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*Peter Schmidheiny,  
born 1908*



# Peter Schmidheiny (born 1908)

## Building bridges in the engineering industry

Born under a lucky star and «well served in life» – so says Peter Schmidheiny about Peter Schmidheiny. At a ripe old age, he talked of the «tremendous good fortune» he had had both with his family and in his work, and of the circumstances of «starting up in extremely difficult times». After all, this had not been a career without hurdles. Born the second of four children on 12 July 1908, the son of Jacob II and Fanny (née Alder), he spent his youth at Schloss Heerbrugg in the town of the same name in the Canton of St. Gallen.

Peter followed the Schmidheiny family tradition by attending primary school in Switzerland's Rhine Valley. He then went to the cantonal school at Trogen, for some of the time with his cousin Max who was the same age. They also did their military training together before their army paths separated them. Both boys showed early that they had astute business brains. Peter grins as he recounts how he pulled off his first lucrative deal as a young lad, buying two oranges for 15 centimes and selling his sister one of them for 10!

Of course these were modest sums, but in those days modesty was highly regarded. To this day Peter Schmidheiny has never forgotten the stories he heard as a boy about the way things used to be at the family brickmaking company. His grandfather, the «manufacturer», would feed the workers at his own table: «Meat was a rarity, health and disability insurance unknown. In the 1930s an unemployed

man received a franc a day and his wife at home would be glad of it.» For Peter Schmidheiny there was nothing strange about this because then, as now, far too many people did not have a job to go to.

Peter's next stepping-stone was the Federal Institute of Technology (ETH) in Zurich, where he qualified as a mechanical engineer in 1932. But at *Tiergarten*, the family firm where he did his apprenticeship, he followed another Schmidheiny tradition by starting at the bottom. As he told journalist Carl Seelig, «that year at *Tiergarten* gave me the opportunity to experience all the practical aspects of the business, from winning and preparing the clay to the actual brick-making».

Just a year after his Institute of Technology examinations Peter became an unlimited partner in *J. Schmidheiny und Co.* in Heerbrugg. He was barely twenty-five. His father Jacob had always said he was in favour of «young people thinking and acting independently», and Peter was now to see that these were not just empty words: «I proposed innovations and experiments for drying the roof tiles and he trusted me to take them into production», he explains. «The new installation cost millions and some expert or other gave him a rather gloating warning that it would turn out to be a complete disaster. My father simply mentioned this to me in passing and the only comment he made was «I assume you know what you're doing». That was good enough for him.»

## Chairman of Zürcher Ziegeleien

Brickmaking took up only part of Peter Schmidheiny's time, but here too he was to play a leading role. In 1935 he was voted on to the board of directors of *Zürcher Ziegeleien (ZZ)*, the Zurich brickmakers. At the time the group was chaired by his father Jacob II, who died in 1955 and whom Peter was to succeed. It was a difficult time for the group but it did mark the start of a remarkable recovery. In 1958 ZZ extended its interests beyond Switzerland, first to Germany and later to other countries as well. The product range was also expanded, both in Switzerland and abroad.

To cope with a rising demand for bricks in the construction industry after 1963 the various ZZ group companies had to modernize, mechanize and automate their production facilities as well as expand capacity. This upgrading programme included construction of an additional brick production plant in Istighofen and a foam mortar facility in Estavayer-le-Lac, the latter enabling ZZ to include light building materials in its product range. This was in response to the technological advances that were taking place in the Swiss economy, especially in the industrial construction sector. In May 1962 Peter Schmidheiny described these developments as entailing «a move away from traditional building materials towards light-weight, large-sized and well-insulated building components». ZZ embarked on a round of acquisitions and company formations and the group became increasingly diversified. Initially this diversification was confined to the construction industry itself, but *Wancor AG* was then set up to concentrate on wall and roof insulation – a logical response to the oil crisis and climbing energy prices throughout the first half of the 1970s.

In 1972, while Peter Schmidheiny was still chairman of ZZ, *Transall AG* was set up to coordinate and round off transport requirements within the group, therefore enabling it to deploy its own fleet with maximum efficiency. By offering its services not only to ZZ companies but also customers outside, *Transall* was continuing a trend that had actually set in just after the First World War. In 1919 Professor Rudolf Escher, who was then the chairman of ZZ, spoke of the revolutionary changes that were taking place in transport and referred to «the use of motor vehicles for transporting clay». He went on to give details: «One two-horse wagon carries one cubic metre of clay and makes four journeys a day. Each journey costs 11 or 12 francs. A motor lorry makes about eight journeys a day, carries three cubic metres of clay and uses about seven litres of petrol per journey at a cost of 1.30 francs. Further costs are a driver at 15 francs a day along with lubricating oil, cleaning materials and suchlike». Professor Escher concluded from all this that, when depreciation was also included, transporting clay by motor vehicle cost «around 5 francs» per cubic metre. These modest nominal figures were of course to change over the years to come, but half a century later what was being extolled as a revolutionary innovation in 1919 has of course become entirely normal in our own day and is also undergoing continual improvement. As far as *Transall* is concerned, the *Zürcher Ziegeleien* annual report for 1988 states that its transport arm had access to more than twenty-five of its own and other vehicles along with around 4,000 palette storage places.

As time progressed Peter Schmidheiny was to become increasingly less visible at ZZ since his time was largely being taken up by other matters (out-

lined below). From 1964 on Carletto Mumenthaler, who had been elected as managing director the year before, was to report to the group's Annual General Meetings. Not only had the two men known each other since their days at the Trogen cantonal school but, as Mr Mumenthaler recalls, they had even «shared the same digs». However, when the construction industry was hit by a new and severe crisis in the recession year of 1975, Peter Schmidheiny was again obliged to intervene personally. He addressed that year's AGM «entirely frankly» and, in contrast to his managing director's rather restrained comments, spoke of a «dreadful» group result. He was to reiterate the message in May 1976: «After my highly unfavourable 1975 forecast I regret to have to announce to today's AGM that it has been borne out.»

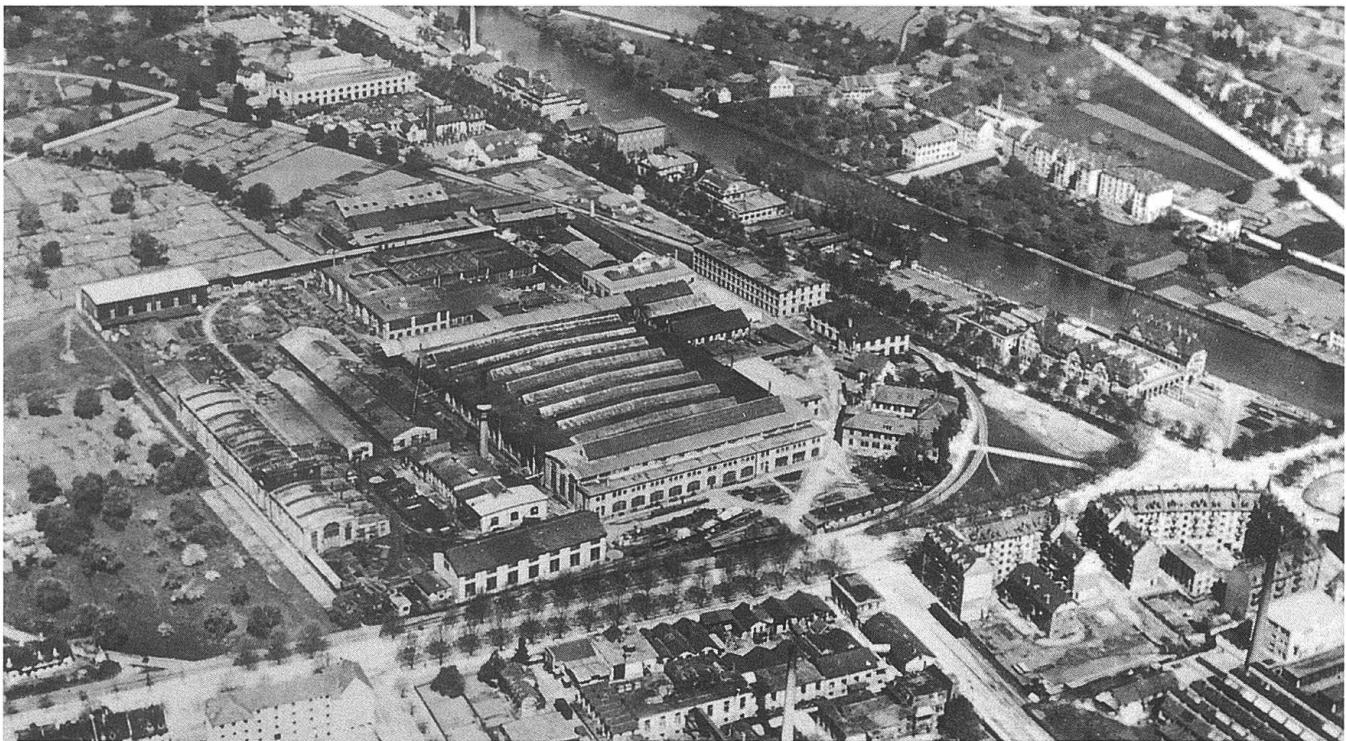
Carletto Mumenthaler stepped down as *Zürcher Ziegeleien* managing director at the end of 1976. Two years later he was succeeded by Peter Schmidheiny's son Jacob III, who from then on acted as the group's chief executive and in his very first annual report was able to announce a gratifying improvement in the figures. Peter remained as chairman of the board of directors of *Zürcher Ziegeleien*, not retiring until May 1984. At the Annual General Meeting his son Jacob was elected as his successor.

### **From «hydraulics manager» at Escher Wyss...**

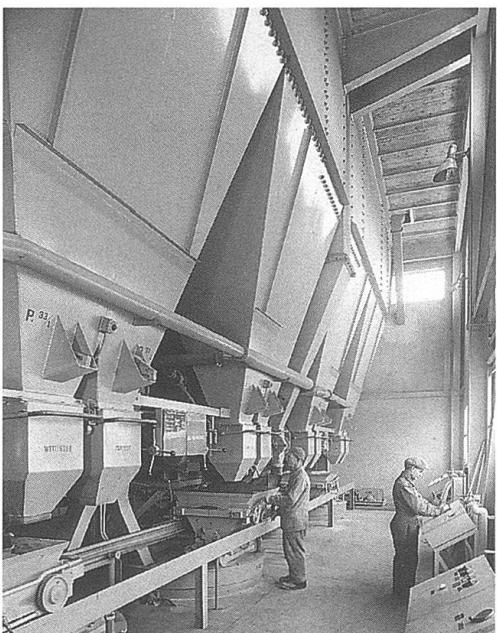
Those other activities referred to above that were increasingly to occupy Peter Schmidheiny as the years and decades advanced had absolutely nothing to do with brickmaking. As a mechanical engineer he was quick to take an interest in the Zurich-based *Escher Wyss Maschinenfabriken Aktiengesellschaft*, a company where over

the years he was to rise to the highest level of responsibility. In 1936 his father Jacob and several friends had acquired half the share capital when *Escher Wyss* was on the verge of bankruptcy, with Jacob also stating expressly that he wanted his son to become actively involved in the company's affairs. Peter told Carl Seelig how he saw things at that time – and certainly he had no illusions: «In 1937 I was serving as a captain in Bière, in the canton of Vaud. My father phoned to say he'd be visiting me in Berne the following Sunday. He said he was thinking of throwing a life-line to *Escher Wyss*, which had never entirely recovered from its financial difficulties. He thought that with good management it ought to be possible to restore the company to health since it was universally acknowledged for its technical excellence. However, it was mainly for my sake that he wanted to take on this major new commitment and deploy the necessary financial resources, and this on the understanding that I would be prepared to assume responsibility later on for the company's many hundreds of employees. Of course, my answer was an enthusiastic «yes». My father may well have put this world-renowned company back on its feet even if I had declined, but at the time I felt the decision I was being asked to make reflected the care of a father and the unshakeable confidence of a best friend. I started work the same year, on 1 November.»

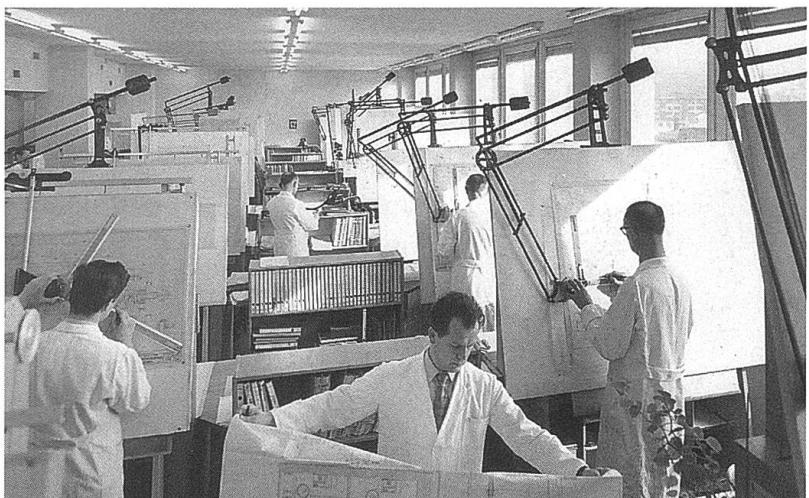
He started off in the steam turbine department but also acquainted himself thoroughly with «all the departments» where he «met loads of people» – invaluable for a man who was later to head the company. However, he was not at first given a title. The sales manager, who introduced him to important customers, referred to him simply as «the chairman's son». This



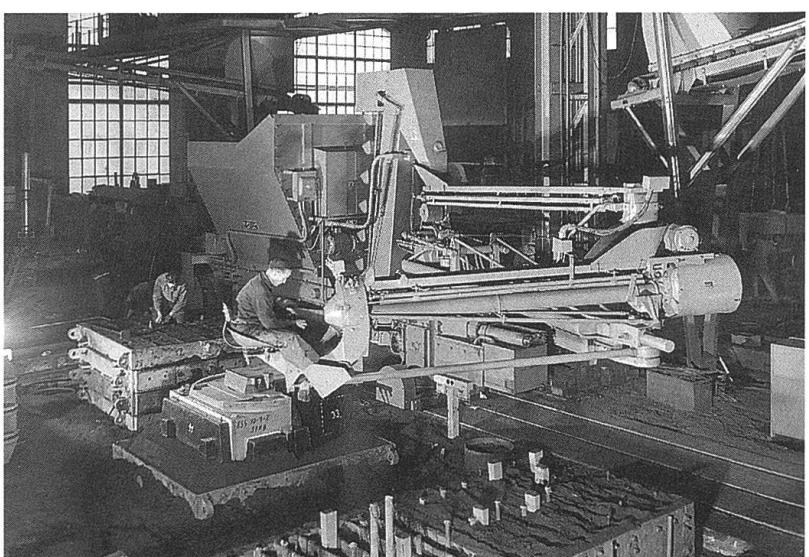
*The Escher Wyss site in 1930 when the firm had gone bankrupt and before the takeover by Jacob Schmidheiny II*



*Sand mixer for a fully automated sand processing plant*



*Design shop*



## **The regeneration of Escher Wyss in Zurich**

*Sand slinger used to centrifuge the moulding sand into floor and cast mouldings*

*The new Escher Wyss administration building, constructed in 1953*



*Escher Wyss in 1993, with new workshops and the administration building in use since 1955 (foreground)*



may have made his life relatively easy in some respects but still the 30-year-old did not feel particularly comfortable in this rather indeterminate role. He therefore urged his father to give him real responsibility, and his appointment as manager of the *Escher Wyss* hydraulics department duly followed in May 1939. He became a Member of the board of directors in the same year.

He later paid tribute to the speed with which he was allowed to operate very largely independently: «Even though my father was still chairman he let me get on with things». From the outset he was closely concerned not just with the engineering and business sides but also with social and personnel aspects. In 1939, following the outbreak of the Second World War and two years after he had joined the company, a proposal of his was implemented with the employees' full agreement. This was for people who had not been called up for active military service to make over a certain proportion of their wages to those who had been conscripted. This would provide valuable support for their families at a time when the system of statutory compensation for loss of earnings had not yet been introduced. From 1943 on Peter Schmidheiny also managed the company pension fund for white-collar staff, later taking charge of the blue-collar fund as well. It was during these early years of Peter Schmidheiny's time at the company that much of the groundwork was laid for the new staff welfare centre. A fund was set up for this in 1945, and it was built in 1948.

### **...to managing director in difficult times**

Peter Schmidheiny was appointed managing director of *Escher Wyss* on 1 January 1946, when it was emerging

from a time of difficulty and change. As the devastation of the 1939–1945 war had worsened, so too had fears that Europe's economies would be shattered beyond recovery. At first *Escher Wyss* actually increased production, but the hostilities were soon hampering imports of vital raw materials. Moreover, with Europe's transport systems becoming increasingly chaotic the export business on which the firm was 80% dependent also encountered growing disruption. However, with the company doing its best to adapt to changing patterns of demand at home and abroad, even the turmoil of war failed to shut down production completely. For instance, when in 1941 the coal shortage sharply depressed orders for thermal power stations and demand for hydraulic installations rose as a result, the company was able to respond. Orders for fruit and vegetable preservation plants were also up substantially. Shortly after the war these trends went into reverse. After 1945 it was mainly steam turbines that were back in industrial demand in those regions whose economies were functioning again, and this development was accompanied by a decline in orders for hydraulic plant – Peter Schmidheiny's own specialist area of expertise – in which construction cycles were longer.

*Escher Wyss* was a direct beneficiary of the rise in energy requirements as economic reconstruction gathered pace. With competition growing fiercer all the time, however, prices were under pressure. Even then the company was able to modernize and improve its production facilities continually – not least thanks to Peter Schmidheiny's influence – despite the huge financial difficulties encountered initially and the international dislocation. Moreover, the adversity of war, raw material shortages, production bottlenecks and

transport difficulties were a veritable school of learning for the company's managers. Efforts were simply redoubled in order to raise general levels of efficiency and achieve further technological advances.

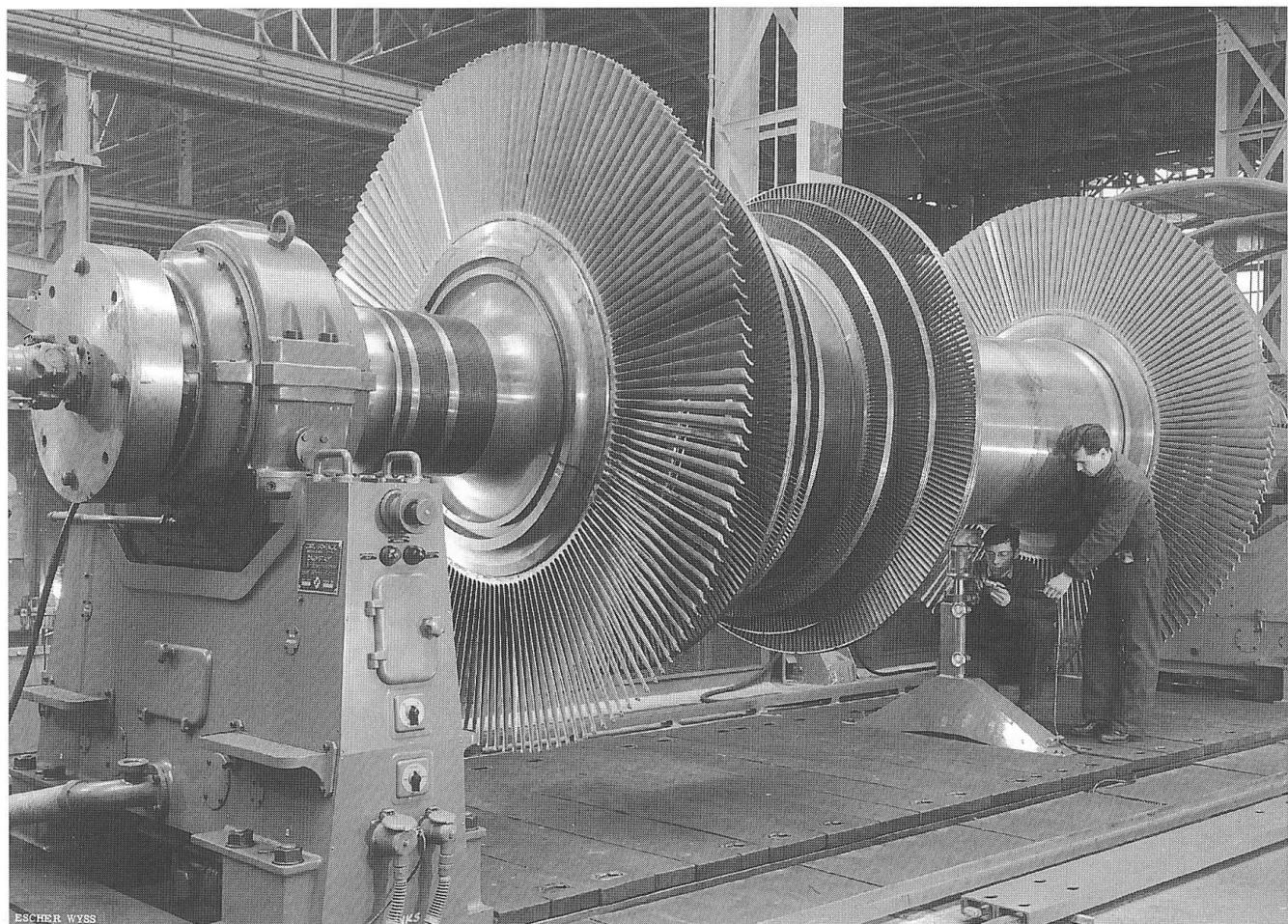
That could be done only by steadily beefing up the company's research effort, something which Peter Schmidheiny was very keen to see happen. He stressed that it was the only way «to achieve greater efficiency», but added that a sustained research effort was only possible if the «the necessary financial and technical conditions have been created. We can keep up with progress only by adapting to the new requirements in good time. Simply being able to build the machines is not enough – we have to do so economically in order to survive the harsh competitive climate. To solve the resulting problems we need not only good ideas but also the necessary development work. Appreciable finan-

cial resources for investment are also required. The reproach that we are expanding too much is heard from several different and insufficiently informed quarters, yet it is the rapid pace of technological development that obliges us to invest on a major scale. And, in any case, I admit quite openly that any mechanical engineer will find it a pleasure to work in a modern factory with the latest machinery».

### New managerial responsibility at Escher Wyss

Eight years after the war, Jacob Schmidheiny stepped down as chairman of *Escher Wyss*. At the Annual General Meeting on 15 December 1953 his son Peter was voted in as his successor. More and more, the new chairman was to be called upon to come up with the right solutions to increasingly difficult problems. The scale of resources that companies like

*Low-pressure triple-stream turbine rotor for the Baudour plant (in Belgium) undergoing machining at Escher Wyss*



ESCHER WYSS

*Escher Wyss* needed to invest in order to retain traditional leads was rising all the time. It is true that the firm was able to point with pride at all the innovations to have emerged from its research laboratories and production plants in the course of time – such as the world's first tubular turbine with a circular flow generator, the first variable-pitch aircraft screw propeller with rapid adjustment for braking on landing, the first tubular turbine with a capacity of 85,000 kW and the first heat pump for heating buildings (destined for use in Zurich's city hall). For all that, Peter Schmidheiny – whose vision was that of an engineer and company head at the same time – was well aware of the problems that *Escher Wyss* would face when the business cycle turned down again.

In any case his chairmanship marked the advent of a new managerial style. His father, known to all as the «Colonel», had unambiguously been the company's sole head. His son Peter now shared this responsibility with vice chairman Dr Hans Gygi, with the two men chairing the weekly board meetings jointly. Peter Schmidheiny also maintained close personal contact with the leading figures in the company, as well as getting to know their families well. As one of the ladies in question was later to note with satisfaction, the wives were involved wherever appropriate and always treated as equals. Peter had clearly inherited this high opinion of women from his father. According to the latter's nephew, Hans Hoffmann-Schmidheiny, the custom of holding every Annual General Meeting for the eastern Switzerland brickmakers in the presence of «our dear ladies» was introduced by Jacob II as early as the 1920s, i.e. at a time when this certainly could not be taken for granted. «If any disagreements remained among the

shareholders they were easy enough to deal with», Hans Hoffmann-Schmidheiny reminisces. «After all, our managing director always bows to a lady's opinion.»

Peter has always had the same attitude to life as his father. He was very much a man who enjoyed a social occasion and had a great zest for life, as he had already demonstrated as a student at the Federal Institute of Technology. He paid tribute to the «liberal approach» adopted to his education by his father, who himself lived part of the time in Zurich «and would have been able to keep a close eye on what I was getting up to. The fact that he didn't shows that he trusted young people. The most he ever said to me was: (just because I was always socializing there's no reason for you to overdo it as well)».

Peter's open-mindedness clearly contributed to the atmosphere of trust that was so much a part of *Escher Wyss* – so much so that the chairman felt able to discuss and intervene with regard to a whole range of technical details. A man who «wanted to know everything», in the late 1950s and early 1960s he nevertheless had his problems with the rapid pace of progress that was leading to more mechanization, differentiated manufacturing methods and the production of ever larger units. These were not the only difficulties. The strengthening European Community economies were keen to conquer as much of the market as possible, partly because they were strapped by foreign exchange and partly given the need to create jobs. Moreover, in developing countries – where *Escher Wyss* had important customers – there were financing and payment difficulties with major orders. This meant the Zurich-based parent company was unable to exploit its full production potential.

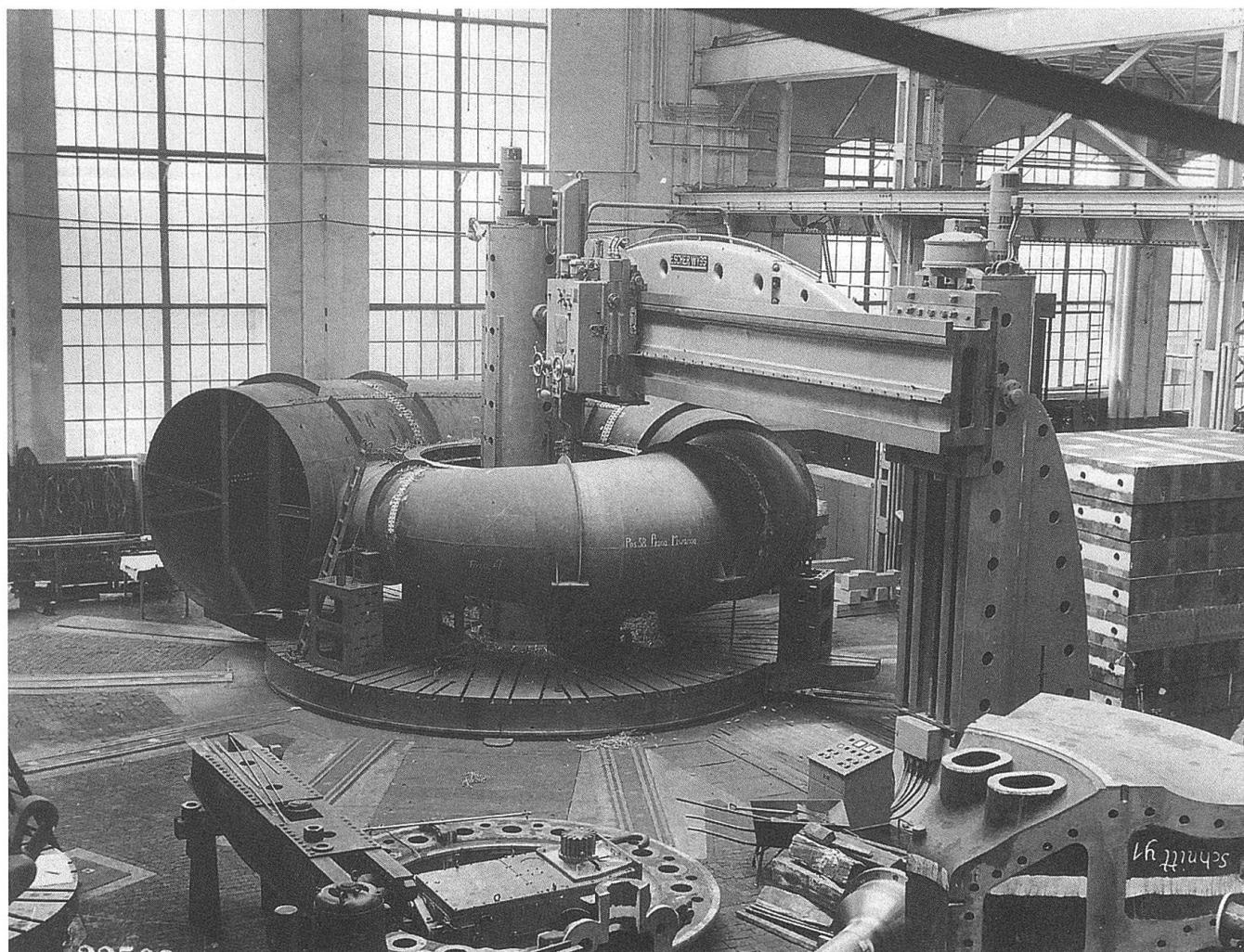
### From loose «cooperation»...

With the economic situation becoming trickier all the time, Peter Schmidheiny had increasingly definite ideas on «coordination between industrial companies». His father's thoughts had also turned in this direction, but it was Peter who was to become fully aware of the need. He formulated his ideas in an address held in 1961. He argued that with industrial activities becoming increasingly large-scale they could no longer be carried out by individual companies, «particularly those not on an American scale. However, the frequently almost frightening pace of technical progress and the huge resources involved make it impossible for many companies to keep up in the race alone. (...) Furthermore, parallel with this technical race there is an equally fierce economic struggle

that is leading to ever greater specialization and increasing the amount of capital tied up in every job provided».

In Schmidheiny's experience, however, the conditions for effective cooperation in the mechanical engineering industry were far from propitious, with «the great diversity of the industry's products» as the main problem. Since every design engineer regarded «his solution as the best», the standardization of several solutions would mean people «sacrificing personal prestige. This is allied to the usually mistaken belief that a technical lead is the cause of significant economic advantages for a company – mistaken because competitors generally have aces up their sleeves as well. When things are looking good, it is not easy to find support for the argument that in the long run it makes more

*Boring out a hydroturbine helix with a diameter of 12 metres*



sense to combine rather than fragment our efforts as an industry».

It was Peter Schmidheiny's firm conviction that «increased cooperation between individual companies will be necessary in the mechanical engineering industry, especially in Switzerland». Indeed, according to one of his closest colleagues at the time he believed that the various companies were too remote from one another: «That people should be proud of their own company is entirely justifiable», he said, «but it can also go too far.» A modest but, according to Schmidheiny, «successful» start on the path towards cooperation was made by *Escher Wyss* in 1954 when it concluded an agreement with *Brown Boveri & Cie* and *Georg Fischer* on the testing of heat-resistant materials. The agreement was all fairly informal, there was nothing in writing and competition between the three companies was certainly not affected.

A second important step was taken in 1957 when *Escher Wyss* and Geneva-based *Ateliers des Charmilles* decided to exchange the theoretical and practical results they had achieved thus far with regard to hydroturbine construction, and to pool their future research efforts. The point, as Peter Schmidheiny made clear, was not to reduce each company's research costs but to double their results: «Cooperation will not therefore inhibit progress but accelerate it», he explained.

A still more far-reaching cooperation agreement was signed in 1959 when *Maschinenfabrik Oerlikon (MFO)* and *Escher Wyss* set up their joint division. The two companies used this entity to integrate their steam-turbine and turbocompressor design and sales divisions. As Peter Schmidheiny recognised at the time, setting up the division was a risk because it required «a liberation from in-

dividual corporate egoisms, the generosity to give rather than take, and a restriction on the breadth of product ranges in favour of depth and concentration. It also required the parties to have the discipline not to pursue promising individual opportunities at the expense of the joint effort». Despite teething troubles the agreement did in fact work so well that after two years Peter Schmidheiny was able to say optimistically: «One of the biggest problems, namely the integration of two formerly competing teams into a single team, can now be regarded as solved.» However, the experiment had to be discontinued after almost ten years because when *MFO* was taken over by competitors *Brown Boveri & Cie* in 1967 it could no longer act as an independent partner in generator construction.

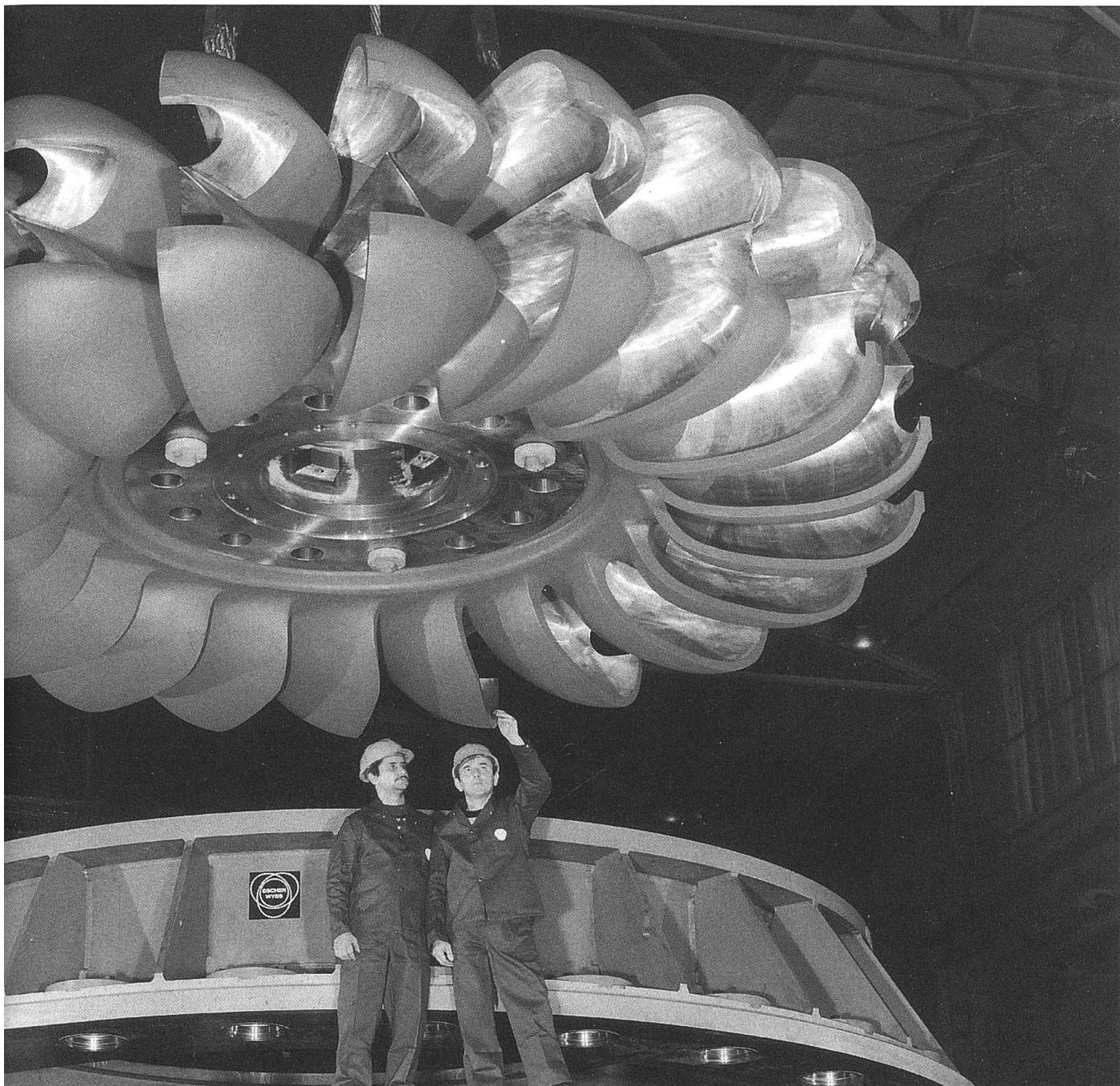
#### ...to «hidden takeover» and merger

Peter Schmidheiny and his colleagues forged the decisive breakthrough in 1966, which marked the start of a process of restructuring at *Escher Wyss* in which the company «teamed up» with *Sulzer*, the Winterthur group which it had an «amicable association» with. Personal as well as business considerations were involved here. First, the *Escher Wyss* chairman was faced with the problem of who was to succeed him. His son Jacob III, then aged twenty-three, had yet to complete his economics studies and was virtually devoid of business experience. In any case, the signs were that he would be more suitable to take over at *Zürcher Ziegeleien* later on rather than *Escher Wyss*. The other executive director, Dr Hans Gygi, also lacked a suitable successor.

The business considerations were the more significant. In the mid-1960s



Modern hydraulic machines require work-pieces of enormous dimensions; the photograph shows a Pelton turbine rotor built for the San Agaton hydroelectric power station in Venezuela. The rotor has a bowl with a diameter of 12 metres, which makes it the world's largest.



*Escher Wyss* was clearly overstretched by the technical, economic and, above all, financial trends – and more so even what Peter Schmidheiny had forecast in his remarks in 1961. As time progressed he came increasingly to a realisation that, later on, he was frequently to articulate as follows: «*Escher Wyss* is too small for large orders and too large for small ones». A further consideration is that the company was quite literally running out of space. Assembly components were becoming increasingly voluminous, and the Zurich workshops were bursting at

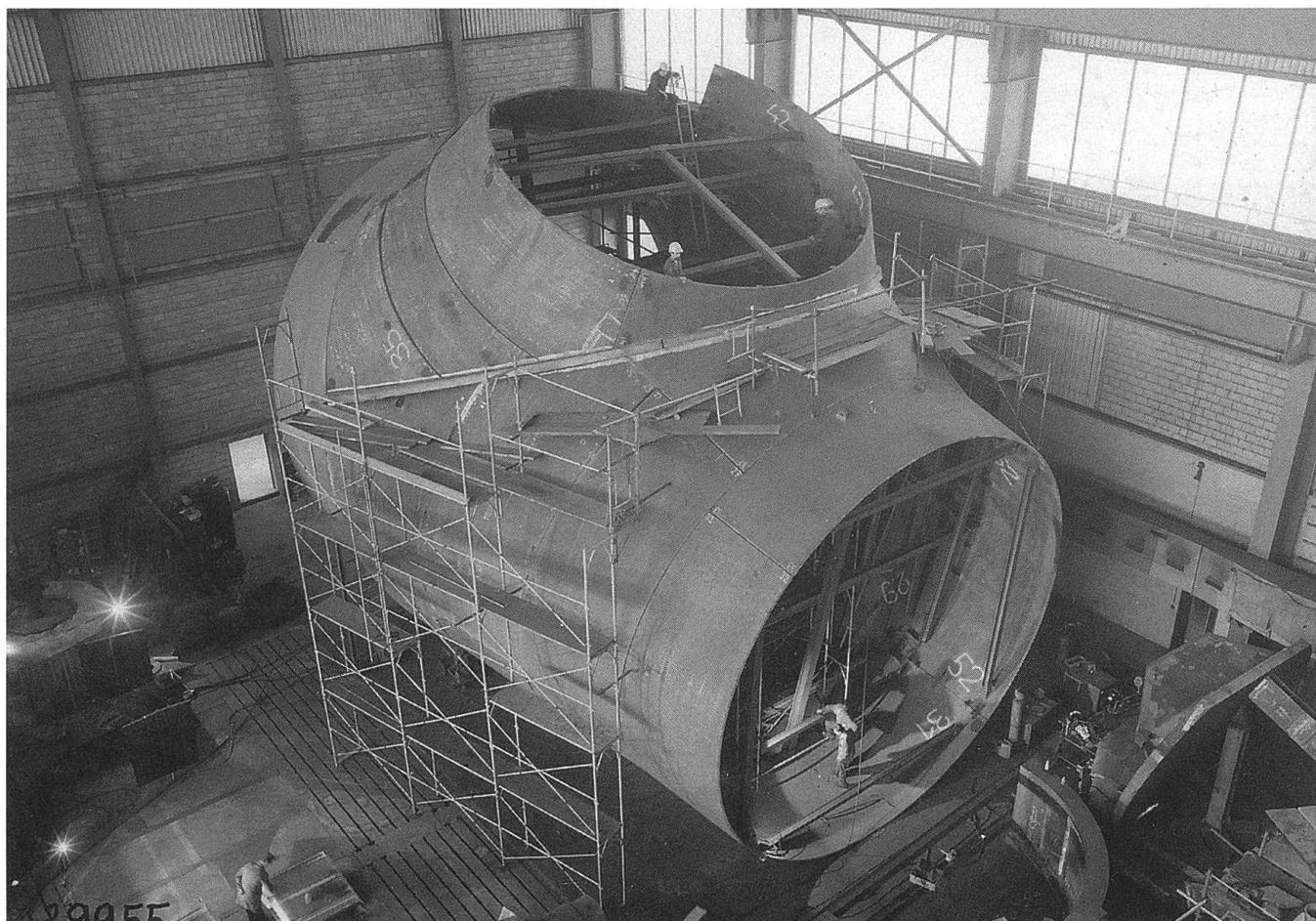
the seams. Indeed, the search for land to construct premises capable of housing modern equipment (which also involved appreciable technical and business risk) had already been under way in his father's time. A further difficulty was that the various Swiss firms in the sector were each engaged in an uneconomic struggle with foreign competitors. The answer appeared to be to coordinate their efforts, for which there was no lack of precedence. In 1961, for instance, the two Winterthur companies *Sulzer Brothers* and *Schweizerische Lokomotivfabrik*

had decided to «cooperate». Admittedly, this soon turned out to be less of a cooperation agreement than a takeover – or at best a merger.

*Escher Wyss* was also moving in the direction of cooperation. In mid-1966 the management issued a joint statement with *Sulzer* that the two companies had «decided on close technological and commercial cooperation aimed both at maintaining and expanding each partner's production range». This «concentration of effort, notably in research and development», was of urgent necessity if the companies were to prevail in the «extremely tough competitive struggle» as well as cope with the labour shortage prevailing at the time. A rider to the joint statement specified that each company was to «maintain its legal independence» and «continue to conduct its business with a separate administrative system and under its own management».

This coordination was underpinned by financial commitments, with the two companies exchanging parts of their equity. A further such exchange followed two years later. Although *Sulzer* was now the majority stakeholder in *Escher Wyss*, the latter retained managerial responsibility and the Escher-Wyss Group continued to operate independently. All that had changed was that the two partners were now cooperating on technical activities and combining their sales efforts abroad. In January 1967, the *Neue Zürcher Zeitung* wrote that Peter Schmidheiny had always advocated and worked for voluntary cooperation between companies, but up to then had not regarded the complete amalgamation of two companies as the desired solution to the problems faced by medium-sized Swiss mechanical engineering companies. «And now?» the newspaper asked: «Clearly, there has

*The inlet of this branch pipe destined for the Tarbela plant in Pakistan has a diameter of 13.2 metres*



now been a change of attitude that could have future implications extending well beyond the *Sulzer/Escher Wyss* case, which is probably an implicit admission that the approach to date is inadequate for dealing with problems on this scale.»

#### «Hard to take»

The *Escher Wyss* 1969 annual report spoke openly of «integration (...) into the *Sulzer Group*», thus bringing this interim stage in the two companies' relations to an end (they had already «defined» their respective areas of activity). In February 1968, agreement was reached between *Brown Boveri & Cie* and *Maschinenfabrik Oerlikon* on the one hand and *Sulzer Brothers* and *Escher Wyss* on the other. The outcome was the formation of *Turbomaschinen AG (TAG)* on 1 January 1969. The new company's headquarters were on the Zurich premises of *Escher Wyss*, and Peter Schmidheiny was elected as the first chairman. From now on the development, design and sale of turbocompressors and gas turbines – products hitherto manufactured by each of the companies independently – would be implemented by the new joint venture. Design and production were to be on the basis of standardized series. *Escher Wyss* transferred its steam turbine business to *Brown Boveri* on the same date, i.e. 1 January 1969: «We had to recognise that we lacked the capacity to build the large 600–1200 MW units the market was then demanding», Peter Schmidheiny was to say later. In exchange, *Brown Boveri's* turbocompressor business was transferred to *Escher Wyss*.

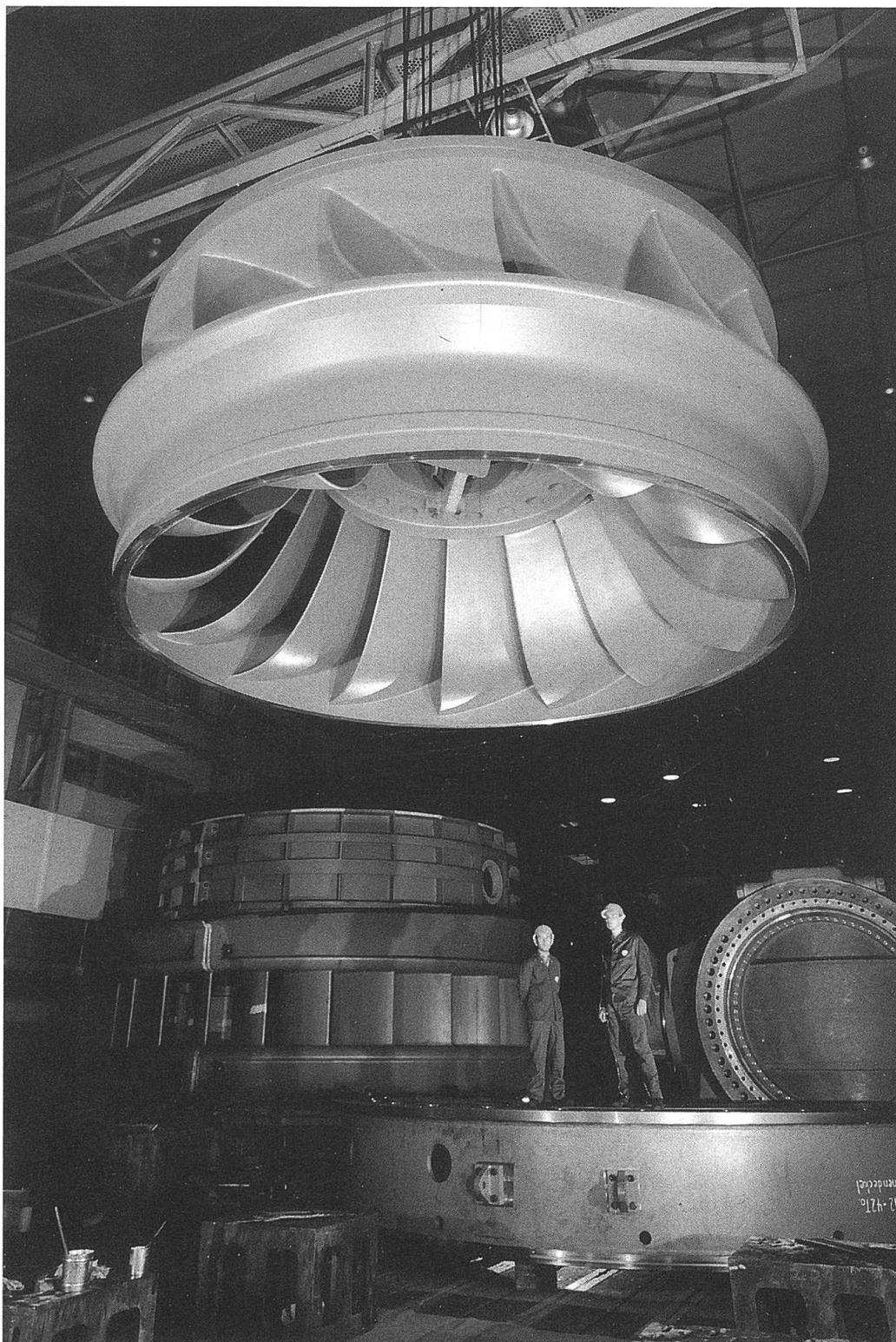
The «gradualist» strategy that had culminated in the *Escher Wyss* integration into the *Sulzer Group* was not spared huge criticism, however. Much of the Zurich company's management

was stunned: «The Joint Division we could still understand but this was hard to take», one of the leading figures of the time commented later. A vigorous public debate started up. Peter Schmidheiny justified himself and his policy of concentration by presenting the issue in its wider context: «The fact that Switzerland was and remains obliged to respond to world trends has nothing to do with a striving for economic power; it is necessary if we are to retain our position on the world market. We all know that industry does not enjoy the protection that our farmers still need for their products.»

On 31 March 1971, aged almost 63, Peter Schmidheiny stepped down from active executive duties at *Escher Wyss* to make way for a younger generation. As chairman of the board of directors he remained available in an advisory capacity for a further ten years, continuing to chair meetings («people should know I'm still around if anything urgent happens») and devoting his time to the various foundations he had set up. However, he was to resign from his last position at the Zurich engineering company on 13 May 1981. His successor was *Sulzer Group* chairman Pierre Borgeaud, who no longer wanted «any more large single shareholders». At long last, therefore, the Schmidheiny family was relinquishing its major financial stake in the group – and without too much regret, as Peter Schmidheiny was to confess after his retirement. «After all», he smiled, «you can't take it with you.»

#### Head of the War, Industry and Labour Office

The *Escher Wyss* managing director and chairman was approached from all sides for his name and his wealthy business contacts, entirely to be expected for a man in his position.

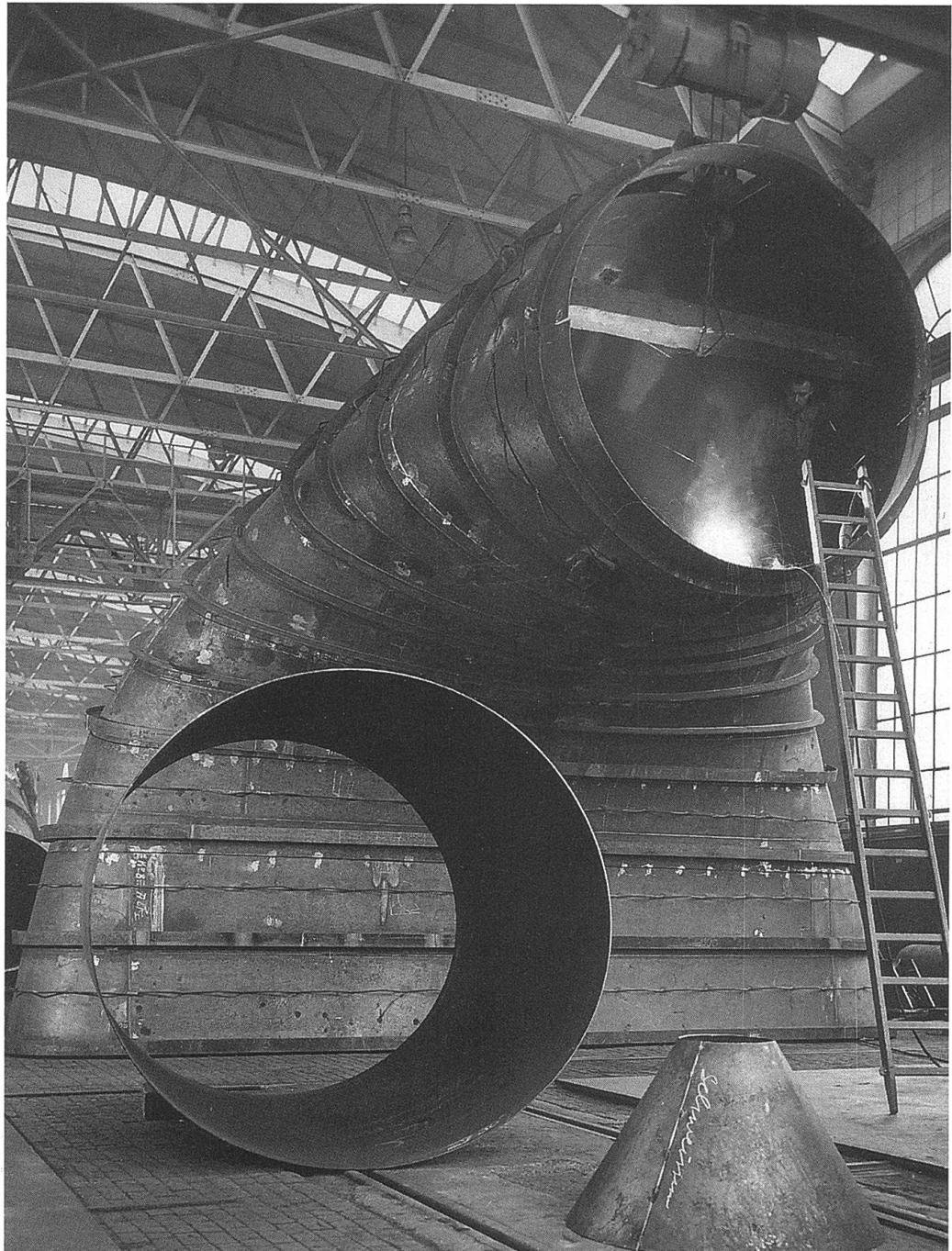


*Rotor disk of a Francis turbine in Karakaya, Turkey*

Politicians also tried – and failed – to win him over. Peter Schmidheiny had little ambition to shine in public life besides serving on his local council in Balgach for several years. He also stood once as a listed candidate for election to Switzerland's National Council, an experience of which he said: «I didn't even want to, especially as in the canton of Zurich it seemed

pointless anyway because liberalism was so strong there.»

However, he was also called on to serve his country in another capacity. Neither was this confined to the military, where he had risen to lieutenant-colonel in an artillery regiment. In April 1953 the head of the Swiss Department of Economic Affairs, federal councillor Rodolphe Rubattel, appoint-



*Welding work on the suction pipe of a Kaplan turbine at Escher Wyss*

ed him as head of the iron and machinery section of the War, Industry and Labour Office (KIAA). Five years later, on 1 April 1958, federal councillor Holenstein appointed him as head of the entire office – this «shadowy organization» as Peter Schmidheiny was later to call it in a spirit of realism that was devoid of illusions. Thanks to both the infrastructure available to him at *Escher Wyss* and his business connections he was able to manage the office, which was taken very seriously

at the beginning, «fairly easily» until his resignation on 15 February 1971.

During this period he did, of course, hold other offices and perform other duties as well. He sat on several boards, primarily of those companies that belonged to the family or were closely associated with it. He was vice chairman at *Wild-Heerbrugg* from 1955 to 1983 (stepping down at the same time as chairman Max Schmidheiny); he was on the board at *Maschinenfabrik Oerlikon* from 1954 to 1967

and at *Sulzer Brothers Winterthur* from 1967 to 1982. From 1950 to 1978 he was also a member of the *Credit Suisse* board of directors which, he was subsequently to reflect, gave him some «welcome insights into banking». In the insurance sector, he was appointed to the board of *Winterthur Insurance* when it acquired *Eidgenössische Versicherung*. He also spent twenty-seven years on the board of the Verein *schweizerischer Maschinen-Industrieller* (Federation of Swiss Engineering Companies), which he joined in 1946, and «as a convinced economic liberal», was a leading light in the *Gesellschaft zur Förderung der schweizerischen Wirtschaft* (Society for the Promotion of the Swiss Economy) during the period 1950–1979. From autumn 1954 to spring 1977 he was a prominent member of *Redressement National*, formerly *Aktionsgemeinschaft Nationaler Wiederaufbau* (National Reconstruction Action Group), a conservative of the right-wing which his father had also belonged to.

Peter Schmidheiny did not find it difficult to step down from all the positions he held, and he would admit this quite openly: «It gave me no trouble at all. Quite honestly, once I'd resigned I'd resigned. This is different from many of my friends who, time and again, couldn't resist intervening in decision-making long after they should have stopped». Peter Schmidheiny, for his part, was happy tending his roses, vegetables and grapes «in the fresh air». He also had plenty of time to indulge in other hobbies, especially hunting, although he was attracted more by «the physical aspect» than the actual chase. That is why he had never regarded big game hunting and African safaris as «the ultimate». He was prepared to make an exception for «elk hunting in Sweden, though».

He was also a passionate mountaineer and climber, being a frequent visitor to the Engadine. He would be accompanied by his wife Ruth. Daughter of Dr Max Schiesser (for many years the *Brown Boveri & Cie* managing director), she gave birth to five children. «I taught her to love the mountains», Peter Schmidheiny said. Despite being four years his wife's senior he was destined to outlive her – she died on 7 February 1992.

## Chronology

**1908** 12 July: birth of Peter Schmidheiny

**1932** Mechanical engineering diploma from the Federal Institute of Technology (ETH)

**1933** Unlimited partnership in *J. Schmidheiny & Co. Heerbrugg* – elected to Balgach local council (until 1937) –

22 August: married Ruth Schiesser

**1934** 26 February: birth of daughter Eva

**1935** 2 March: Peter Schmidheiny is elected to the board of directors of *Zürcher Ziegeleien (ZZ)* – 7 May: birth of daughter Ariane Vera

**1936** Peter's father, Jacob Schmidheiny II, takes a 100% stake in *Escher Wyss AG*

**1937** Peter Schmidheiny joins *Escher Wyss*

**1938** 22 June: birth of daughter Ursula

**1939** 5 May: appointed manager of the hydraulics division at *Escher Wyss*; joins the board of directors in the same year

**1943** 23 September: birth of son Jacob

**1946** 1 January: succeeds his father as managing director – 4 May: birth of daughter Marina – September: joins the board of the *Verein schweizerischer Maschinen-Industrieller* (Federation of Swiss Engineering Companies)

**1950** 25 February: elected to the board of directors of *Credit Suisse* (until 4 April 1978)

**1953** 1 July: head of the iron and metal section of the *War, Industry and Labour Office (KIAA)* – 15 December: succeeds his father as chairman of the board of directors of *Escher Wyss AG Zürich* (until 1984)

**1954** Cooperation between *Escher Wyss, Brown Boveri* and *Georg Fischer* on the testing of heat-resistant materials – Peter Schmidheiny joins the board of directors of *Maschinenfabrik Oerlikon (MFO)* (until 21 December 1967)

**1955** 8 January: death of father, Jacob Schmidheiny II – Peter appointed chairman of the board of *Zürcher Ziegeleien*, continuing to modernize the company and diversify its activities – vice chairman of *Wild-Heerbrugg* (until 8 May 1983) – joins the board of directors and committee of *Rheintalische Strassenbahnen AG*

**1957** Research cooperation between *Escher Wyss* and Geneva-based *Ateliers des Charmilles SA*

**1958** 1 April: head of *War, Industry and Labour Office (KIAA)* (until 15 February 1971)

**1959** Formation of joint division by *Escher Wyss* and *Maschinenfabrik Oerlikon (EW-MFO)* for cooperation on steam turbines, turbocompressors and generators – experiment ends when *MFO* integrated into *Brown Boveri*

**1966** Mid-July: «cooperation» between *Sulzer Brothers Winterthur* and *Escher Wyss* based on the former «acquiring some of the equity» in *EW*

**1967** 15 June: Peter Schmidheiny elected to the board of directors of *Sulzer Brothers Winterthur* (until 5 May 1982)

**1968** February: *Turbomaschinen AG (TAG)* founded by *Sulzer-*

*Escher Wyss and Brown Boveri-MFO* (as from 1 January 1969), with Peter Schmidheiny appointed the new company's first chairman; *Escher Wyss* transfers its steam turbine business to *Brown Boveri* (also 1 January 1969)

**1970** 3 July: Peter Schmidheiny succeeds his cousin Max Schmidheiny as chairman of the board of directors of *Rheintalische Verkehrsbetriebe* (until the end of 1988)

**1971** 31 March: steps down from active managerial duties at *Escher Wyss*

**1981** 13 May: resigns office as board chairman and managing director of *Escher Wyss*; he is succeeded by Pierre Borgeaud, chairman of the board of *Sulzer Brothers*

**1984** 5 May: Peter Schmidheiny leaves the *Wild-Heerbrugg* board of directors – he also steps down as chairman of the board of *Zürcher Ziegeleien*

**1992** 7 February: death of Peter Schmidheiny's wife, Ruth Schmidheiny-Schiesser