

# David T. Morgenthaler, Pioneering Venture Capitalist, Dies at 96

June 20, 2016



David T. Morgenthaler, a pioneer and icon of the American venture capital industry, died on Friday, June 17, 2016, in Cleveland, Ohio. He was 96 years old.

Mr. Morgenthaler founded the firm Morgenthaler Ventures in 1968 at a time when few venture capital firms existed. As President and, later, Chairman of the National Venture Capital Association (NVCA), he was instrumental in helping change the U.S. capital gains tax rates from 49% to 28% in 1978 and amending ERISA legislation to allow pension funds to invest in venture capital in 1979. Over 48 years, Morgenthaler Ventures raised \$3 billion in outside capital and funded more than 325 startup companies in information technology, life sciences and industrial technology including Apple, VeriFone, Synopsys, Nuance, Ardian, Scioderm, Promedior, Transcend, Twelve, Evernote and Siri.

Born in rural South Carolina, David Morgenthaler received Bachelor of Science and Master of Science degrees in Mechanical Engineering from Massachusetts Institute of Technology (MIT) in 1941. While attending MIT, he was President of the Senior Class, Captain of the Swimming Team, President of Sigma Nu Fraternity and received honorary academic awards. The day after the attack on Pearl Harbor, Mr. Morgenthaler reported for duty in the U.S. Army Corps of Engineers and was soon promoted to Captain commanding a line company building airfields in French Morocco, Algeria and Tunisia. With the Allied invasion of Italy, he was promoted to command the Headquarters and Service Company of the 21<sup>st</sup> Aviation Engineer Regiment and became Chief Technical Officer for Eastern Italy. He served as a Major in the U.S. Army Reserves until his discharge.

Following military service, Mr. Morgenthaler joined the founding entrepreneurial teams of several startup companies. As Vice President of Sales of Delavan Manufacturing Company, he helped build the largest manufacturer of jet engine fuel nozzles in the world. Following this, he was recruited by J.H. Whitney & Company, one of the two original American venture capital firms, as President and CEO of Foseco which he built into the largest manufacturer of exothermic chemicals for foundries and steel mills in the U.S.A. He later merged Foseco with its British licensor and, as Chairman for North America, helped build Foseco Minsep into a multinational enterprise of 57 corporations, manufacturing in 22 countries with operations in 75 countries.

During his career, Mr. Morgenthaler served as Director, President or Chairman of more than 30 companies, ranging from startups to billion dollar multinational corporations in industries including metal fabrication, chemicals, information technology, life sciences and others.

Mr. Morgenthaler was one of the founding directors of the National Venture Capital Association (NVCA) and Chairman of its Incentives Committee, working with the United States Congress to improve conditions for venture capital and entrepreneurship. He was President and, subsequently, Chairman when the Steiger Amendment of the Revenue Act of 1978 was enacted, resulting in a roll-back of the capital gains tax from 49% to 28% as an incentive to create entrepreneurial companies. Small entrepreneurial companies now contribute 67% of net new jobs created in America. To unleash the flow of capital to entrepreneurial companies, he led NVCA's successful effort in 1979 to amend ERISA legislation and allow pension funds to invest in private equity and venture capital firms. By 1984, capital inflows into venture capital increased 2000%, thereby fueling growth of the personal computer industry and creating the modern American venture capital industry. For his leadership during this period, David Morgenthaler was awarded the first Lifetime Achievement Award of the NVCA.

Mr. Morgenthaler served as International Senior Vice President of the Young Presidents' Organization (YPO). He was an opponent of discrimination and, as Cleveland Chapter Chairman, led the admission of the first Jewish member to YPO and, later, as National Membership Chairman, admitted the first African-American into YPO. Upon graduation from YPO, he was admitted to the Chief Executive's Organization (CEO), the honorary group for former YPO leadership. He was elected President of CEO (1975–76).

Mr. Morgenthaler was a member of the President's Circle and a member of the Science, Technology and Economic Policy (STEP) Board of the National Academies. Morgenthaler's other activities included: Life Emeritus Trustee and Distinguished Fellow of the Cleveland Clinic; Visiting Committee and Dean's Advisory Committee of MIT; International Advisory Board for the Center for International Relations and Politics of Carnegie Mellon University; Dean's Advisory Committee of the Tepper School of Carnegie Mellon University; Visiting Committee and President's Advisory Committee of Case Western Reserve University; Dean's Advisory Committee of the Weatherhead School of Management of Case Western Reserve University; and Overseer of the Hoover Institution.

His philanthropic activities include funding: a professorship of entrepreneurship at Carnegie Mellon University, a founding sponsorship of the Entrepreneurship Center at MIT, the Morgenthaler Fellows Program at the Cleveland Clinic, the David T. Morgenthaler II Fellows Program at Stanford University and the Einstein Society of the National Academies. At Stanford University, the David T. Morgenthaler Grand Prize for the BASES (Business Association of Stanford Engineering Students) \$50K Entrepreneurs' Challenge was established in his honor.

His awards include the first Lifetime Achievement Award granted by the NVCA in 1996, the Private Equity Lifetime Achievement Award, the Private Equity Analyst's Hall of Fame, the Association for Corporate Growth Lifetime Achievement Award, the Harvard Business School "Entrepreneur of the Year" Award, one of the two first Honorary Fellows of the Kauffman Foundation, and the first Lifetime Achievement Award of the International Business Forum (IBF).

His rise from rural South Carolina to lead the American venture capital industry reflects the strength and optimism of the World War II "greatest generation" of Americans. A lifetime leader, Mr. Morgenthaler saw leadership as service and fulfillment of mission for organizations, communities and worthy causes –

and never as privilege or personal advantage. He was widely known for his honesty, integrity and fairness, as well as his realism, pragmatism and strategic insight. He was deeply altruistic and used his wealth to support people and causes in education, innovation, entrepreneurship and the arts.

Mr. Morgenthaler married Lindsay Jordan in 1945. He is survived by his wife, three children, seven grandchildren and four great grandchildren.

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