



An Interview With Erick Schonstedt

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IF YOU want an interesting life, "all you have to do is make your life interesting." Erick Schonstedt offers this tautology to sum up a career that includes, among other things, some 30 patents that carry his name, designing and building magnetometers that have helped guide hundreds of U.S. rockets to their celestial destinations, the idea behind sensors to detect weapons hidden by airline passengers, and development of equipment to alert the Navy to marauding submarines. All this is in addition to building a major surveying equipment company.

The 69-year-old Schonstedt talked with *Professional Surveyor* in his Reston, Virginia office about his philosophy of business, how he extended his training and talents into widely diversified fields, and where he believes the greatest problems and promise lie in today's economy.

The son of Swedish immigrants, Schonstedt is best known in surveying circles as the founder and president of Schonstedt Instrument Company, maker of the HeliFlux Magnetic Locator. Yet his reputation extends far wider into the scientific community, including acknowledgement by the Smithsonian Institution. For a time the museum exhibited the Vector Airborne Magnetometer which was developed by Schonstedt and Henry Irons at the Naval Ordnance Laboratory (NOL) during World War Two. The device was developed to measure the direction and intensity of the earth's magnetic field from aircraft, and is one in a long list of magnetically based instruments that Schonstedt has designed or manufactured.

The Schonstedt Company, for instance, has had a part to play in many of this country's space probes; more than 300 satellites have carried the company's magnetometers on board and others are

scheduled. The planned space telescope will carry a Schonstedt-built magnetometer for gross orientation while in orbit.

Though the company handles a wide range of products, Schonstedt says he purposefully keeps a relatively small number of employees, using subcontractors when necessary. "When you have more than 50 employees," he says, "government paperwork can multiply dramatically." Those who are on the staff tend to be loyal, he says, quickly counting 13 who have been with him 15 years or more. As for himself, he founded the company 33 years ago and has "no plans for retirement. My father lived to 95 and my mother to 84. Both were mentally alert and physically able." A widower since 1974 who has no children, he says "the business is my family now." Schonstedt continues to make his life exciting by exploring new areas for the business to develop. "We are a dynamic company and we thrive on innovation. Our newest product, called the Road Runner, examines roads before they are resurfaced. It sweeps the road looking for obstacles hidden beneath the surface, so that when old asphalt is removed there won't be any surprises that can damage the removal equipment."

New product offerings such as this are partly in response to a reduction of government-related work available in the fields covered by Schonstedt, he says. "We don't rely solely on the government to continue coming up with business." The result is extensive in-house research and development.

"We maintain our own R&D staff and devote as much as 10 percent of sales to the effort," Schonstedt says. Some results of that work include devices to determine the "magnetic fingerprint" of rock samples; an elaborate system for

demagnification of rocks; and preparation of specialized instruments for scientific research at universities and laboratories.

Schonstedt says he wants to remain flexible to the needs of the economy, even though much of the company's output is esoteric, and expects that there will be a continued market for Schonstedt products in both government and private sectors. When he speaks of the future, however, he sees "clouds on the horizon". Two primary areas trouble him - what he calls "a trend toward becoming a service economy and a highly litigious society."

"Both are probably related. The cost of insurance, litigation and the resulting interference with productivity have reduced our competitiveness in world markets. This contributes to trade deficits. Low-cost foreign competition is at the same time hurting basic industries. Manufacturing, even agriculture, are threatened."

This "public overhead", as Schonstedt calls it, has placed the country in a precarious position. The costs of malpractice suits and other civil actions "are staggering".

He notes that "there are fewer lawyers in the entire nation of Japan than in the state of Minnesota, where I am from. That translates into a potential weakness in this country because it does not take much additional cost to make us non-competitive in the world economy." He feels strongly that better education will improve the country's ability to compete and has recently become involved in a project to raise \$300 million to establish programs for excellence in all fields of instruction and research at the University of Minnesota. "Without an effort in these areas," he says, "in the

long run we are not going to be able to maintain world leadership."

When asked what advice he would give people in business, he says "the most important characteristic a business person should possess is perseverance; the most important characteristics of the business itself should be quality and service." He meets formally with his key people at least once a week to discuss all current projects and to share opinions. "If a repair job has not been done within a week after it came in, for instance, we all need to know exactly why," he explains. "If we don't watch those things extremely carefully, we'll let our level of service slip and that would be disastrous."

Honesty is another quality Schonstedt holds in high esteem. "Even mailing a personal letter on company postage is, to me, a bad practice. I especially believe that attitudes in a company on such things start at the top, and I like to think that we all follow them here." He further believes that turnover is reduced by management's treatment of individual employees and by providing a pleasant working environment along with stimulating work. The Schonstedt operations area is well-lighted and open and all the offices are panelled and carpeted.

The Schonstedt headquarters is surrounded by companies that represent virtually every type of high-tech industry. Schonstedt himself lives a short distance away, but does not use that as an excuse to burn midnight oil at the office. With the exception of special production demands or projects that attract his personal interest, he believes that time at work should be productive but limited to the normal workday hours.

In that vein he has developed his surveying equipment business - principally the locator manufacture - by developing products and moving quickly on sales leads. "To handle periods of larger than normal orders we have developed a list of capable subcontractors to help us cope," he says, and a network of 130 dealers nationwide helps market the products. One method to avoid unexpected complaints is a testing technique that may not be highly technical but apparently works. He takes samples of the equipment into his back yard and abuses them. If anything breaks, he will discontinue its manufacture until the problem is solved.

Suppliers are also a key part of the operation. "We use suppliers who are

capable of producing for the space program," he says, "and price is not always the most important factor in their work."


Schonstedt says reliance on quality stems from an early awareness of its importance to long-range success. "Most of my heroes as a kid were businessmen," he confesses. "During the Depression, a time when money was very important, I often asked myself how they could risk - possibly even lose - everything. I discovered later that the good ones were not taking as big a risk as it seemed. They were doing everything possible to ensure their business worked and much of that had to do with offering quality and service."

He launched his own business career as an alternative to "sticking around waiting for a pension" at the NOL after the end of World War Two. Perseverance, the quality Schonstedt ranks highest on his list of business assets, helped get him through many sleepless nights during the early years of the business. He needed to develop new markets for highly specialized products, and since he began with very little capital, the early days were sometimes precarious. He now believes it was well worth the effort.


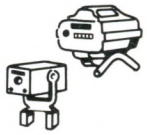


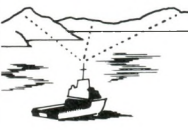

Perseverance also won him the personal satisfaction of receiving academic recognition for his work. Denied the formality of receiving his engineering diploma (he was excused before graduation from the University of Minnesota to join the NOL) he was at once honored ("they took the best of the senior class") and disappointed for not being able to walk down the aisle in a cap and gown. Forty-four years later, in the midst of pomp and splendor that most of his original classmates would probably envy, he was able to march in full regalia as a member of the Board of Directors at Augustana College in Rock Island, Illinois.

The school, the first established in America by Swedish immigrants, awards honorary degrees to outstanding Swedish and Swedish-American business leaders, and has bestowed the tribute on such men as Robert Hanson, president and chairman of the board of John Deere Company; financier Peter Wallenberg; and hotel magnate Curt Carlson.

It is a typical story in what he calls his "interesting life", a life that could have been spent "waiting for a pension" but instead has enabled him to leave his mark on the ground, under the oceans and even in the far reaches of space. ●




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