

# 'WHEN IT FEELS RIGHT, I GIVE'

## An Interview with Russ Gerdin

**Russ Gerdin trusts his instincts. If you had Russ Gerdin's instincts, you'd trust them too.**

**After all, they helped him build his company from a tiny operation into an industry leader. And they have guided him and his wife Ann as they have sought out philanthropic opportunities in recent years.**

The Gerdins are best known to those at Iowa State for their \$10 million gift which made possible the construction of the magnificent, five-year-old Gerdin Business Building. It would not be hyperbole to suggest that their gift changed the course of history for business education at Iowa State.

In business, Gerdin will tell you, his instincts have led him into the occasional mistake. But in philanthropy, he's proud to say his instincts have been spot-on every time.

When Gerdin was visiting the College of Business in April 2008 for a meeting of the Dean's Advisory Council, his instincts kicked in again. The council heard presentations that day about the college's new PhD program, which launches this fall, and the Gerdin Citizenship Program, now in its second year of engaging freshmen and sophomore business students in activities that build key professional skills.

When the presentations concluded, Gerdin made an announcement that caught everyone—himself included—by surprise: he and Ann would contribute \$1 million to the PhD program and \$100,000 to the Gerdin Citizenship Program. They would also give \$100,000 to Cyclone athletics.



While the decision may have been spur of the moment, Gerdin says the foundation for that decision comes from a belief in the mission of the College of Business and an underlying trust in the leadership at Iowa State. It is an investment, he says, in educational opportunities for Iowans.

Today, Russ Gerdin continues to serve as chairman and CEO of Heartland Express, the trucking firm he built from the ground up into one of the nation's largest. He turned over some of the day-to-day operations to his son Michael after he was diagnosed with liver cancer in 2006.

His experience in treatment led the Gerdins to pledge \$4 million to create the Russell and Ann Gerdin American Cancer Society Hope Lodge in Iowa City, where families can stay without cost while loved ones receive cancer treatments. The Gerdins have also been generous supporters of the University of Iowa and Hurricane Katrina relief, among other causes.

*Prospectus* sat down with Russ Gerdin at Heartland Express' corporate headquarters in North Liberty, Iowa, for a candid conversation about his business, his thoughts on Iowa State University, and his perspective on philanthropy.

**PROSPECTUS** Ten years ago, you announced the largest gift in the history of the College of Business. How did you arrive at that decision?

**RUSS GERDIN** Ben Allen [former College of Business dean, Iowa State provost, and now pres-



Russ Gerdin built Heartland Express from a small operation with a handful of trucks to a \$600 million per year industry leader.

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ident at the University of Northern Iowa] and I are friends. He is on our board, and was at that time too. Maybe three years prior to that, I went to one of his presentations to the Cedar Rapids shipping public. I didn't even know him at the time, but when the meeting got over I went up to him and introduced myself—here is the off the cuff thing again—and said, "I would like you to consider joining our board." He said he would be honored. And that is how we started our relationship. And from there on, I noticed what he was doing at the college, and it turned out he was everything I thought he was and plus some.

Ann and I had said way back that if we accumulate money, Ann is a teacher so we want to give 50 percent to education, and I want to give 50 percent to wildlife causes. Then this opportunity at Iowa State came up, so our giving has now moved toward education and health instead of wildlife. And Ben Allen is a big reason why.

We started in Shenandoah and lived there for almost 10 years, and now here in Iowa City for over 30 years. We feel that what we've been able to accumulate has been because of all the efforts of the good people of Iowa. And Iowa State is such an Iowa university, with so many small town Iowa kids. The idea of education, and the kids from Iowa, made us feel that this was the best place to give back what we had gained.

**P** Is it a little bit surreal to see your name on a building like that? Or to drive down University Boulevard in Ames and see your and Ann's faces up on a banner?

**RG** No one has ever asked me that, and I don't think about it. I very often ask, "How did I get in this position?" because the word surreal really is true in that case. But as far as seeing our names on the building, I don't even think about that.

**P** You and Ann were initially reluctant to put your names on the building.

**RG** Yes.

**P** Why was that?

**RG** Ann and I are the shepherds of this money. But we didn't make this money – all these people did [gestures toward other employees]. So why do Russ and Ann get all the credit? Because your name is on something, it looks like that means you did all the work, and that is the furthest thing from the truth. So we struggled with that.

**P** That was also your first major gift.

**RG** Yes.

**P** How has that shaped your and Ann's thinking on philanthropy? Did it serve as a platform for you to get into some of your other philanthropic gifts?

**RG** Yes, absolutely. That was the stepping stone and learning experience. I think that because of the students and how grateful they are, we got a real good feeling because we had not done it before. And it wasn't just the students—we have had numerous parents call and say thank you for

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This plaque, which is displayed in the Gerdin Business Building, also hangs in Russ Gerdin's office.

the facility. And the staff has been out of this world. We got in a real good comfort zone. We did it for the Iowa people, and the Iowa people responded. And the big thing is knowing that long after we are gone, the building will still be serving a purpose for many, many years. That's very pleasing to know that they appreciate it. It really is.

I was at a philanthropy luncheon recently. I got up to speak, and said, "You don't have any money, and I don't have any money." I got some really blank stares. I said, "When it comes down to money, no one really has any. All we are doing is using it. We come in here with nothing and leave with nothing. The money that I'm given is not mine. If we have been fortunate, it's because someone bigger than me has made that decision. I'm just the caretaker." They asked us how we decided where we are going to give, and I said, "I don't know. When it feels right, I give."

**P** At the Dean's Advisory Council meeting last spring, you decided on the spot to give another \$1.1 million to the College of Business—\$1 million for the PhD program and \$100,000 for the Gerdin Citizenship Program. What sparked you to make that decision?

**RG** I don't know ... and I do that in all phases, not just in that meeting. Sometimes I just make a decision right there, spur of the moment. I'm not sure what that is, and I can't explain it. I don't know what happens to me, I just get the



Russ and Ann Gerdin at the 2004 dedication of the Gerdin Business Building.

feeling, “Yep, right now is the time to do it.” If I think about it for a long time, it probably won’t happen. I have to really feel it, and then I do it. I don’t have an answer to it.

**P** But it has to come from an underlying trust in the cause or person you put your money into.

**RG** It’s like buying the trucks. We may buy a thousand, two thousand, or three thousand of them at a time. The dealer is sitting here, and I know what I think is a good deal. And if they can meet that, we do it! But every once in awhile, the people at Heartland Express will say, “You didn’t say anything or tell us you were going to do that.” And I say, “Well I didn’t know I was going to do it until five minutes ago!”

I didn’t go into that meeting thinking about making that donation. It wasn’t on my mind. But when it feels right, I’m pretty impulsive. When I was driving home that day I asked myself, “What the hell did you just do [laughs]?”

Probably the biggest thing is that I trusted Ben Allen and my instincts about him were right. And now we are lucky because Labh [Hira, current College of Business dean] has

done such a good job to follow him up. As I sat in that meeting, I thought about the building and how Labh and his staff have done such a great job, and the students have been so appreciative, that why shouldn’t I back this PhD program that the college needs? It was just kind of a common sense thing.

**P** Certainly, your instinct has served you well up to this point.

**RG** So far we have been right and it has worked in the things we have given to. I haven’t got an investment someplace that I haven’t been proud of.

**P** What is your perspective on the growth and progress you have seen in the College of Business?

**RG** I think that the thing that impresses me the most is the students and how much they really care. The whole culture has always been very good and that just impresses me.

Then I look at the differences between [former university president] Martin Jischke and President Geoffroy, and it seems like they are two totally different people, but they are both getting great results in different ways. And the College of Business is no doubt stronger than it was when I met both of them. So that tells me that the core of Iowa State has to be real solid. It impresses me how strong each of the colleges are. They are separate but in total they add up to a very solid institution. It is guided in a very solid fashion and the consistency and strength is what impresses me.

**P** Talk about some of your other philanthropic causes.

**RG** Well, we built this new cancer Hope Lodge this year and they just opened it. We gave \$4 million to that and we are giving \$2 million to Minnesota State University Moorhead for their new wellness center. We gave \$1 million to Katrina and lots of other smaller donations to different organi-

zations. You can't support everyone and everything; my philosophy is you have to do enough to make a difference rather than just being part of a donation. When you have a big one, you know you had a meaningful place in that whole project.

I feel this Hope Lodge gift is a very important one because I have cancer and I know what those people are going through. I know all the operations I have had. And so when I go to the hospital now I can't get in that cancer unit without the nurses coming and saying thanks for those people who are coming and living at the Hope Lodge. It is really a satisfaction realizing those people who drive here from Fort Dodge and live in a hotel. You know you are helping a lot of people.

**P** You founded Heartland Express and built it from the ground up. It has been nearly three years now since you relinquished your duties as president, correct?

**RG** Yes, that is correct.

**P** In part because of your cancer?

**RG** One hundred percent because of my cancer.

**P** What has it been like in your role to see your son Michael take over as president?

**RG** Mike was 38 and my plan was to make him president when he was 40. So it probably worked out well this way, since we have a great father-son relationship and I have been around as he

has taken over the reins. It is just really special.

I think mainly because it is your son, you have so much pride and you really enjoy it. We are moving forward just like we always were so I get a lot of great feelings. He has been here since he was five years old. He has been through the big decisions and has the knowledge.

**P** Obviously, you are still very heavily involved in the company, but how would you describe your role now?

**RG** I am exactly what they don't teach in college. I believe I am way too involved compared to what they say a CEO is supposed to be. I get right in the middle of lots of things.

**P** Have your health issues changed your perspective on your personal time?

**RG** Ann asked me once what I would do if they told me I only had 60 days left. I said, "I hope I'm at the office those last 59 days and that last day I'm gone." I get more out of being here and the challenge of the job than I would ever get from playing golf or hunting, as much as I love to do that.

**P** If you had the chance, what would the Russ Gerdin of 2008, go back and tell the Russ Gerdin of 40 years ago?

**RG** This sounds awful, and it's not bragging, but I don't think that there has been a day where I could believe we are where we are. I'm always amazed at where we are compared to where we started and my original goal. When I started, I said, "If I can get 50 trucks, that would really be something." And now it is over 3,000. It is just doing the right thing as often as you can each day, and it keeps building. It proves in our world that if you service your customer, you will grow. And that's what happened here. ■

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