



# Henry Rowan:

The real value of a man

By Michele Dailey '94

*Five years ago this July, Henry and Betty Rowan stunned the nation when they pledged \$100 million to Glassboro State College, at the time the largest gift to a public college in history. Here is a look at the man who has transformed the future of Rowan College.*

**H**enry Rowan was born to be an entrepreneur. At the age of nine, he started his first business—raising chickens and selling eggs with his mother as his only customer. Not wanting to spoil her son, she wouldn't pay more than the top wholesale price for the eggs, so young Rowan's first business was in trouble. Retail chicken feed costs and wholesale prices don't spell survival, let alone profit. He needed to buy the feed in bulk, so for his 10th birthday, instead of asking for a bicycle or a train set, he asked for a 100-pound bag of feed. "I worked awfully hard at my egg business. It was just something inside me," Rowan said. "I've enjoyed driving myself in everything I've ever done."

The founder, president and CEO of Inducto-therm Industries Inc. and the college's major benefactor, Rowan was the third of four children born to Dr. Henry M. Rowan Sr. and Margaret Frances Boyd Rowan in 1923. In 1929, two events dramatically altered Rowan's life: the



*Henry and Betty Rowan, left, made Burlington County their home. Above, Rowan indulges his passion for competition by racing sailboats.*

family fortune was lost in the stock market crash, and his parents divorced. He would not see his father again until he was an adult.

Rowan's mother took on the dual role of mother and father, Rowan recalled in his 1995 autobiography *The Fire Within*. Learning from her family history, his mother "preached a doctrine of thrift and self-reliance which I readily absorbed," Rowan wrote. A Wellesley College graduate, Mrs. Rowan continued her education, earning a master's degree in botany and zoology to better support the family.

She was her son's first lender, customer and perhaps his best teacher. Mrs. Rowan ensured that her children—two daughters and two sons—read the classics, attended concerts and visited museums. She also wanted them to see the world. On one occasion, she took Rowan and his younger brother Bill out of school for a month-long trip to Peru. Instead of a luxury liner, they traveled on a banana boat, learning how the engines worked and how the seamen lived. In Peru, they explored ruins, scaled the Andes and became immersed in another culture.

"How could we ever have experienced so much in a classroom?" Rowan wrote.

With his mother's influence, he believes he is blessed (or cursed) with an inner drive that has no off switch, ultimately leading him to form Inductotherm Industries Inc. of

Rancocas, Burlington County. He has driven his company to world leadership in the manufacture of induction melting furnaces and now runs companies that make other related and unrelated products that bring in annual sales of \$670 million.

Rowan thrives on challenge. In 1941, he enrolled in a dual degree program to earn a bachelor of arts from Williams College in Massachusetts and a master of science from the Massachusetts Institute of Technology (MIT). However, the program was interrupted by World War II. He enlisted in the Army Air Corps as an aviation cadet and trained to be a bomber pilot. Shortly after qualifying to fly the B-17 bomber, news came that the war was over. While grateful to see the war end, Rowan wrote that he "felt cheated out of what I saw as the ultimate challenge—combat flying."

While in flight school, Rowan married Betty Long, his childhood sweetheart from Ridgewood, N.J. When the couple returned home after the war, they immediately packed up

and moved to Massachusetts. Rowan returned to MIT to complete his undergraduate degree with honors in electrical engineering, while supporting his wife and two young children, Jimmy and Virginia.

Rowan's life of meeting challenges head-on kicked into high gear. He took many risks—financial and emotional—to start up Inductotherm with his partner Paul Foley. In 1954, he sold the family home, moved to a rented house and used the equity as his starting capital. Rowan and his wife built their first furnace in their cellar, heating the copper over a bonfire in their backyard. Even with the business growing, Foley, an entrepreneur in his own right with another business of his own, couldn't stand the pace or the pressure Rowan set, and asked to be bought out. Rowan was left to fly solo.

Today, Inductotherm Industries Inc. has grown to include 80 subsidiaries throughout North America, South America, Europe, India, Asia and Australia. The company has achieved tremendous success due to Rowan's persistence, perfectionism and commitment to customer service.

His success in the business world has not shielded him from personal tragedies, and one that he admits he still cannot deal with is the death of his two sons from a rare, debilitating muscle disease.

Soon after learning the devastating news about Jimmy, Betty found out she was pregnant with their third child, David. Jimmy died in 1968, when he was 21 years old. Ten years later,

*Rowan and his wife built their first furnace in their cellar, melting copper with a bonfire.*





CRAIG TERRY

*Inductotherm, Rowan's flagship business based in Rancocas, is the world leader in the manufacture of induction melting furnaces. Rowan is committed to customer service, often piloting the twin prop, below left, that ferries his companies' clients to and from the plants.*



they lost David at the age of 28. "In a way," Rowan wrote, "it was remarkable that Betty had kept both Jimmy and David alive so long in the face of a disease that permitted few victims to survive long into their teens."

Rowan said that his work served as a diversion for him, helping him to put his grief out of his mind. So he zealously dove into it, investing most of the profits back into the business instead of living the extravagant lifestyle many would expect of a wealthy family. He and his wife Betty live in a charming colonial farmhouse built in 1786 a few miles from the Rancocas plant. His daughter, Virginia "Ginny" Smith, lives in nearby Moorestown with her husband and two young children.

Rowan's feelings about wealth and waste have a lot to do with his upbringing during the Great Depression. He considers waste to be almost sinful. He enjoys finding good buys when shopping for food or clothing, and buys his suits off the rack. "It takes so long to be measured and have a suit made. Why would I want to waste time doing that?" he asked.

Rowan has never been interested in hobnobbing with society's elite. "I spend time with people because I like them," he said. "Being wealthier than the next guy may be important to some, but it means little to me. I enjoy doing what I want to do."

Rowan's thriftiness extends to transportation, though it appears to be totally inconsistent—he drives a 1990 Buick and flies a Lear jet. But the jet is not an extravagance. "The Lear is a business tool, a real profit earner," he said. "Almost weekly, we bring customers into the plant or take them to see



*I dreaded the thought of retiring, no work to be done, nothing to inspire me...*

a furnace installation in a distant city. It increases our ability to reach our customers, service our customers and sell furnaces.” The challenge of competition is what has held Rowan’s interest in sailboat racing, a passion he continues to pursue at the age of 73. Racing the Star Boat, which is a one-design sailing class, is a hobby he enjoys tremendously. Rowan even competed in the 1992 Olympic trials in Miami.

“I didn’t go into it thinking I would win. I did it for the great competition,” he said. “Sailboat racing provides a test of your ability to instantaneously react to the thousands of subtle changes in the wind. You strive for perfection but never reach it.

“Business is like that,” Rowan said. “Changes in markets, in pricing, technology and competition require immediate reactions if the business is to flourish.”

Rowan has operated his business and lived his life with that



*Rowan exercises wisdom and practicality born in the Great Depression. He tends meticulously to his rural home and grounds year-round.*

same intensity and drive to be the best. And while he is proud of the gift he made to the college, he said the donation is dwarfed by the contribution his business has made to the communities in which the companies operate. "We've been averaging \$200 million a year in sales in New Jersey. Over the years, we've probably paid out \$3 billion in salaries and expenditures locally. That's worth far more to South Jersey than \$100 million to the college," he said.

Growing the economy is part of Rowan's business philosophy. "The responsibility of anyone running a successful business is to generate jobs and wealth in the community so there are opportunities for people to work and perform," Rowan said. "You're creating wealth on which the community exists. We have 5,000 employees worldwide and I'm proud of that. Five thousand families are working and contributing to their economies because of the business we generate," he added.

As the years have passed, many great people have joined the Inductotherm group, running the individual companies and, as Rowan put it, "making the fun decisions and meeting new challenges."

Much to his frustration, he now participates less and less in the company's day-to-day operations. Gradually, his role has become more of a consulting one with the CEOs of his other companies, discussing new technologies, efficiency in manufacturing and expansion opportunities.

Friends have asked Rowan if he thought of retiring so he could dedicate his full energies to his passions, like sailing and flying. "I dreaded the thought of retiring," Rowan says in his book. "I couldn't bear the thought of getting up in the morning with no new objectives to reach, no work to be done, nothing to inspire me for the rest of the day."

In the spring of 1992, Rowan found what he desperately needed, a new challenge big enough to create a new crisis: the donation, with his wife, of \$100 million to the college, which was then the largest gift to a public college in the history of higher education.

## Endowing the Future

**M**any people outside higher education thought the \$100 million gift from the Rowans was like winning the lottery and the College would never have to worry about money again. But nothing could be further from the truth.

With a yearly operating budget of nearly \$60 million, even the Rowans' gift would not go very far. Besides, the donation was given in the form of an endowment, which means the principal, or the amount donated, cannot be spent. It must be invested to produce income.

The Rowan gift was actually a pledge, promised to be paid over an 11-year period. The Rowans made an initial payment in 1992 of \$26 million toward their \$100 million pledge. They have committed to give at least \$4 million a year through the year 2002. In 2003, the final year, they will make a balloon payment for the remainder, which will be about \$34 million.

The Rowan College Foundation is managed by a volunteer Board of Directors comprised of area business leaders appointed by the College Board of Trustees. The Foundation Board is a separate entity from the College and has its own policies governing investment of the endowment and how it is spent.

One of the Foundation's investment policies requires that money be added to the endowment each year to equal the amount of inflation. This protects the purchasing power of the endowment forever so it has a current-day dollar value. For the month ended Dec. 31, 1996, the endowment's market value was an estimated \$54 million.

The Foundation decides each year how much it will allocate to the College. Based on the practice at colleges and universities nationally, one of the policies stipulates that the Foundation may allocate up to 5 percent of the market value of the endowment to the College annually.

For 1996, the Foundation gave \$3.2 million to the College: \$1.5 million was used for general operating expenses; \$660,000 was used for 47 full, four-year tuition scholarships for the first class of engineering students and a special one-time allocation of \$1,050,000 was made because of good investment returns. Since receiving the gift, the Foundation has allocated \$5.2 million to the College.

The Rowan endowment last year earned 20.7 percent, surpassing the national average of 17.2 percent for college endowments over the same period. The endowment's asset allocation and a banner year for the stock and bond markets contributed to the strong returns.

The Rowans asked the College to set up a scholarship fund for children of Inductotherm employees. The \$3 million for that program was taken out of the \$100 million pledge, so the total Rowan donation to the endowment will be \$97 million when it is received entirely. Nearly \$600,000 has been used to pay for tuition, fees, books and supplies for 60 Inductotherm scholars since 1992.

Nearly five years after making the pledge, Rowan still sees it as a major challenge. There is \$55.9 million left to be paid on the \$100 million pledge, which is expected to be completed by the year 2002. "Coming up with that kind of money and making that big of a commitment is still scary," Rowan said. "But we will complete it on schedule."

Why did he donate such an enormous amount to a college with which he had no connection? Rowan said that is the question he is asked most often. "I was intrigued with a small college in South Jersey that had limited stature in educational hierarchy because I knew it [the gift] could make a difference," he said.

The gift to Glassboro State came about under circumstances created a bit by design and a bit by serendipity. Dr. Philip A. Tumminia, vice president for institutional advancement and executive director of the Rowan College Foundation, called on Rowan for a \$1,500 corporate sponsorship donation. The two hit it off, and Tumminia started talking with Rowan about a larger donation, first, to endow the college library, then later, to

the School of Business Administration. But the industrialist resisted. "Those projects didn't turn me on," Rowan said.

Tumminia listened then to Rowan, who talked about America competing in the business world, about the importance of teaching students how to make things and how to become more efficient manufacturers. "I asked him what the college could do with \$100 million," Rowan said. "We went on from there."

President Herman James, other college administrators, and student and alumni leadership agreed that changing the name of the college was a fitting way to honor Betty and Henry Rowan. The proposal was approved by the Board of Trustees and Glassboro State became Rowan College in September, 1992.

Rowan had only two requests when he made the gift. One was that the college establish an engineering school. "I like the idea of turning out engineers down here in South Jersey," Rowan said. "It will help with the technical progress of our area, and it brings a lot of satisfaction to me personally."

His second request was that the col-

lege set aside some of the money to begin a scholarship program for the children of Inductotherm employees. "Through their years of hard work, our employees made the gift possible," he said. "I wanted them to derive some benefit from our association with the college."

So far, 60 Inductotherm scholars have enrolled at the college, meeting all regular college admission requirements.

Rowan recalled that around the same time he pledged the money to the college, he was asked to contribute to MIT, his alma mater, which he considers to be the finest engineering school in the world. "My little old \$100 million would have helped them along, but would not have made one little bit of difference in their educational standards," he said. "To give away the results of your life's work and make no difference would be almost criminal. What a pleasure it is to see others benefit from our success." ●

*Michele Dailey is assistant director of College Relations at Rowan. She lives in Gloucester Twp. with her husband Jeff Baccare and daughter Grace.*

# The Fire Within



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and the man who built it.

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