going up, but we didn't have the capital to grow at the speed we were growing at. It's always the issue and I should say to any student in here...not only learn about income statements, but learn about balance sheets. You've got to understand in small business what your balance sheet is, what it looks like because from that so many critical decisions are made. In our case, our balance sheet...we didn't have access to capital because Wall Street didn't want us to finance us. We couldn't go to Wall Street because they hated us because we were providing incredibly inexpensive commission fees to customers, under cutting them in a brutal way because we were going down 50, 70, 75, 80% from what the traditional guys were charging. So we were the last guy in the world they would ever help finance so we had to do the traditional thing and sorta...beg our...we had to go to our relatives, we had to go to our close friends and help finance. And at the time, even venture capitalist guys turned us down because most of their boards were um, majority of which were from Wall Street. This is now 1980, so we got over that. We got a loan actually from Bank of America and uh that helped out...got some credibility there and so our capital need from pretty much set at that moment in time. We were five years into it. And so, at that point it was the early 80s, uh I wasn't sure whether I could get this thing financed or not because it was way beyond my personal capability at the time. So financing and all that is really important for a small company: understanding how you're going to get it, where you're going to get it from, uh knowing your balance sheet. Uh that's critical, particularly in the financial services world. So...but then beyond that there were other critical points that uh there were many changes in the laws that we had to deal with along the way, and of course our deficiency we had to hire great talent. We didn't have a lot of money, we couldn't hire great talent, we had to make along with some important chunks that weren't fulfilled because we were sort of under staffed. It was all these different things along the way. But uh, eventually it all came about as we became more profitable, and more well known, and people uh...began to have more confidence in what kind of business we offered.



**David Steele**

We have uh an interesting question here from a Julie Clarke, which I suspect is a student. What are your thoughts on BitCoin and how does regulation interpretation affect the global market?

**Charles Schwab**

On Bitcoin?

**David Steele**

Yes.

**Charles Schwab**

Well, everyone has this dream about having a sort of internet currency and there's been partial attempts at that. PayPal would be in that zone. We have certainly at Schwab, we have all capabilities of moving money around for people, but it still would be nice to have a pure internet currency of some kind. Uh frankly, I sort of believe in what Warren Buffet said, I think was yesterday, that I think in 10 years time it may not even be there the Bitcoin business. It will probably be something else that will be created, but I think its attempt to get there, but I don't think it's a very good attempt yet. And I don't know what it's going to take. It's going to take a firm, it might be us, to create a Bitcoin with financial integrity behind it. So you always know, when you're dealing with money, a dollar bill, you want to make sure someone else is going to take it. The person that's going to take it is going to have credibility that it's a dollar. So, if you get a bit coin and you're not quite sure the company is going to be alive tomorrow...because...you lose credibility in a real hurry. So, I don't think the final solution has been developed yet. I don't think I'd be an investor of Bitcoin, um if you do you're taking an extraordinarily high risk. Maybe you'll be rewarded, I would be betting against you.

**David Steele**

The next question is perhaps related to this but um, what do you think will be the next big thing?

**Charles Schwab**

What will be the next big thing?

**David Steele**

Yes.

**Charles Schwab**

Well I think...I think we're right in the middle of the next big thing. It's all around us is this mobility of things that are happening whether it's financial services or health services or whatever, I think it's all pretty well structured in this world right now. It'll take entrepreneurs to piece some of these things together to make them even more easy, more easy to use whether it be on your app on your phone. I mean that it is only in the early stages of development in my opinion. So..I think that uh.. it's so global as we talked about. The internet capabilities are going to be so global that I think that people will use these services even when

some government agencies won't be happy with it. It'll be available and explode in a quick quick way, sort of like some of the great internet companies right now on this scope. They explode, four, five-hundred billion users, two billion users. It really is, how amazing things just grow virally. I think that the pieces are in there, it's a just matter of placing them in the right way for the puzzle to be complete. Certainly we have all types of ideas for our company, in terms of financial services. But I don't think there's going to be a rocket ship to the moon, might be the next big one. But I probably won't be on that rocket ship. I think.. I think that it's all right in front of us, in my view. I mean... the capabilities just with the things that are going into the cloud, for instance is just some wonderful capabilities there. In our firm, we came out of having little computers and bigger computers and all that software development, all the money we wasted on that stuff, and now we can move things very quickly and software that's very..that doesn't even have to be customized. Just put it in the cloud and you're in business. It's just uh..it's a hot bed of things.

### **David Steele**

Let me change the subject a little bit, this question is: How hard was it to earn people's trust and is there a certain strategy to get people to trust you?

### **Charles Schwab**

Well, earning trust on an individual level, as you know, is just consistent performance. Whether you have a relationship with someone, it's be there, you need to be there. In the business world, it's consistency, it's not... You don't' earn trust in six months, one year, five years, ten years, and I'm sure in many cases we haven't even earn the trust yet being in business for 40 years. So, it's just the consistent delivery of whatever the services you're offering and fulfilling your promises as you go along, making sure you're not a weasel on your promises, you can't do that. And there's no set date, man, it's probably some days we don't earn the trust from our clients, particularly in the down markets. Those come regularly. As I said, I think consistency is the most important thing.

### **David Steele**

Another question, along similar lines: Besides passion, what character qualities do you seek in the leader of a big, new firm?

### **Charles Schwab**

Well, I use the word humility, I think it's absolutely essential, particularly in small companies. You never want to be an egomaniac, it doesn't work. I mean you know people that are that way, they are so ego-driven, hard for them to build ever a team. You're never going to be successful, in anything, any endeavor in life, I don't think, unless you are capable of creating a team. That means somehow, earning the confidence of your fellow participants on the team and there's no better way than to earn that as to, obviously recognize the capabilities of the person working with you. So that you will always have their confidence and be totally honest with that person or other persons. And so it goes back to me, it's not a matter of how arrogant or how smart you are, it's about how much do humility you have. People are really attracted to

that in a big way and they feel confident, they feel personally confident that they really contribute to whatever it is your endeavor is.

**David Steele**

I know that you're a very busy person. So uh..

**Charles Schwab**

Busy person, I play golf. I play golf with Don, I you know...I you know...a lot of things.

**David Steele**

Well let me retract that. Don tells me he's known you for forty years so you've...

**Charles Schwab**

It's a long time, Don. I don't know how we got away with it.

**David Steele**

But uh, if you could go back in time, what would be the things you would do differently and another question is, what class would you take in college?

**Charles Schwab**

Well in college, I took economics, really a boring subject. But I knew it had to be, I had to understand how things really function. I'll tell you, a quick way to learn that is, take a class in economics. You have to know how the system operates before you can ever make changes to anything. So in my case, that's what I majored in and then I went to business school. That was sort of, really an eye-opener, going to business school. And I know that so many of you are in business school now and it's the greatest way, I think, sort of to put your whole understanding of business and how it functions and different pieces of it, because I certainly didn't learn that in economics. That was 39,000 feet and how to make the world run, was the business world. So that was my path and I did go to most classes. Some classes I had a real tough time, I had a tough time with French, I had a tough time even in English, my mother language and I still do. That was an unusual thing, I found out I was dyslexic by the time I was 40 because my son had the same issues I had in school. I didn't know that and so, that was really a kind of handicap to say the least.

**David Steele**

Well let me end on that note just to give you a time. For any of you with a handicap out there, you have a shining example of the tremendous success of Charles Schwab. So please join me in thanking him for this conversation.

I'll turn it back over to Joyce for some closing comments.

**Joyce Osland**

I'd like to thank you both, and Chuck I just wanted to say, you know, it's never too late to take a course in global leadership. We can squeeze you in. I'd like to thank the audience for your

questions too. I'm sorry we couldn't answer all of them, but I certainly appreciate you sending them in. Maybe I could give them to Chuck and he could, you know, write answers for them now. I think it would take him a month to answer them all. I would like to thank the GLAC staff for all their work on this event, we actually have 4 pages of to-do items that we do when we do have something like this. There's a lot of behind the scenes and I'd like to thank.. and I'd like them to stand up if they're in the room. Stacy Wheeler, right here and Jeff Gaines, are you in the room? He's always out working, I just don't know what it is with that guy. Anyway he's on the job. Jacquie Peterson are you here? Okay right there. And Carmen, she always wanted to be Vanna White and I made it possible for her. And I'd like to thank Marlene Turner, who's down here, who was helping with the questions too. Marlene is the interim director of GLAC while I'm on sabbatical, uh and I wanted to thank a very very special person. Because tonight's event was made possible by the Don and Sally Lucas foundation. Don was also a key player in, in getting Chuck to come here, in fact I was thinking we should change the name of this series. Forget the Global Leader Speaker Series, it should just be the Friends of Don Speaker Series. We're really fortunate to have Don with us this evening and I'd like to ask him to come up now please.

### **Donald Lucas**

Before we get into the presentation here, I have to tell you that Chuck called me at least seventy or eight times wanting to know if he could come here to make a presentation. We finally caved in. I was watching, Joyce, you asked for cards for questions, and actually as I'm watching you and there's over 2,500 cards on that table. And she wanted to know if you could answer all of them before you left. I'm so proud to know this gentleman, and we've been friends for maybe, what, 30, 35 years. He is a very, not only articulate and conservative and reserved person. Chuck and Helen, and Sally and I travel around a lot, mainly golf tournaments. We probably, actually extensively, we played in AT&T a few times.

### **Charles Schwab**

We went to England, Scotland, New Zealand...I'm going to give a speech here.

### **Donald Lucas**

Are you finished? I have to tell you that Chuck was talking about growing a company. He talked about um being humble, he talked about entrepreneurship, he talked about innovation. The...If I had to focus on one specific item that Chuck is well known for, I would focus on his commitment to ethics because people like to do people, like to do business with people that they can believe in and count on. I'll tell you, if you talk to Chuck and he says something to you, he will back it up.

We have two items, none of which you can take when you leave. You can't really see from there but we have a well-proportioned plaque that has your picture and if you would like to take a look at that. We also have one of the posters that you saw and we are going to ask, Chuck, if you would sign it. Because these two, the poster and the plaque, are going to go into the conference room at the Lucas Business School. They are going to hang it and the naming of the conference room will after Chuck Schwab.

**Charles Schwab**

I couldn't be more honored, to have my picture, hopefully next to Don and Sally's. I will. I hope so. Right here? Can't cash the check.

**Donald Lucas**

Thank you so much.

**David Steele**

Would you mind telling them the story you told me?

**Donald Lucas**

Well I'm not telling that story....okay I will.

I was sitting in back about 25 rows and just 4 seats in. The class was courtship and marriage, the only class during my attendance at San Jose State that I flunked. My wife to be was in that class and I'll never live it down, ever.

**Charles Schwab**

Hey Don, don't worry about Sally. She was the most gorgeous woman and I'm sure she was even more gorgeous sitting in that class. She made sure he was a good citizen all those 40 years.

**David Steele**

Thank you for attending.