A Tale of Two Legacies:
Earl Bakken
Founder, Medtronic

President, Board of Directors, North Hawaii Community Hospital
President, Five Mountain Medical Community (Five Mountains-Hawaii)
Chairman, Board of Directors, Archaeus Project
Chairman Board of Directors, The Bakken (A Library and Museum of Electricity in Life)
Vice Chairman, Board of Directors, Pavek Museum of Broadcasting
Vice Chairman, Board of Directors, Friends of the Future, Hawaii

By David Zweig
Senior Editor

There’s nothing Earl Bakken does that merits the curse “emeritus.” He has no patience for sinecures. All the commitments listed above actually demand time, thought, and energy. (“I was retired for two weeks once,” he chuckles, seemingly ashamed at his own folly.) He is best known for inventing the external, battery-operated, wearable, transistorized pacemaker.

The company he founded, Medtronic (NYSE: MDT), saves millions of lives annually. Yet for Earl Bakken, now at fourscore and two, the most significant undertaking of a full life may be his involvement with North Hawaii Community Hospital. This cutting edge institution explores the boundaries of medicine. These boundaries extend push the envelope of time in both directions: futuristic and ancient. NHCH combines cutting edge technology with ancient practices that healed the human race for untold millennia. Earl Bakken refers to the mainstream and complementary techniques as “High Tech and High Touch.”
Bakken is vitally passionate about the hospital. He begins the interview ‘asking’: “You’re not going to ask me about that garage, are you?” He is referring to the founding of Medtronic in 1949. He discusses Medtronic, which he left 14 years ago, in a workmanlike fashion.

His eyes particularly sparkle when he talks about the “Medallion Ceremony.” This crucially important Medtronic tradition symbolically transfers to each new employee (after six months’ service) the values that made the company great (see below). When I interviewed Earl, he was on his way to Minnesota to give medallions to employees. Though he is a shy, private and reserved man, this medallion ceremony explains a great deal of his motivation and character.

When the subject turns to his other legacy, the Hospital, his energy level also jumps.

For Earl Bakken, the link between the two institutions lives in their missions. He has always believed the mission of an organization is its most important asset, far more influential than any single person. He built his career on developing a mission and he clinging to it; asked about the pressure of quarterly earnings, he recommends that you take care of your customers, and you don’t have to worry about anything else. This concentration, however, must never be rigid or limiting. His favorite piece of business advice is “Ready Fire Aim!” Don’t fear to innovate. In the course of the interview, he showed pride in only one thing, “working out of the box.”

Medtronic is one of the most esteemed corporations in the United States. While it has grown from two employees to approximately 31,000 worldwide, much remains unchanged. Spending an hour with Earl Bakken, you sense the presence of a set of values (“Fundamental Norwegian Lutheran teachings”) transmitted without mutation from a cold land in the 19th century to a warm island in the 21st. He is the only person unsurprised by the peregrination across continents and centuries... the inventor of the pacemaker fascinated by folk medicine. “I’ve always’ lived out of the box.”
Q: You have consistently written and spoken about your belief that work should be endowed with a higher cause. For Medtronic employees, there’s nothing higher – saving lives. How would you extend this to more mundane occupations?

When you choose a career it has to be something you can relate to and make something positive out of, even if it applies to household items and such. I think a company needs a strong mission and it needs to be a mission that stays with them. It doesn’t vary with time, and it’s always constant and always given to the employees and repeated over and over and over. When I go back in about a week and a half to [Medtronic in] Minneapolis, we’ll do a mission and medallion ceremony with Art Collins, the current Chairman & CEO, and we’ll have 250 to 300 new employees who have been there six months or more.

They will come to get their medallions, which ties them into the company. And we’re in the mission - and they must understand that the mission is their mission – and that’s what we try to do. Make every employee feel that they’re there to help the patient.

Q: This mission was set by the Board in 1961 when mission statements were not common. Recently BusinessWeek cited Medtronic’s board as one of the ten best in America. Would you speak for a moment about boards and board composition?
We’ve had an awfully strong board over the years. And I think a lot of the survival of the company at many times was due to the Board. But we had people on there that were business-oriented and knew to do the right things in business but also felt they were doing something special because of the mission of the company. They shared in the fulfillment of the mission.

**Q: How have the prerequisites of the Board changed over time?**

In the early years the board consisted of a businessperson who was a CPA who helped us manage our books and did our taxes for us. Then there was a young lawyer from a law firm, Tom Holloran, who became a friend of mine, and still is a close personal friend, but even though he was young as a lawyer he knew a lot of the right things to do, as far as management and as far as learning to talk medical electronics. It’s interesting that a good business leader will learn the electronics side easier than someone who comes from the electronics side can learn management.

**Q: How does that come to be?**

That’s just the way it is. The average engineer is not that good a manager, not that good with people, but he can learn to be.

**Q: You started as an engineer, and it grew on you….**

True, but I had to make a deliberate decision to drop the engineering and go into what was a foreign field me. I hadn’t had anything in college then to bring to anything that I needed to understand as to how to run a company. So I had to read every book I could in management and spend as much time as I could reading and learning, and then learning from Tom Holloran about how to manage a company.

**Q: You grew up as a shy individual. For you to envision yourself as a salesperson out there in public, speaking to large groups…that must have been a pretty tough adjustment.**

It was. But I was kind of weird. I like to do everything out of the box. I want to do something different. And I got to know very early on [Walt Lillehei](https://www.waltlillehei.com) at the University of Minnesota. He’s a surgeon. And he accepted me because I was bashful, but I was willing to come into surgery and be with them when they were running the machines I had sold them to be sure that they got the right results. He said that I was one of the only engineers who would come into surgery. So he got to depend on me even though I wasn’t very outgoing. I couldn’t keep up with the life of the surgeons back then. But I was still with them.

In fact now this coming October they are going to have the 50th anniversary of open heart surgery. And I am invited to come back as a VIP to be with them, to be with these surgeons whom I got to know as residents back then….I’d have lunch with them over at the labs. I just did it and it went
very well, and those people are still friends of mine. Wherever they went as leaders or surgeons, they kept my connection; they wanted that connection with Medtronic because they knew me. I was there at the right time.

I think that mission is important to repeat and do it continually. Back then companies weren’t doing very much of that. Someone from the board, a cigar-smoking older gentleman who had turned the Minnesota Valley Canning Company into the Green Giant Company\(^1\), was a chain cigar smoker, the only person permitted to smoke at our meetings, but he was good in his business. He told us what he thought; he looked like he was sleeping sometimes, but if the rest of the board was going crazy over bad figures, he’d say, “Calm down. Just take it easy. We’ll get through this and go on. He was a great inspiration. He wrote a book that I read that I still keep. Very much a leader….

Q: The company was close to bankrupt at some points. Having been through that and now seeing the emphasis on quarterly earnings and guidance...

(Interrupts) The emphasis is still on doing the right thing for the patient. The quarterly earnings come along. They have to. You get checked on those a lot. But that’s still not the most important thing.

Q: It’s always been that way at Medtronic?
Yes. Bill George was always anxious to tell stockholders that he was not working for them. He was working for the patients.

Q: Two CEO speakers at our Global Mindchange Forum made that same point But that’s not a popular view. Do you see a way out of the dilemma?

You don’t have to get out of it. If you do the right thing for the customer, then the money will take care of itself. You have got to depend on that. If you concentrate on making the money and just selling as many products as possible, people won’t know what they’re going to or what they’re doing. Every six seconds a Medtronic product is getting used for the benefit of a patient somewhere in the world.

So when you walk down the street, even here, you run into patients who say, “Thank you for what you’ve done. You’ve given me 10 more years of life. You’ve given my child life that they likely wouldn’t have had.” And it’s very satisfying. That’s the satisfaction.

Q. I am struck by the similarity between what you’re saying and what Bill George told us and what he’s written in his book, that when he came from Honeywell he was a different kind of person than the man who ultimately retired from Medtronic. Can you tell me about the interaction between you two and what you learned from each other?

I don’t think he learned much from me, but he did learn something. When I was trying to recruit him, he was working for Honeywell in a $2 billion division at that time. He had two younger boys and one of the things they were proud of was his avionics work.
He met me in a motel; we were having a meeting there. I showed him the mission. We went over the mission. He said I shouldn’t have done that. Because that mission turned him on. He took it home and they are a very religious family. And they decided as a family that he could contribute more working for Medtronic than he could for Honeywell which was making ammunition and military hardware, and that it fit their personal religious views. So he went to a smaller company. He joined us because of his family. They stuck with that mission. They go to weekly prayer meetings. He’s a religious person. He’s a good leader. He had to smooth out a bit over time…maturing.

Q: Go slow to go fast?

I don’t believe in going slow. My slogan is “Ready Fire Aim!” I believe if you feel it in the gut, then you have to make the decision to do it. He was a little bit rough on people to begin with, but he mellowed pretty rapidly, and he became a great leader. A fantastic leader! And he is fantastic talking about it in Authentic Leadership.

We have a comfortable feeling in Medtronic. Everyone still calls me by my first name. And even though I have been out of there for 14 years I still do letters when employees reach 15, 20, 25, 30, 35 years of service. I send a letter thanking them for what they’ve done for the company. But each month now I am signing seven or eight, up to ten 30-year people.

Q: Familiar names now and then?

Yes, familiar names. I know some of them. Some of them I don’t know. But they’re still excited about their jobs, and they still get satisfaction out of what they are doing because people are thanking them for what they’ve done. I’d like everybody to feel they have to be part of getting the product out there. That they have to share in the reward we get when the patients thank us for what we’ve done. That’s part of our holiday program. It’s very moving.

Everybody comes with a box of Kleenex.

We do the same thing in the hospital. I am working in. I have a new employee meeting once a month, and I go over the mission of the hospital and I tell the 30 people that each of them is a healer. And they’re there to help heal the patients regardless of where they are working. If they are janitors, secretaries, their job is to help heal the patient. That makes a difference in how the hospital operates. And they all get some satisfaction out of it. Even though they know they may not be working directly with the patients, they do have a code (there’s Code Red and Code Blue for emergencies), we have what we call Patient Lavender. They announce, “We have Patient Lavender in room 305.” And that means everybody should stop and pray wherever they are for that patient in room 305. Or they can come to the room and join the prayer group in that room. Not many hospitals have a code like that.

And our cleaning people, because they feel they are responsible for the patients, clean meticulously. And in the morning around 6:30, they bring around hot towels and they go to the Emergency Room and offer hot towels to the doctors and nurses who have been on all night.
They put aromatherapy into the towels that the nurses might like. Or not – if they don’t want any. Then they might go to the person’s room and offer them hot towels. It’s a small thing, but it’s nice to have a hot towel after a long night’s work. But it’s similar to what we do at Medtronic. Let people enjoy the fulfillment of helping somebody to a better life.

Q: On that note, our organization, the World Business Academy, believes that business is the most efficient agent of positive change in the world, more than governments or organized religions. Rather than creating a mass movement, there would be a change of consciousness beginning at the higher levels of a business, as there was with you. It would permeate down. It’s very consistent with what you’ve done at the Hospital and Medtronic. When you married Doris in 1981, she effected some changes in the way you look at things. A lot of those are manifest in the hospital. You moved to Hawaii and came out of so-called retirement.

I spent about two weeks in retirement.

Q: That long? Could you talk about the changes that you underwent that found play in the hospital?

I started out as an engineer. I was trained as an engineer in Minnesota. We started making pacemakers and then we got into other heart devices. And a pacemaker is pretty clear, you connect it to someone’s heart and you set their heart at any rate and you can see the results: it works. With pain relief you have a harder time knowing if it works, because nothing special happens. You have to depend on what the patient tells you. There’s no way to measure pain. I began to wonder why was it that some physicians had 95% success with pain relief devices and others had maybe 45 percent. Why was there such a big difference? So I traveled with the sales people, which I often did anyway. I finally found out that what was happening was that there was a difference in the way the doctors or nurses talked. If they took this pain relief device and said, “Well, this will take care of your pain, period. It usually did.” But if they said, “Well, I have this pain relief device, and I don’t know if it will work or not,” then it was about 50/50.

So that intrigued me into wondering why was it that how they talked to patients made a big difference in how the device worked?

And so we started an organization called Archaeus, and we had speakers of all kinds come in and talk about how the mental state of a patient depends a lot on how a drug or device works; it depends on what the doctors and nurses have to say.
And that was interesting to find out that an electronic device can work only as well as the doctors say it can work. It made a big difference in how they talked about it. That was making the step from high tech to the understanding of the thought process. That is why I have been so strong on the heart-brain relationship. I was interested in the mental component.

Then with Doris I got more interested in acupuncture and massage and Reiki. We broadened it so we know what prayer does and we study all these things. And we know what’s important in a hospital – I’ve gotten some from my wife but also some from myself – and that is what I call blended medicine. And that consists of high tech. I believe in high technology; we have the best MRI machine in the country and CAT scanners, and so forth. And then, high touch. That’s all of the human side of caring. There’s healing touch and massage, and herbs, and homeopathic medicine and so forth. Whatever is right for the patient.

And then, the big thing that most people forget is the environment. The hospital is built as a healing instrument. I don’t know if any other hospital yet in the country is built as a healing instrument. We have sliding glass doors in each room that open up to the outside. There are hundreds of things we do. It’s very comfortable. We planned that over ten years. We planned those doors and I thought that was a very good idea. But I had been in the hospital and I thought, “Wow! When I open that door in the morning, that’s just, you can’t imagine how much positiveness there is to that fresh mountain air, and flowers right outside the door. It’s bound to help even though it’s hard to pick the evidence of how much it’s giving. We have special lights we had made, special music, everything is special.

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i William Dietrich

ii May 15, 2004 KPUA Hawaii: “Bakken urges UH Hilo grads to ready, fire, aim” Medical pioneer and philanthropist Dr. Earl Bakken Saturday urged graduates at the University of Hawai‘i at Hilo to seize the moment and have faith in their instincts. “Do not get caught in the ready, aim, aim, and let someone else do the firing,” Bakken said. “Be there first. Make your decision and do it. If it’s the right idea and you feel its right, do it.”

iii Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value is the title of a recent book by Bill George. He defines authentic leaders as “those who are committed to a purpose or a mission; people who live by their values everyday and who know the true north of their moral compass.

iv The North Hawaii Community Hospital may be the world’s most advanced practitioner of complementary medicine. A 35-bed acute care hospital located in Waimea on the Big Island of Hawaii, its staff includes 128 physicians, 356 employees, and 44 volunteers. In 2003 it served 2,222 admissions, 463 deliveries, 9,411 ER visits, 29,138 outpatient visits, and provided 6,018 home care visits.

v Archaeus Project was formed in 1983 as a small discussion group that met monthly at Earl Bakken’s home. The purpose of the group was to discuss, and attempt to assess, the claims arising out of the emerging "Human Potential" movement. The group included professionals with impressive backgrounds in science, technology, business, medicine, and the humanities.

Toward the end of the 1980s, Archaeus Project began to focus on topics relating to healthcare quality and costs. Alternative and holistic medicine were seen as important to quality and cost issues, and a number of meetings were organized by Archaeus Project on relevant topics.

The organization now thrives in Hawaii, where its educational foundation now operates with Five Mountains Hawaii, NHCH, and The Kohala Center.