Rick: Good morning. My name is Rick Richardson. I am a retired IBM’er. I worked for IBM for about 30 years between 1968 and 1998 then I retired after that. The good news was for me, about two weeks after I retired, IBM came back and wanted to rehire me, and I said, thanks but no thanks I retired but I would consider doing something on a part time basis. It’s been like great fortune for the last 15 years to have been IBM on a sort of consulting basis. For the past 15 years I have been running a program for them called the CEO program where we are trying to get IBM and IBM consulting people in to talk to CEO’s of different companies. It’s been a really fantastic opportunity and experience, over the last 15 years I have probably called on and [inaudible 00:00:50] in excess of 400 CEO’s of different companies. Those interactions and conversations have really been fascinating.

I would like to thank you again, thank [inaudible 00:01:01] and also thank IBM for nominating me to be a part of this program. It really is an honor to be among the ones you have chosen to participate in it. I am not quite certain why I was chose quite candidly, but I am elated that I was. I do a lot of things in IBM and maybe we will talk about that maybe a little bit later on to the extent that your students and other people who might be watching this could learn from that. I hope they can. I know you were talking about the school of ethical management and so forth, to me ethical and management just go hand and glove. I don’t think you can be an effective manager without also having ethics and having principles and knowing what you stand for and having other people know what you stand for.

That said, I would also say, I don’t think I am an expert in management. I worked at it; I did the best I could. Was I as good as I could have been? Probably not. One of the things I would also like to thank you for in [inaudible 00:01:51] to this opportunity is, and I mentioned this a bit earlier, what this experience today calls me to do over the course of the last several weeks and months, and that is to really reflect on me and try to go back and say, how did my management style come about? Did I learn it when I went to school or was it there naturally, was I born with it? Where did it come from? One of the things I concluded was, managers are not and leaders are not born. I think everybody plays the genetic roulette and we all come out with certain skills and capabilities and so forth. Sometimes people exploit those capabilities, frankly sometimes they don’t. Sometimes I think it is up to them to do that. Sometimes I believe its experiential knowledge and kind of experiences and things that bring those out of them.

Thinking about this [inaudible 00:02:42], like I said, the last couple of weeks and months, there are a few things that stood out of my memory about me that I would like to share, initially to give you a flavor of who I am and where my management style and so forth came about, and if there is leadership there, maybe where that came from as well. I also think there’s different kinds of leadership as I thought my way through this thing. I think that’s what I think I and others perceived probably. That the typical leadership to be, that’s kind of the leadership of people. When I think about that I can’t think but help to go back rather to the Patton movie and the George Patton and the great motivator and a leader of troops and so forth in World War two.

As I thought about my role and the things I have done over my, now 45 years with IBM, 30 plus the 15, there is clearly leadership of people. I think there is also sales leadership, that’s a different kind of leadership and a different set of activities and different sort of things you should do being a sales leader versus being a, what I will call, a generic kind of leader. The other thing that I think is very important, and you see more and more of it today is what I call thought leadership or being a thought leader. A thought leader is not necessarily a sales leader nor is a thought leader necessarily a leader of people. I think the ability to kind of combine and pull on those three forms of leadership, either individual and or in combination at different points of time in the person’s career is a very, very helpful thing to do.

I believe I was able to do that even at the time I didn’t realize I was doing it. That said; let me maybe kind of branch back a little bit into some of my very early memories. The first memory I have of leadership, where I maybe was a leader, frankly I didn’t even know what a leader was. I certainly didn’t want to be a leader, but one of those roulette outcomes I had was I was a very fast runner. I could run faster than anybody in my little town. I grew up in a town about 80 miles north of here called Toccoa. By the way I went to Toccoa high school and then Georgia Tech and graduated from Georgia Tech and went straight to IBM out of there. Although I will maybe tell you a story there, it’s kind of interesting as well. I could run fast. It was kind of interesting; either in the school yard during recesses or once all of us would finish school and would go home to our homes. We could generally congregate and the kid who had the biggest yard, because we were going to play football or tag or baseball or something like that. Although the kids would almost always say, “Rick, why don’t you pick the team, because you can run the fastest, you are one of the better players.”

I almost always got to be the guy that they said, you be the leader, you pick the team. I don’t think I realize at the time I was the leader, but I enjoyed that role. Not only did you get to pick the teams, whether you are playing football which I absolutely love, you also got to assign positions. Who was going to play where, you are going to snap the ball, and you are going to be receiver and I am going to throw the ball and run the ball and that sort of thing. You also get to make up the plays and call the plays. That was kind of fun for me. Frankly that’s the earliest recollection of I have personally of being kind of a leader, even though I didn’t want to be. Like I said, I probably didn’t even realize I was being a leader at the time.

The first, if you will, a kid of other memory that I have of being a leader where somebody other than my mum or dad or grandparents or aunts or uncle said something special about me was also kind of a fond memory. It just happened in a split second. I was probably eight or nine years old, a bunch of us kids we walked over to the little league ball field, I can still remember not unlike today a hot Georgia afternoon. We were practicing batting and hitting the ball and this sort of thing. I was playing in outfield this particular day. This one kid hit a high outfield ball and I had to go get it. The thing that I forgot about, there was a big fence around this outfield, a fence that was four by fours and large basically. I forgot it was there. I was so intent on catching that done gone ball that I just took off. I didn’t catch the ball, but I did catch the fence.

I ran smack into this fence full speed. It must have stunned me, I don’t remember what happened but I remember getting up off the ground and I remember this gentleman coming over to say, are you all right. As it turns out this gentleman was a guy by the name of Red Boyd or [inaudible 00:07:07] was his real name, he was the football coach for Toccoa high school. During the summer time he and his wife, she would run the youth center and the swimming pool and he had to take care of the baseball fields and so forth I guess to supplement their income and so forth. He said, “Are you all right, are you all right. I have never seen anybody run into something that fast and back up like that.” I said, “Yeah, I think I am fine.” He said, “Where do you go to school?” and then [inaudible 00:07:33] County north of here, there were two schools.

There was Toccoa high school which was kind of the city school and there was Stevens County which was the county school. Big, big football rivals, baseball rivals, any rivals you name it, we were rivals. He said, “Where do you go to school”, he said “Do you go to Toccoa or do you go to Stevens County?” I said “No, I go to Toccoa.” He said that’s wonderful. He said, “Look, when you grow up you come see me. I want you to come play football for me.” I said “Okay coach.” I was just in awe of this guy. For the next four of five years when I was growing up getting to be old enough to be a freshman or whatever, in high school and go out to the football team, I could hardly wait to go see Red Boyd, coach Boyd and say, I am the little kid that ran the fence, I don’t know if you remember me. I did do that and he remembered me and he said, “You are the guy I want on my team, here’s your shoulder pads, let’s get going.”

That’s the first kind of, if you will, it’s not leadership as such, maybe stupidity running into a fence like that, but that’s the first time I can remember somebody other than my mum or my dad or my grandparents or somebody else kind of saying, maybe you’re special and you did something I wouldn’t have expected. One of my other memories in terms of leadership, and this is getting into leadership not running into a fence like I did with coach Boyd, is probably the first elective leadership thing or goal oriented activity that I recall having participated in. Scouting, Cub Scouts Boy Scouts, Boy Scouts had existed in Toccoa, Cub Scouting had never existed there. My mum and a number of other mothers and so forth decided, we are going to start a Cub Scout troop. I didn’t know I was going to join but I wanted to join. I can still remember going down to [inaudible 00:09:10] in Toccoa Georgia and buying my first Cub Scout uniform and my little blue uniform [inaudible 00:09:16] and so forth.

The thing that I really remember most of all was getting my scout handbook. It was my scout handbook that told me all about scouting and it had all about how to pitch a tent and how to cook and how to camp, how to recognize trees by their leaves and this and the other. It also talked about here are the things you can try to accomplish in scouting. You can try for your wolf badge and your lion badge and so forth and so on. By the way, you may even get to be a Webeler which is like the highest thing in Cub Scouting. I and all of the other, my friends, were now in the cub scouts. We loved the Cub Scouts because we went around to each other’s homes and each other’s mothers would make the best treat whether it was brownies or cookies and we would always play a game. By the way we’d do a little bit of scouting while we were there too.

We would generally talk about knot tying or trees or as I said the other, and we would also talk about what we needed to do to get our first badge, the wolf bade and then the lion and so forth and so on. I remember, I really liked that, because like I said, this is the first elective thing that I was in the process of choosing to do. School was not an option. In the town we grew up in we didn’t lock our back doors. We would go away on a week’s vacation and leave the back door open, in those days, which was probably like the 40’s or the 50’s. Boy scouting and Cub scouting was something that was brand new to me because I had never electively chosen to go do something. School like I said, you didn’t have a choice, you had to do it, I was expected by everybody. By the way, it’s kind of interesting, my high school class I think we graduated 76 people, in my little high school class, 75 went to college. The other guy worked for the postal service for a very long, long time and did extremely well as well. Everybody turned out to be extremely, I think good, professionally.

Scouting meant a lot to me. As it turned out I’d end up being able to over the course of the three years four years in Cub Scouts achieve my Webelos badge. I was the only kid in our little troop that was able to do that. I worked really hard for. I used to love to just, during my idle time during the day if we weren’t helping out with chores around our house or going to school or whatever during the school year, or playing sport, you could find me with my head stuck in that little scout book. I was trying to learn more knots, I was trying to figure out how do I need to do this one other thing to get this next badge or this little [inaudible 00:11:35] wasn’t in the Cub Scouts. I really enjoyed doing that. I enjoyed Cub Scouts and so it was a natural thing for me to go into the Boy Scouts which was another elective goal oriented sort of thing that I wanted to do.

One of the things that struck me at the time, but as I think about it now, really happened was this whole achievement sort of thing, this whole elective sort of thing began to kind of separate, not me and my friends as friends but separate in terms of how well we either did or did not do. I felt a lot of my friends, I said this scouting stuff is too hard to work and I really don’t want to go do that, I would rather go flirt with the girls or do this that or the other. That didn’t interest me at that time, I guess I was a late bloomer. Scouting did interest me a lot, I was very much into now you get your tenderfoot badge and your second class and your first class and your star and your life. I eve said … I had been a Webelos in Cub Scout, I would like to get my Eagle Scout badge.

Scouting had been going on in Toccoa Georgia for a long time, nobody had ever gotten to be an eagle yet so I kind of set my eyesight on trying to do that. I was so proud when I finally got my tenderfoot badge and my mum sewed it on my uniform. That was a big deal, so I said I’ve got my tenderfoot now, I’ve got to go learn how to do second class. Second class is pretty easy, first class you had to learn the Morse code and send and receive Morse code. That was the big back breaker for Boy Scouts in those days. Today I don’t think we do that, but I still to this day remember [inaudible 00:13:08], I remember the letters of these things. Just as an example, I also remember the 12 points of the scout oath, which I used to say in those days, a scout will be …. By the way, for those people who are watching this I still say that the 12 points of the scout oath, which I am trying to remember here in a second, are not necessarily bad principles bad things to live by and bad things to be when you are trying to be a very good manager.

If I can remember those 12 points are, it says a scout it trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, brave, clean and reverent. I still remember those 12 things after probably going on 50 years now, I guess. Also having remembered to have to talk about each one of those in my church when I got my Eagle Scout badge finally and talk about what being trustworthy meant to me. That is the first time I think I ever spoke in church or in front of a large group like that, I know I was scared to death. I think I did all right because they gave me the Eagle Scout badge. I went on to get my Eagle Scout badge but that meant a lot to me in terms of accomplishment because that was something that I chose to do, it was a goal that was set out there. It was difficult to achieve but frankly it was fun. Just as the little Cub Scout book was easy to go through, the Boy Scout book was bigger and even better. I just loved using it and going through it.

To me, early on that taught me that I loved goals, I love achieving goals. I love understanding how to get to a goal, you just don’t do it all in one big step. You’ve got to break it down in terms of interim steps and so forth. That lesson has stuck with me for a very long time, I think even including going into my management career. That’s probably enough about me as kid and so forth although I will go on to say that there were a lot of other things that helped me to become who and what I am. My church, my mum and dad, and my sister were all members of the First Baptist Church in Toccoa. We went to Sunday school, we went to church Sunday. We also went to evening services on Sunday night and we went to prayer meeting on Wednesday night. As a matter of fact the Wednesday nights were almost my favorite because we’d almost always go there, I would, after football practice of after baseball practice and that sort of thing. The preacher and my dad and a number of other guys in the church would always cook different things whether it was spaghetti nights or chili nights and so forth. We always knew we were going to get a big pot of something good. Maybe even get to sit with the girls between dinner and church services on Wednesday nights.

That was a big, big part of my upbringing as well and learning socialization skills and so forth. It’s also the first time I think I actually had a mentor as a businessman. My dad owned a lumber company. He was kind of a carpenter. I wouldn’t call him a real businessman. I really didn’t know or wasn’t exposed to any other business people in Toccoa other than one of my Sunday school teachers probably when I was about 10 or 11 years old. I remember kids my age talking about waiting to get to this guy’s class because this guy was just so good. He was so good, not just talking about the bible and the story in the bible, but he would take that story and make it real life today. He would make it meaningful for us teenagers who were already probably full of hormones and maliciousness and all kinds of bad stuff. He would really make us think about our lives and what we were going to do.

I am not really sure what this guy does, I know he is a businessman, he wears a suit and tie all the time which differentiated him from most of the other folks that I saw. He as it turns out was like the general manager I think of the Coates and [inaudible 00:16:52] plant there and so forth. He was a fantastic story teller and a fantastic influence in terms of mentoring me and in terms of wanting to be … wearing a coat and tie and being a businessman versus being some kind of tradesman or something else, which is most of the people I happen to know there I Toccoa. Other things that were a big influence on me I think was something as simple as singing in the choir. I was really a timid kind of teenager. I think singing in the choir kind of brought me out The Boy Scout having to speak in public brought me out.

One of the other things that brought me out as I recall too was my mum was a school teacher, in that little school we didn’t have that many people so we had to play every sport in order to have a sports team. I played football and baseball and I ran track. I was in the golf team, and I wanted to play basketball but my mum said no, she said, at least one quarter of the year you can’t play sports you’ve got to study. I said okay, the least thing I like is basketball so I gave up basketball. I gave up the winter months if you will to concentrate on my studies. What I learned to really do during that quarter off is the best that ever happened to me. I learned how to play the guitar. I self-taught myself the guitar, listening to [inaudible 00:18:05] records, and I had also earlier on had a paper out which was kind of interesting. I as a kid had one of the Cushman Eagle motor scooter very, very badly and so did all my friends.

I woke up one Sunday morning and I had a Cushman Eagle motor scooter and so did like four or five of my friends. The only difference was, theirs was really a gift from Santa Claus, mine had strings attached. Mine was half a gift from Santa Claus and the other half of my gift was I had a paper route that I was to start on Monday morning with my new Cushman Eagle motor scooter. I had 110 on my paper route to help earn the other half of my motor scooter, one of the best lessons I ever learnt. I did my paper route, my dad and I would help out. He would help me on Sunday because that was the big paper, you had the inserts and frankly the basket that fit on the back of my motor scooter wouldn’t hold those papers. My dad and I would get up a five o’clock in the morning, go deliver papers together. It was the best time I think we ever spent together.

The thing I learnt about my paper route and my scooter is that, that was my scooter, I was paying for it. That scooter had more chrome on it because I added to it. I kept it shined up, everything was pristine. If you’d look at that scooter probably four or five years later, my scooter was as good as the day I got it from Santa Claus or my parents. All my friend’s they were wrecked, they were rested, they were tore up. The other thing I learnt about was skin in the game. If you’ve got some skin in the game you tend to do a lot better and you take care of what you’re working on whether it’s something as simple as a scooter or running a big company and you’ve got skin in the game versus just being an employee.

Those are the kinds of things that influenced me, the guitar, one more thing. I think this is the other thing that really brought me out from my timid state. Like I said, during my off quarter when I was focusing on my studies I learned how to play the guitar. As it turned out a couple of my other buddies wanted to learn how to play the guitar too, so I kind of helped them. As most guitar players know, you learn a little bit of something and I will share it with you, you learn a little something you share it with me. [Inaudible 00:20:06], so to speak. I guess that’s what we called it. We learned how to play the guitar and said, wouldn’t it be fun to start a band, we started a little band. Three guitars, my next door neighbor was a great trumpet player, I also play the trumpet. We had a drummer by the name Craig [inaudible 00:20:22] who was an unbelievable drummer. He was like the first chair All State of Georgia drummer. He was fantastic.

We started playing some chubby checker, did the twist and all these other kind of goofy songs and before long we had [inaudible 00:20:35] of probably 30 or 40 songs. Some of the people heard us and said, you guys need to start playing somewhere. I will never forget the very first time I sang in public as a rock and roller. By the way our name was The Tromendos, which was a [inaudible 00:20:51] as you might expect back in the 60’s, and we all wore black pants white shirts and red vests. We were right in the time here, about as corny as you could be I guess. I will never forget the very first time, the very first song I ever sang in public was tossing and turning. We were all there and the kids were out in front of us almost like Dick Clark Toccoa version, and a couple of girls I really had an eye for who had never paid any attention to me whatsoever all of a sudden they are standing right there in front of me with their poodle skirts and whatever else they had on getting ready to hear us sing.

We start singing, and no longer … we are probably not more than 15 or 20 seconds into the song and people are just going crazy. I guess we really were half way decent or we were the only band in town so I guess they didn’t have a choice. That was another thing that really helped me to come out and not be the kind of introverted person that I was. My wife now says maybe it created a monster because I’d probably go the other way, which is not all good either. That was very meaningful and very helpful to me. So much for that, I graduated from Toccoa and I go to Georgia Tech. I really enjoyed Georgia Tech here in Atlanta. During that time period of time I had also gotten married, and so I said I needed to go ahead and get out of here and get to work.

I went to summer school and so forth and as I turned out I was going to graduate. This is kind of an interesting story. [Inaudible 00:22:14] in December of 1967, I had my career mapped out for me. As it turns out my wife’s uncle was an executive vice president with a very large investment company here in Atlanta at the time. I was going to go on out of Tech and I was already applied to and accepted to Georgia State and I was going to get my Masters in finance and I was going to become an investment broker and work in Robinson Humphrey, it was the name of the company at the time. I said, its November, October, the Georgia Tech placement center is having people coming in to do interviews, I said I have no intention of taking one of those jobs but I think I will go over there and get some practice interview.

I went over there and signed up for 10 or 12 interviews. I remember one was Wade [inaudible 00:22:55] who was a big Georgia Tech quarterback and he was the president of First National Bank of Atlanta, I had an interview with him. It was almost like I wanted to just to meet him and talk to him more so than the job [inaudible 00:23:07]. I remember some of the other people I interviewed with, but the one that ended up being a pretty good interview was an interview with IBM. There was this guy named Jim Robertson that came up from Cape Kennedy, Cape Kennedy had just been opened up. It was a big office for IBM principally dealing with the Patrick Air Force down range tracking station and NASA at the Cape.

IBM had just announced these new machines, these new machines, and when I say small machines I am talking small. These things had anywhere between eight and 16K, not [inaudible 00:23:41] K of memory. By the way, they would rent for about 2,500 to 3,000 dollars a month. You could not buy them, IBM was an entirely different world back then. Long story short, I went into this interview with Jim Robertson with IBM and he said, “What do you know about IBM?” I said “I really don’t know anything about it.” He started talking about IBM and the computers and so forth and I frankly didn’t have any familiarity with it. It sounded interesting and he said, “By the way we’ve got a training program that goes about 18 months, anywhere between a year and 18 months depending on how well you do. We are going to teach you about computers, we are going to teach you about programming languages, databases and all this kind of stuff.”

He said, “You did very well in that data aptitude test.” I was good with math and chemistry and physics and loved that stuff. He said, “You did very well in that”, what they call a DPAT, data processing and aptitude test. He said, “We would like to invite you to come down to Florida. Bring your wife, we would like to have you meet the branch manager and some of the other managers and talk to some other people in the office and see if you might be interested in coming to work for us.” I really wasn’t interested in going to work for IBM. Like I said, I had this plan I was going to go to Georgia State and do investment banking. It was December here in Atlanta, and it was cold. My wife and I didn’t have any money so I said, fine lets fly to down to Cape Kennedy, lets fly to Florida spend a nice weekend [inaudible 00:24:59] we’ll come back and we’ll go do what we’ll go do.

You can probably see what happened, we went down and it was fun. I had never been into something like that. I remember a guy named John Wilson who was a system engineering manager, he picked us up. John and his wife Betty are still friends to this day after 47 odd years. The thing I really remember the most was going out to Tom Ealey who was the branch manager, he had us over at his home for Saturday night dinner. I had never been to a home like this. This was a series of canals there, and Tom had his big 40 foot [inaudible 00:25:33] kind of boat in the back. I had never seen a boat like that. I said, “Boy, this IBM stuff, if you can get to live in a house like this at the end of the canal and have a boat like that in your back yard that might be something I might want to think about.”

Long story short, they offered me a job. I never went to Georgia State. I never joined my uncles firm. I went straight to IBM. This kind of reminds me of a lesson that I learnt I guess. I will share this with you because this is the first entry point. My lesson is, and this is profound and everybody probably realizes this, I guess I didn’t realize it at the time. I say life is a series of pyramids, just imagine pyramids. Everybody is in some pyramid, you enter every single pyramid at the bottom of that pyramid. In this case I was entering IBM as a trainee. For that matter I can go back to high school. You are a freshman in high school, you are at the bottom of that pyramid, if you do well in school you graduate. You are an outstanding student, you rise to the top of that pyramid you go to college.

Welcome back to the bottom of the next pyramid. You are now a freshman all over again, you’ve got to earn your way back up. You try to compete with the GPA and so forth. You go to the Tech placement center. You get interviewed and you get hired by a good company. You are at the top of the pyramid, guess what? I just now got hired by IBM I am back at the bottom of the pyramid. My very first job, I am in this branch office and I am the low ranking guy on the totem pole, the brand new salesman. As it turns out, there was another guy hired that very same day named Rob Moore who is still a life-long friend. We communicate almost daily via the internet. He was being hired for an assistant engineering position and I was being hired for a marketing reps position.

We’d go through the exact training program but we were both there, I think the office opened up at 8:15 or 8:30. I will never forget, Rob and I were sitting there at the parking lot at 7:15. I had my [inaudible 00:27:22] which was gold and he had his Pontiac which was gold. We were the only two guys in the parking lot. We started talking to each other and I come to find out that Rob had just graduated from the University of Florida and he was going to be hired just like I was. We became and continue to be life-long friends. The other thing that was a very interesting lesson to be learnt at that very first day is, even though we were going to, so to speak, officially start January 1968, John Wilson the assistant engineering manager said, guys when you arrive to IBM the first year you get like four days of vacation, something like that. Years two through five you get two years of vacation. He says, I’ll tell you what we are going to do, if you can start on December 28 you are only going to work two days but that’s your first year. Next year, in 1968, you actually get two week’s worth of vacation instead of like two or three days. I said what a nice thing that is.

That taught me early on through John’s actions, do what is right for your people and your people will do what’s right for you. He could have just said, fine you will start on January 1, that’s the way it is and by the way you get two or three vacations. That’s just the policy. He didn’t have to do that, he started us four days earlier, which we accomplished absolutely nothing other than the fact that I got two week’s worth of vacation, and I appreciate that very much. I will never forget that first day with IBM also. I walked in, like I said, Rob and I both got there early. I walked in and I was looking around and here are all these unbelievably professional people. I met with John Wilson. I met with Tom Ealey and he said, guys you are here for two weeks and the next two weeks you’ve got these four five program instruction courses you’ve got to take. You’re going to go off and you’re going to go to school for 10 weeks. [Inaudible 00:29:12] five weeks, three weeks back and then five weeks again, it’s your very first school computer systems training.

At that time IBM still had two career paths, they had just announced these computers. They had a lot of what they called, unit record [inaudible 00:29:26], which was the old mechanical equipment that would do accounting and so forth and you could still be trained on that or you could be trained on the new computer I was so tickled that I got picked to go be trained on the new computer piece. That first day we were looking around and seeing all these really cool people and we are learning what we are going to be doing. We started studying your books and so forth. The little room I was in, a knock on the door, this guy called, I didn’t even know who he was called, his name was Charlie Lewis. He was the most senior, probably 60 somewhat years old, he still wore a hat, suit, white coat, tie hat, and he had known and was a friend of TJ Watson senior. He said, “Rick, why don’t you and I go to lunch.” I said, “Wow, this is great.”

Here is Charlie and I, we ride in Charlie’s car and he takes me to, I think we went to Buddies Barbeque or some such place. We are having a nice little lunch and Charlie says to me, he says, “Rick, do you notice anything different about you and the other people in the office?” I said, “No, I don’t think so.” I went to school, I IBM’er now I want to be an IBM’er. He said, “Did you notice how they were dressed?” I said “No, I really didn’t.” he said, “Let me just tell you”. He said “I am doing out of the goodness of my heart”. He said, “Around here we wear suits. Everybody wears a suit.” I didn’t have a suit. I didn’t come from a wealthy family. I only had two sports coats. I had my favorite sports coat on, I had a sports coat on and slacks and a shirt and a nice tie but I dint have a suit on. Charlie very nicely told me I need to go buy some suits.

That night after I closed up I went to, I think it might be Dillard’s or some such place and luckily I bought two suits and they could tailor the pants and so forth for me that night. Beginning the next day, Tuesday, I had my two suits working for me. Charlie told me in a very, very nice way, and I suspect the branch manager probably put him up to it versus telling me directly through the chain of command. While I was having lunch with Charlie though, I also asked him as long as you are here and you are giving me all this good advice, what else would you tell me to do to be successful at IBM because you’ve been here 30 40 years and you’ve obviously done quite well. He said “Rick, it pays to know what you are talking about.”

Like I said, this was driven home to me when Rob and both I went off to our first class which happened to be in Boston Massachusetts. I talked about these pyramids, welcome back to the bottom of the pyramid. Here we are, we have 30 something odd people in our class and frankly I felt a little intimidated. In my class Rob was there, he is a University of Florida graduate, I am a graduate of Georgia Tech. There was another guy from the south there, a guy named [inaudible 00:32:04] Richardson that happened to be from Compton. We were the only guys from Georgia, Florida, South Carolina. I noticed in class as we were going round and doing our introductions the first fellow says, I went to Harvard and I have my MBA. The next guy says, I am a Dartmouth grad and I do this and the other. The other guy went to Princeton and I am saying, here I am a little hick from Georgia. I went to Georgia Tech and here are all these Ivy League guys. I am really concerned about my capabilities in this school.

I guess I always was not necessarily the most confident guy. [Inaudible 00:32:33] I just heard an interesting point; maybe this is for the students here. Speaking of Harvard, the Harvard business weekly just three weeks ago talked about what kind of people make the best executives. As it turns out, very confident people do not make the best executives. People with … you’ve got to have some confidence but you can’t be overconfident. People with, I will call them, medium confidence, tend to be from their studies the people who make the best executives. I guess the people who were overconfident said, I don’t need to prepare, I am top gun. I am going to go here and I can be a success. They go in and they really haven’t thought it out. They haven’t planned, they don’t have plan A, they don’t have plan B and plan C. People who are lacking in confidence, maybe like me, maybe tend to work a little harder, study a little harder. Think about what I am about to do a little harder, have a fall back plan in case plan A didn’t work or that sort of thing.

It’s kind of interesting just speaking about Harvard, that just came out about three weeks ago. That was me. Here I am in this class and here’s all the Harvard guys and this that and the other. As it turned out, we were as good as a matter of fact better, Rob and I both finished number one two in our class. I ended up getting elected president of the class, which was kind of crazy. I guess we were so different being from Georgia and Florida. We both stood out versus all the other Ivy League folks. One of the things I learnt in that class, or hit me in that class, as I was going around. We would all go out to dinner at night and you would meet different people from different parts of the country, which was really phenomenal. I realized that they put their pants on just like one leg at a time like I did too. The women in the class didn’t do that but they were down to earth people as well.

One of the things that would quite often come up at night while we were out talking about our class, the people who were the working reps would often times say, I don’t need to learn how this [inaudible 00:34:24] APO programing, PO1 programing, I don’t need to learn that, that’s technical stuff. Salesmen aren’t technical. I went back and I remembered, Charlie Lewis said it helps to know what you are talking about. I said, I am not going to do that. I am going to study just as hard as the assistant engineers do. I ended up hanging out in class and even after class and getting in the homework session, because we had to do homework after this, we had a lot of the system engineering folks. I said I am going to know as much about computers as they know about computers. That really helped me a great deal.

It really also … one of the differentiation things that I could see, and Charlie Lewis was a big part of that saying that it helped to know what you are selling. I wanted to know what I was selling. A great example of that was, I was very successful, the territory I had was a new business territory. IBM had never had an offering for these customers and now they had this system 360 model 20 and ultimately the system three. My territory was all the cities, counties, hospitals in Indian River and Brevard County. None of them except one, [inaudible 00:35:31] Hospital had a unit record set up with IBM. That reminds me of another story that would be kind of fun. This is where I really learnt some humility. During my break from my first computer class, we were there for five weeks and learned about computers.

I was already feeling pretty good, because I could program an [inaudible 00:35:49] and I really knew the way a computer worked. I come back for my three weeks; we have more programming instructions to go through to prepare us for the next five weeks. While I was there my manager John Wilson said, we got this new machine that just came in to [inaudible 00:36:04] hospital. It’s an [inaudible 00:36:07] and what they’ve done, they’ve been using just to sort of put their [guarantor 00:36:11] charge cards together to run their billings and so forth now they’re going to install this [inaudible 00:36:17]. You need to go out and install that [inaudible 00:36:20] for them and find out what they want to have it do and wire the board. You actually didn’t program this, you wired it by programming boards. He said, here is the program instruction course on this machine, go learn it this weekend and on Monday you need to go there and ask for a lady by the name of Dorothy Kendrick at [inaudible 00:36:37] hospital.

I did, I went through the whole 200 and somewhat pages and I knew that board inside out. I knew how to wire it and this and the other. The next morning I go to [inaudible 00:36:47] hospital and ask for Mrs. Kendrick and they take me to the data processing area which was right behind the admitting office. I introduce myself and I say, “Mrs. Kendrick my name is Rick Richardson. I am a brand new IBM guy. I am just back from computer school and I am here install your O85 [inaudible 00:37:03]”, and I was kind of doing like this I think. I said, “Where is it?” she said “You are leaning on it.” The funny part of this was, this program instruction course had pictures of the board. I knew what the board looked like but I didn’t know what the machine looked like. I was leaning on this darn machine and she says, “Oh my god, another IBM’er to train.” There went my computer training and my fond interest [inaudible 00:37:28]. I went back to the bottom of the pyramid and go here is another trainee for her to train from IBM. That was funny.

The other thing that really made me appreciate what Charlie had told me was, I was successful and I sold [inaudible 00:37:42] a computer and settled the unit record and I sold some other installations. As it would turn out, I had three accounts, three computers coming in in one month. I had a system engineer who worked with me, a fantastic guy by the name Lionel Jones, he said “Rick, I can’t install all three of this at one time, it’s just too big a job.” By this time the space cut backs had hit Cape Kennedy, they had actually closed our branch office and made us just a sub office out of Orlando. We went to our manager over to Orlando and said, “We need some help, we need at least one system engineer from Orlando to come over every day for a month and install these systems.”

He said, “We can’t do that, we’ve got too much activity going on here in Orlando, you’re just going to have to do it yourself.” I sat down with Lionel and said, we’ve got to get these systems installed. Lionel Jones and I get together and put this plan together on how we are going to install these three systems. He is going to take two and I am going to take one, in theory the easiest one. It was a clerk court at Indian River County. I go in and we start installing these systems, and there are some things I’ve never even heard of, I didn’t let the customer know this. I would go back home at night, I would study and study. Long story short, I ended up installing the system. The good news was the customer was very happy with the installation. The other thing that was really good that happened was really my education. I learned so much doing that, it was scary. As I would go around making other sales calls to other installations or potential prospects, they would ask me questions about, how does your machine do this? A lot of these were very technical questions, I knew the answer. A lot of times I could answer just like that which really helped my credibility as a salesman.

A lot of my competitors who were the [inaudible 00:39:22] and the NCR and so forth, there were these sales people and they couldn’t answer a technical question. I could tell them exactly how it did and why it did it that way and why I was just the best. It almost got to be a problem though because a customer would ask me a question and I would answer every question, there was nothing else I could do. What I began to do over time is, they would ask me a question or two or three and I would answer them. They would ask me another question and I knew the answer, but I said, I don’t know the answer to that. I will have to get back to you on it. I had begun to not actually answer questions so I would have an excuse to get back to people as a sales strategy to have a follow on meeting and engagement with them. The thing that Charlie Lewis told me about, know what you are talking about, know what you are selling struck a hole into me absolutely in those experiences and so forth, and that stayed with my all my life.

I want to know as much as I can about what it is I am doing. I think it only makes you better and better at managing it and selling it and so forth. Back to our pyramids, I became one of the best salesmen in Cape Kennedy, as a matter of fact I have achieved some really good sales number and by the time I left every single city, every single county, every single hospital had an IBM system in it, in my territory. There wasn’t more territory to have, I guess that’s why they promoted me. I got my very first promotion to become a sales school instructor in Princeton New Jersey. It was now my job as an instructor to teach all the new salesmen like me coming up sales techniques and business fundamentals, selling fundamentals in a class we call marketing school.

I had a great opportunity while I was there, Sam Palmisano was a student of mine. Sam was really a hoot to deal with, he had a great personality and was a real leader. It’s very [inaudible 00:41:14] looking at the kids back then that came through that class you could see those that kind of stood out and I thought were going to become bigger and better and do great things in IBM. As it turned out I was right almost all the time, including Sam. One thing that really happened to me when I was in Princeton that is really a lesson I would like to share with everybody is Don Crichton who was the manager of the Princeton education center called us together one day and he said, “Guys, I’ve been able to get one seat in this training program at the Harvard Business School, it’s called the [presidents 00:41:48] class. It’s a three week case study based class”, I think we had about 18 instructors there. He said, “I would like to send all 18 of you but I can’t, I’ve only got one seat. If you all would like to go why don’t you write me a letter and tell me why you think you should go and what you will do when you get back as a result of having been to that school.”

I went home to my wife and I said, I really would like to [inaudible 00:42:12]. You worked Monday through Saturday, you only had Sunday off. You had three case studies per day. It was a really rigorous class. She said fine lets go do it. I wrote down my letter and long story short I was selected. Off to Harvard I go for three weeks. We walk in the very first day and the instructor starts to tell us here’s what we are going to be doing, here’s case studies, and let’s just talk a little about business. It’s the first day and tonight I am going to give you your first three case studies. These things were anywhere between 40 and 60 pages long. He said read them tonight and tomorrow come back in we are going to role play, we are going to dialogue. We are going to go through case A, case B and case C. Why don’t you try and figure out what’s wrong with the customer, what the issue is and what you would do about it, better yet, where IBM might be able to help.

Remember, these days IBM is strictly a hardware company. There were no services, there was no consulting, I don’t think there was even any application software to speak of. Off to this class we went. That first night going through those three case studies was the most frustrating night I think I’ve ever spent in my entire life. I read the first one and said, I think I understand this one, company A, here’s what their issues are and here’s what I would do about it. company B, I began to read about that and I am getting a little tired now because I am into my hundredth and somewhat page, [inaudible 00:43:36] I said but I still think I know what’s wrong with this company and here is what I will do about it. Now it’s time to read the third case company, it’s probably close to midnight by this time, and I am reading this thing and all of a sudden this stuff just starts running together.

I can’t remember if it’s A or B or C, said oh my goodness I would like to go into this class tomorrow and these guys and call on me and ask me questions about this stuff, I am not going to be prepared. This is my lack of confidence coming out again I guess, I’ve got to keep reading. I stayed up to like 2 or 3 o’clock. I am not good at staying up at night. I don’t think I’ve ever stayed up all night my life. If I did I would die I think so. I had to go to bed. The next day we went in, we went through the first case study and everyone was okay. Thankfully nobody called on me I think, I also didn’t volunteer. We got into the second case study and the guy said “Guys, did any of you guys have trouble going through these case studies last night, did they tend to run together?” I kind of look around and everybody held up their hand and said, yes they really did.

He said, “Let share with you, before we go any further, let me share with you a little technique, a little template.” This is what I would like to share with you all, that I have used all my life, and this is back in 1973 when I learnt it, we are almost 40 years later. I have found this to be one of the most helpful things I have ever known, ever learnt and I use it to this day in a variety of different uses as you will maybe see. What this guy did is he said, I want to just teach you this little six block template. You can use this six block template to help you organize every case study you go through. I have found for that matter you can use this six block diagram to understand every customer that you are ever going to deal with. Instead of dealing with this great big hard complex thing to deal with, every time you [inaudible 00:45:18] I guarantee you, you can put it into one of these six blocks or one of these six filing cabinets if you will, albeit virtual.

Let me go through what these are. The first one as you might expect, in order to try to understand a company you need to understand what their goals and objectives are. By the way, this diagram could be let me do this, its three blocks on top, one block in the middle and two blocks on the bottom, a simple six block diagram but very, very powerful. The middle block is the goals and the objectives of the company. As you are going through reading a case study or as you are learning about one of your clients or as you are learning about your own business and you are trying to do your own strategic planning, it’s very important to talk about what are your goals and objectives and make sure that they are well known by all your employees and so forth and so on, and you have an agreement as to what those goals and objectives are.

I will never forget, I don’t think it will be bad to say, while I would see a large department store. When I was a marketing manager, I had a very large department store client who is all over the place now. We had a planning session that I was going to run for them because it’s one of the things I learnt to do when I was in sales school. We had the president, who happened to be the father, and the senior vice president who happened to be the son. The other executive was the CFO. We were going to have a planning session, so we started talking about, let’s just start out with the goals and objectives, goals and objectives for your company. Where do you want to be and who is your market place, who are your customers? As it turned out, these three guys didn’t necessarily agree on who their target audience was. Somebody said no it’s the upscale shopper, the other guys says it’s the mid-tier shopper.

We said this might be one of the most important things we do here in this planning session, is to at least agree on what are our goals and objectives, who are we going after, what do we want to try to accomplish with them and in what kind of time frame. How do we know when we’ve been successful? The point being here that goals and objectives is important to understand and say if you are going through a case study or as you are learning about your company, if it’s your own company, what are your goals and objectives? That’s block number one. Box number two is the kind of the, we all look at that, I am looking at it, is kind of the environment. What is the environment that this company is in? What’s the industry? Is this an industry that’s going good or one that’s not growing, is it growing? What about regulation. What about competition. Who is the competition in here? Who is recognized as the leader in here?

Here’s your goals and objectives, and you can want to grow double your size but if you are an industry who is going away, you don’t have a constant, you don’t have a balance if you will. You don’t have synchronization between your goals and your environment. It’s very important to have your goals and objectives but it’s equally as important to understand the environment that you are operating in, your company, your competition, the industry, regulations. All the things you control, the things you don’t control too, like obviously regulation and so forth and so on. The third box at the top is still kind of an assessment box. We’ve talked about your goals and objectives and the environment that you are in, this other box if you will, is your strengths and your weaknesses.

This is the game we are playing, if you will, the goals and objectives. This is the playing field we are playing I, i.e. the environment. What do you have to play the game? What are your strengths and what are your weaknesses? Do you have good opponents, are your opponents weak? Do you have good customer loyalty? Do you not have good customer loyalty? How about your brand, is it a good brand, is it recognized, is it not, all these. Do you have capital? Do you have financial strength? Do you have a good management team, culture, employee loyalty, all the various strengths and weaknesses that you have. What you are really going to say is, here is the game I’ve got to play here is the field I am going to play it on, what do I have got to play it with? You’ve got to really accurately assess your goals and objectives, the environment and your strength and weakness before you ever begin to do the strategies.

One of the things I find out very often is that a lot of people jump and say, because this takes a lot of time to really understand this, people want to get past that. I want to get right in and develop my strategy. We want to have a strategic planning session. We’ve got to come out of here with action plans. Excuse me, you better be sure what you are talking about, Charlie Lewis. Before you start putting together strategies, you better make sure that your goals are achievable and realistic, stretched but realistic, the environment and you better understand your strengths and weaknesses. Then and only then are you prepared to put together your strategies. That’s the fourth box, the strategies. Out of strategies, and by the way it’s not just financial strategies. I have done a lot of consulting for the Urban League in Jacksonville for the Chamber of Commerce with small businesses and almost always I see small businesses. I say show me your business plan, it’s a budget, it’s a financial forecast for the next three or four or five years, whatever their planning horizon is but it’s not really a set of strategies. It’s a financial plan.

Strategies and I think probably everybody that’s watching this understands, it certainly has a financial component but there’s a lot of other components too including product, people, market so forth and so on. You’ve got to have a combination of strategies that you put together that are in sync with these three boxes that are on top. Then out of strategies come the bottom two boxes. The two bottom boxes are business processes. You’ve got your goals and objectives, environment, strength and weaknesses, you’ve got your strategies, now you have your business processes, those repeatable measurable processes that you put in place to try to go execute in the market place to achieve and execute your strategies. In IBM [inaudible 00:50:41], this is kind of IBM’s wheel house. IBM understands processes, we understand technology and infrastructure and how you can enable those processes with technology with computers and software and so on and so forth. That’s not to say you’re good at it. I find a lot of customers, and I will give you that story in a second here, where people are not necessarily good at business processes and why it’s very important to do things like benchmarking and so forth in order to assess how good or not good you truly are. That’s the fifth box.

The sixth box, kind of down in the bottom is what I call a soft box; it’s a box that will flip you up more often than not. That other box is, out of strategies we’ve got business strategies, now we’ve got organization and motivation. Organization and motivation is obviously how you are going to organize to execute your strategies and work within the context of these business processes. Organization is a key part of it, but so are things like compensation, how you are going to pay your people, how you are going to motivate your people. How you are going to appraise and promote and so forth your people. Culture, what sort of culture do you have, and I will give you some examples later on in our visit here together where IBM’s culture turned out to be its biggest problem. Culture can be a nightmare or it can be a very big and important enabler for you as well.

This six box diagram is what I use. You can take a case study or you can take any customer that you are trying to understand, and I’ve gotten to where now I just don’t think about it, I just do it automatically. As I am talking to these over 400 CEO’s I’ve visited with over the last several years, he or she says something it goes into one of these boxes. I know right where it goes and it helps me to remember what they are talking about. Where I have found where customers get in trouble it’s in one of two ways. It’s in one way where they mis assessed one of these boxes i.e. they think they are really good but they are not. Based on that fallacious thinking they develop a strategy that now is not working. The reason it’s not working is not the strategy is flawed, it’s just the wrong strategy given the input that you had going into it.

I found that customers have problems because a box is not properly thought out or is not good as it could be, and I will give you an example in a minute, or it’s where they have a lack of synchronization, a lack of balance between the two boxes. In other words one of our strategies could be, move to a set of shared services to cut costs and to collapse operations in our company, on the other hand I’ve got a decentralized culture in a decentralized organization that’s not in sync at all with that synchronization type of strategy, just an example of these kinds of things. This is a funny one. When I was an IBM marketing manager, I will maybe tell you another story when I was a marketing manager a little later on. I was in Little Rock as a marketing manager. I had the whole State of Arkansaw.

We have a very large manufacturing company that was a client of ours. They manufactured heating and air conditioning equipment and they had done some benchmarking. They had determined that they were way over at cost in terms of their competition. As it turned out, a lot of it had to do with the copper tubing that’s a part of these cooling devices and so forth. Copper is very expensive, it was then and it still is. They were having a lot of scrap and a lot of shrink. They determined they needed a shop for a control system. What they wanted to be able to do was at every stage of manufacture they wanted to clock in the product got here it was in this shape so and so worked on it, so and so an extra amount of hours on it and it passed on to the next stage and so on and so forth.

We set out to build this really fantastic system for them and to help us build this system they took their best and brightest people form the production line. We picked from stage A Charlie’s brain and from stage B Bob’s brain and from stage C Sue’s brain. We put their best thinking into the system and we designed a system that was kind of the best of breed based on their thinking of best ways to build their products. We tested this system with them as the test beds and it worked fantastic. We then went to deploy the system. It was a miserable failure. I would ask you the question rhetorically, why did it fail? We took the best and brightest ideas, we had the best and brightest people who knew the problems tested and it worked flawlessly. It was fantastic system. It accomplished everything they wanted it to accomplish except it failed when we rolled it out.

The reason it failed is that they really hadn’t fully assessed their environment. As it turned out, 80% of their workforce could not read. We had developed this system based on the brightest people who could read. We developed this system based on an assumed ability to read, but when you roll this thing out and all of a sudden people can’t read, they can’t understand I want you to input this data because I don’t understand the question because I can’t read the question. We had to go back and totally redo this thing and make it with big animal pictures instead of words because the people could see and understand big animal pictures. An [inaudible 00:55:34] example of not understanding an environment, they didn’t understand their own people’s ability to read write and do the job.

Another example down in the business process area, there was a very large insurance company up in North Carolina, one of the best rated in terms of best AAA. Their CEO felt like they had a competitive disadvantage in terms of policy origination. It took them like 54 days as I recall from the time the first salesman went out and got you to sign on and want to be a life policy holder with them to the time that they got you all cranked through the system and priced it and so forth and got a policy back to you. 54 days as they went out and started doing some benchmarking was much, much longer than their competition. One of the things that they hired IBM to come in and do was to come in and take a look at those business processes. We did want to focus on rework, we also wanted to focus on customer touches and cycle time during that thing.

It’s really interesting as we begin to focus on that we found out on the example of customer touches, there was a lot of customer touching going on obviously starting with the first salesman that went out there and took all that information about your name and age and this and the other and what value of policy you want. This is before iPads and PC’s and so forth, this was actually written down. What they found out was, everybody doesn’t necessarily write legibly including yours truly. That policy would come in to the home office to be input in the first piece of the business process but the guy couldn’t read it. Instead of calling the rep to have the rep go back out and talk to the person and so here is a touch, and it’s another person. The second guy calls from this company, why are you calling me? There is some confusion. Long story short, we found out the cycle times were very long because when I would do a piece of work and pass it to you, you wouldn’t necessarily trust what I had done as being accurate. You would go back and redo my work before you would start on it being your work. Long story short, we cut this from 54 days to 18 days, by the way, no technology in this.

This was just business processes, meting out who is going to do what, cutting out duplicate work, cutting out needless touches and making the touches that did occur with two people more positive. Then we applied technology and we took it from 18 days to 14 days, but that was no big deal compared to big thing. Here is a 54 day cycle business process going to 14 days. That company even though they were successful before they were unbelievably more successful now because they have taken out tons of costs. They have far happier customers because when you’d call them they were calling about something that’s meaningful. Just an example of being able to use this kind of template or tool if you will, to understand and relate to things that are going on in a business I found to be a phenomenally helpful thing. It’s very simple but I think its simplicity is also why it’s so powerful. You can talk to people about it, you can use it … as a matter of fact, when I was promoted from Princeton New Jersey to marketing manager in Little Rock one of the first things I did was to have my people tell me about their customer this way.

Traditionally in IBM we would have account reviews and we would have quarter reviews and you would come in and tell us about your accounts, what you’ve installed there and what you’re going to sell this next year and that either allowed us to make our objective or it didn’t. I kind of wanted to do this thing a little different. I said I want to go back and I want to understand about our customers. I said to each of my reps, here again there were no spreadsheets in those days. There were no PC’s in those days, I said to them I am going to give you a three ring binder for your top three accounts. Here is a book; it’s got seven tabs in it, six of which are these. I want you to tell me about your customer. I want to know what their goals and objectives are; you tell me what you think their environment is, you tell me what their strengths and weaknesses are. You tell me about their strategies. You tell me about their business processes. You tell me about their organization and motivation and measurements and by the way, the seventh tab is the IBM solutions that you are going to sell them. I want all of these solutions to relate back to one of these six boxes.

I want to make sure that we are putting our solutions not in terms of IBM word of IBM value but in terms of things that will make sense to the customer. It’s going to help your customer execute this strategy better or it’s going to solve or address a weakness you’ve got up here or its going to improve a business process you’ve got in here. We did that, my people hated it. They hated me. I said, boys we’re going to do it. Long story short, my first year as a marketing manager, there were probably 60 marketing managers in our region, I end up being the top one. I don’t think I did that because I was good any better than some of these other guys. As a matter of fact a lot of these other marketing managers were better sales people than I was, but I had my people I think go through and really understand their customers the way the customers wanted to be understood. When we began to give them an IBM proposal the proposal made sense and it was in the customer’s terms not our terms and it helped us be successful selling. Second year it was a lot easier to go through that exercise than it was the first year because they saw the value of it because they made more money as a result, which is a good thing.

That’s how that whole thing was utilized. As I mentioned, I was a marketing manager in little rock and I utilized this technique. I think the best IBM salesman I’ve ever known, and he happened to work for me, was a guy named George Knight. George is up in Fayetteville and George had a little account up in Bentonville, a guy who owned this little set of stores. As a matter of fact he had 118 stores, his name is Sam Walton. I had never heard of Walmart, I had never heard of Sam Walton, nobody had in those days because he was no big deal. George and I were going out making calls on different accounts and he said we never called on Sam Walton before because we never had anything to talk to him about and I said let’s just go talk to him. I said I would just like to talk to him about trying to understand his business. He was kind enough and gave us an appointment.

George and I go and we talk to Sam. Sam was not a very good conversationist; you had to lead the conversation. When you’d ask him a question and the question was of interest to him he would talk to you all day about it. We talked to him about his business and I just asked him a question, I said, “Sam, I know you are at 118 stores today” and we were in the process of trying to sell him point of sale which is a different story, I will maybe tell it because I think it’s interesting. I said “What’s your vision for Walmart, what are you trying to do here?” he says, and these are my words, but basically he said he wanted to become the large fish in a small pond within a 500 mile radius of Bentonville Arkansaw. By that he meant he was not going to Tulsa, he was not going to Memphis, he was not going to Little Rock. He was not going to these big cities. He was going to go to the 30 40 50,000 population centers scattered all around Missouri and Oklahoma and Arkansaw and Tennessee and so forth.

He wanted to be the shopping destination for that group. That was his vision. I said I understand that piece of it, you necessarily don’t want compete in the big areas and so forth but I said, “What’s magical about 500 miles?” he said, “Rick, that’s as far as a truck can drive in a day.” I was “I get it okay. The truck has to go out from Bentonville and the truck has got to come back, okay I can understand that point.” We had a great visit and got to know Sam quite well actually. We ended up selling him is first point of sale, his electronic point of sale versus his mechanical point of sale registers. Everyone had these mechanical NCR registers that was really a mechanical monster, all it was a glorified accounting machine and had a cash register. It had a cash drawer and it counted cash, that’s what a cash register did.

Point of sale system didn’t do that, but as it turns out, the point of sale systems we were selling them, barcodes had not been invented yet. There was none of this happening yet. We were selling Sam these electronic cash register purely as a mechanical replacement because it was more accurate, it was less inclined to break and so forth and you could actually tie these electronic registers together and you could pool your results and so forth whereas in the mechanical registers you had to run this till add it, add it, add it. It was a lot better, the streamlined way of going about doing this thing. As it turned out, a year or so, actually probably in that year or so after we sold this first point of sale we hadn’t finished our rollout. IBM along with the other, NRF, National Retail Foundation, in a competition to develop basically what’s a barcode today, there were circles; there was all kinds of crazy designs.

The design that IBM came up with, the barcode, was the one that was selected. Now all of a sudden we’ve got this barcode and people were saying we can do some really cool things with this barcode. The biggest cost or one of the biggest cost in the retail business was people, people taking their time to go out and mark every single thing in the store. In the old days you literally had things that roll, kind of like these glue stickers, they would roll and put a sticker on every shirt for 19.99 and put a sticker on every pair of pants or a handkerchief or whatever. If you wanted to go back and change the price you had to either take that price off or put another price on top of that. There were some problems with it also, fought with the opportunity for theft, because somebody could take a 5.99 and put it on top of 15.99 and you would take it to the cash register and the cash register will ring up 5.99. It had all kinds of problems.

This barcode comes out and we say golly we can do away with pricing each one of these things. We can save fortunes in terms of people cost because you don’t have to price every one of these things. We can just put a barcode on every one of these things, you put the price above this group and you know what it costs, you save a lot of money. We did. That was kind of the first turn in the crank of point of sale but that was not where we thought we were going. As it turned out, once you begin to get that point of sale data out there and you begin to have every SKU’s out there be uniquely identifiable by one of these barcodes it opened up the door for merchandising that had never been done before. You could now actually by store, by SKU and tell you exactly what’s selling, what’s not selling. [Inaudible 01:05:27] Sam and we stated doing that.

I will never forget, I will tell you two other Sam stories, but one was, one day Sam saw me and said “Rick, walk with me, follow me I want to show you something.” We walked out into the warehouse, and I had never been in the warehouse in Bentonville, and Sam said, “If you look over here I’ve got trucks coming in with goods from Proctor and Gamble you name it, they come in over here.” These forklifts are taking them off and putting them over here, and it was a huge warehouse, and these forklifts are going everywhere putting things up. He said, “Over here I’ve got another whole other set of [inaudible 01:06:04] and I’ve got trucks coming in, they are going to go out to my stores and say I got this the same forklift taking the same stuff off the racks up there and putting them on these trucks over here.” He says, “Why couldn’t we just take the merchandise and move it across the dock, why can’t we just move it across this dock from this truck over to that truck and cut out all this cost?” He was a phenomenal agitator by the cost, he would take cost out of everything, and I will tell you one more story in a second.

The other thing I learnt about Sam is he really though outside the box. He didn’t just think about improving the way we are doing this warehouse right now by getting better faster forklifts, he wanted to take forklifts out altogether. He didn’t want them to touch the merchandise. We came up with this idea of cross docking and I said, Sam it’s very possible. The good news is this side is done, we know what store is selling what, we know what they have in inventory, we know what they don’t have in inventory. We know what they need to replenish in the inventory. We’ve got this side done. We know what the demand is. What we don’t have is the supply piece. What we don’t have is in any shape form or fashion right now any sort of collaboration with your suppliers to let them know what you need and when you need it and have them deliver it just in time so we can then move it across the dock. This is where this whole thing of ‘just in time’ came from.

It started out as what we call cross docking. We began to [inaudible 01:07:25] the business process and the strategy for doing it, and it just happened on a simple walk that Sam and I took where he said, walk with me and he had this vision. I did take two other little trips with Sam. Sam was, I don’t want to say famous, but maybe more notorious for going into his competitions store. Like I said, he was an absolute fanatic about cost. He wanted to know about square footage. He wanted to know about their merchandise, how they had it displayed and most of all he wanted to know about what kind of inventory they carried versus his amount of inventory. Inventory was money in his mind, it was tied up, it was cash, it was cost. That cost had to go to the consumer one way or another, and if he was going to be the low price provider he had to be the low cost operator.

When we were in the process of installing the point of sale Sam said, “Rick, one day I would like to have you come out and help me visit a couple of other stores.” I thought we were going to Walmart stores, it turned out we were going to his competitors stores. When Sam went to a competitors store he would do three things every time. Number one he started by sketching a diagram of the floor plan layout, Walmart back then were totally different from what they are today. Back then they were much smaller. I would say they were probably 10 to 15,000 square feet. If you walked into a Walmart the entire left side was fishing gear and hunting gear. The back quarter was other things like toys and hardware and bicycles and so forth and then you had general merchandising probably in the front half. There were no groceries, no food, none of that stuff. Every one of his stores was laid out that way.

Sam wanted to know how his competitors were laid out. He would go out, and I went with him this one day and he just kind of wander around and take a look at the point of sale and kind of give me your reflections of what you see here compared to my stores. I was doing that, but I was also watching Sam. I’ll be darned if Sam didn’t pace off this store, he walked from this end to that end and he walked all the way this way. He wrote down so many paces times three feet per pace. He knew exactly how big that store was and then he would sit and he would start to diagram their merchandise plan versus his. Sam would always, always find a reason to go into the employee area, where he is not supposed to go. He would find a way to get into the back office almost always under the guise of having to go to the bathroom and making the mistake and going through the wrong door.

Sam goes through the back door and he comes out smiling, he knows how much inventory they’ve got. I saw Sam one time actually get down on his hands and knees, all the merchandise was displayed on counters but they had these sliding doors underneath these counters in most of these retails. Sam would actually get down on his hands and knees like he’d dropped a pencil and slide open the door and look in there to see how much inventory that they had in there. I said, here is a guy, he knows his business, he wants to know theirs. He is always doing benchmarking. He is absolutely fixated on cost and taking cost out of his operation. He also wants to know how much cost is in this competitors operation.

That was a real learning experience for me and a real wonderful fun time because I think in some shape form or fashion I actually kind of helped Walmart become part of what they are today with their merchandising, their cross docking which became ‘just in time’ and so forth. It was really a treat and a blessing to work with Sam during that period of time. As I mentioned, it was really a treat and a blessing to work with Sam Walton and be able to go out and help in some small way and contribute to him and hopefully his company. I guess the next thing I would like to share in addition to that six box diagram and maybe those triangles as kind of lessons learnt is another lesson I learnt almost like leaning on the [inaudible 01:11:03] with Dorothy Kendrick. It was a potentially embarrassing learning lesson and I was [inaudible 01:11:09] with it because I think it helped me to do what I did later on as well too.

I was a marketing manager in Little Rock and as I turns out our regional manager, George Conroy, called about [inaudible 01:11:24] to Saint Louis one day and said guys I would like to put together this little council. I would like to have it meet every quarter half year or that sort of thing. He said, I want you to be my ears on the ground just to tell me what’s going on. He is out making customer calls but he says I can never really understand. I already expected him to say what’s going on in the market place. He said, why don’t you guys kind of come up, let’s just talk. Let’s just talk about what’s working well for you; what’s on your people’s mind’s what’s on your customers minds? What’s working and what’s not working, that sort of thing. He said let’s just start talking about it.

I don’t remember the specific conversation but I remember we started talking about, and we were almost totally in agreement that what was happening was that IBM’s market was changing and IMB wasn’t changing as quickly as they needed to. Instead of being hardware as the lead and then operating systems and databases and infrastructure as the second priority, what was really becoming important now was application software and application content and so forth and IBM didn’t have any of that. In the old days you would go out and you would sell a system, an IBM system, because IBM truly was the best back then, you would sell a system and you would say now I need a database product. What database product will run on this system? You were kind of limited and by the way probably work with NVT or some of the various proprietary systems that IBM had. There was no UNIX or those kinds of things at this point in time. [Inaudible 01:12:49] by the way that ran on that operating system, one of the application packages that run on that.

That was the priority. It started here with the hardware it went to the infrastructure databases and so forth and the tail of the dog ended up being the applications. What was beginning to happen was this whole thing was reversing. Technology was becoming more and more complex, vendors were not integrating it like they could and certainly not like they are doing today. The customer was having to integrate all that stuff together and the customer was spending way too much time and way too much money just simply making this stuff work and not nearly enough investing in application content and applications and solutions that could help them to run their business better.

We were sharing this with George and saying we really need to figure out what is our application strategy and do we have one because customers are actually starting to pick applications first and by the way, now tell me what hardware that runs on, not the other way around. We said, [inaudible 01:13:45] George said, “Maybe we need a new paradigm.” Everybody said yeah we need a new paradigm. I felt like stupid, I didn’t know what a paradigm was but I like everybody else said yeah if George said we need one, we probably need one. I didn’t know what a paradigm was. I faked my way through the rest of the meeting, and it was a good meeting. The first thing I did when I got back, there was no Wikipedia, there was no internet, I found Webster’s dictionary and I look up, what the hell is a paradigm. I start looking up paradigm. I start saying, wow this is really kind of cool, kind of a pattern, a bigger picture of things. I said I can see what he is talking about now, we need a new paradigm.

I guess the thing I want to share with you as well is, I started looking at things differently. I think sometimes if you are looking from the inside out it looks a whole lot different if you are looking from the outside in or if you are over a series of things looking down. What I began to try to do as I look at my situation whether it’s my situation or running my own business or consulting with somebody else, I use that six box model to understand their business but then I will try to use this whole notion of a paradigm that says, that little business is a part of a bigger paradigm. That paradigm may be an industry and in that industry there is all kinds of other players. By the way, these paradigms and these industries intersect. For example, retailers I think are taking over more and more from the manufacturing sector, rather than have the manufacturer add the place utility or the form utility of a book shelf as an example, manufacturer why not have you manufacture the bookshelf, bring it to me the retailer I will then sell it to the home buyer or home owner and they can put the bookshelf together for them.

The cost from the manufacturer may not be 100 dollars anymore, it may only be 29 dollars, but I can mark it up in the real value when the customer actually puts it together for themselves. The customer wins and I win but the manufacturer in that kind of paradigm is really kind of, there is a little bit of conflict and a little bit of competition if you will between these things. Being able to kind of look at the industry and being able to look at other things that are happening above the little box that I am in and doing that just as a way of strategizing I have found to be a very helpful thing in terms of strategies and paradigms, thinking about things for a marketing manager. I’ve got tons of other stories but I won’t bore you with those, but I went on in terms of IBM and typically at IBM at that point in time this is what IBM stood for, IBM moved.

I think I ended up moving 10 different times with IBM, from a marketing manager’s job; I went to the administrative assistant to the regional manager where I worked for Dave Hannah who was fantastic guy. I ended up working for Bob [inaudible 01:16:27] another really excellent executive and learning from them and being mentored by them was really fantastic. Dave Hannah had a technique; I will share it with you, especially if you are going to be doing this in business. Dave had been John Akers assistant when John was the chairman of IBM. Dave had brought with him what he called his standard letter book. As an executive I didn’t realize how many letters he likes and responds to and so forth. Dave had a book, it was probably about this thick which he gave to me, I became the owner of the standard letter book, and one of the things I learnt later on from [inaudible 01:17:07] with quality was to steal shamelessly if something is good.

I stole shamelessly from Dave. I took all those letters out of his standard letter book. Long story short, what we would do when we get a letter in, there was probably some sort of reply that I had in the letter book. We had these letter books kind of organized about customer response [inaudible 01:17:30], employee anniversaries, birthdays you name it, we had a letter in there. The beauty of it was Dave would probably go through letter books, I would probably write 100 letters for him a day, me and my assistant. It probably now took an hour and a half because something would come in with a note from David, I want to do this, if it involved a letter I would go to the proper letter, have my assistant type up the letter. The letter goes into Dave’s book, I take the book in to Dave and he either signs them, 95% of the time I would get it right which was a pretty darn good thing for him because he was a very demanding guy. The notion of capturing really good letters, really good correspondences that you send out over your lifetime, keep them you will need them again.

As a matter of fact there was a saying at IBM, you don’t have to be smart, you just have to have a good memory because things that were done before worked and you just seem to remember what they were because they would work again. This idea of building a correspondence volume of good pieces of correspondences that you could use again without having to create the whole body, you’ve obviously got to make sure it’s still appropriate and make [inaudible 01:18:36]. It’s a whole lot better to do 10 or 15 or 20% than it is to do the whole 100% all over again. I was the regional manager to Dave. I then became the branch manager for IBM in east Tennessee and had the responsibility for the whole part of eastern Tennessee, roughly a 400 million dollar operation.

The only interesting part there I would like to share with you, IBM’s success meant making the 100% [inaudible 01:19:02], in other words you made 100% of your objective. As a branch manager your objective was to make your business objectives and to also make sure your people feel good about it. There were really two key measurements that a branch manager had. One, making our quarter, your 100% or quarter or greater, and also every year there was an opinion survey of your employees. The branch I went to which happened to be Knoxville Tennessee, it was a great opportunity because you could only go up. This particular branch obviously had not made the IBM 100% in six years, in other words they had not achieved their objectives in six years. To make matters even worse or good, depending how you look at it, they had the worst the opinion survey in the entire data processing division of IBM.

Here I am taking over the absolute worst branch in the country. The good news is that first year we ended up being the first branch to qualify for the 100% club, and guess what, I used my little six block diagram again and we did blocking attacking, basic kind of stuff. Fixed a few personnel issues by doing the right thing and it worked. It wasn’t that hard, it wasn’t rocket science. What I did going in was to understand my six block diagram. I wanted to be a successful branch manager. I wanted to be a very successful branch manager. I wanted to get promoted, not go out of here on a stretcher like the last three guys. What’s the environment, what are my strengths and weaknesses? What are my strategies going to be, what I’ve got to do organizationally and what I’ve got to do business wise to change things here? That’s exactly what I did. I made those changes and the Knoxville branch office has become, it’s still the old bad place where branch managers go to die at least for the next 10 years after I was there, it kind of became the place where the new up and coming managers were groomed for success. I felt very good about that.

From Knoxville as a branch office manager I was, actually I went to a place called the application development marketing center. I think I indicated previously … this is still, I am trying to think when … this is probably the early 80’s, there were no PC’s or the IBM PC was still being invented. There was a real need for end users to be able to get applications that they could use much like, frankly the things that are on an iPad or a PC today, simple spreadsheets, PowerPoints presentations and so forth, but that capability did not exist. IBM came up with this idea, why don’t we try to use the partitioning capability of a mainframe and the time sharing capability of a main frame to allow our end users to do their own computing at their own workstation, not a PC, it would essentially have the capabilities of a PC but it would be a dumb terminal and all the processing capabilities would be up at the host.

We came up with this idea called the information center. The information center was a combination of products that you could actually run to do, if you like, Excel kind of things, PowerPoint type of things, word processing kinds of things, but you could do it on a dumb terminal as if it were a PC. What we found out was these products were very difficult to deal with. The whole idea of the information center was, we put together a group of resources that would train the end users. The end users could go to this group within a customer organization and say I have this requirement and the end user group would recommend what product to use, would train them on the product and would essentially be their help desk and hold their hand and they’d learn how to do end user computing.

I took this concept over and we actually turned it into a concept that became very successful. I ended up being on the front cover of a couple of the industry rags that time back in the early 80’s I guess it was talking about this new concept and a way of empowering individuals so they don’t have to go beat up the programmers and be told no because these guys are working on ERP systems and so forth and all I want to do is a simple spreadsheet. That was really a fun creative, I think almost kind of thought leadership if you will kind of opportunity where I was able to hire some really very smart people. This is another secret of mine. I have always tried to surround myself with people that are much smarter than me, probably much of a challenge.

I had some really smart guys in terms of products and in terms of creating these centers and so on. The concept really took off. It really did quite well for about three or four years until Don Estridge and some other guys invented the real PC, this thing called, I guess it was not Excel, it was called VisiCalc, was the very first rows and column kind of thing and people used VisiCalc. Then Lotus 123 came up with was the [inaudible 01:23:31] standard and since that time Excel has kind of replaced 123. You’ve seen a lot of progress in here and really empowerment of end users to do their own thing. I was fortunate I guess to maybe play a little part in the initiation of that with this information center concept. From there I was asked to go be the director of marketing in Washington DC. IBM had previously been organized in terms of three marketing divisions, the office products division, the general systems division and the data processing division.

The data processing division sold large systems to large customers. The GSD, the general systems division, sold midrange and small computers and medium customers, office products sold typewriters, copiers, office equipment across the entire spectrum. Our customers were getting upset if you will because they kept having three different IBM faces [inaudible 01:24:24] potentially and each of those faces were selling a different product. As an example, the data processing group developed a word processing capability that ran on the product called the 3790. The general systems division developed their own word processing capability also that ran on something called the 5520 as I recall. The office product division probably had the best word processor that ran on something they called a display writer. Each IBM guy would be going to their customers saying mine I better, mine is better and the customers kept saying whoa you guys have got three products, why don’t you take them all and put them together and get one. That’s what this whole consolidation was about.

They took these three divisions and collapsed them into one division. By the seven States area along the east coast from Delaware and Maryland down through South Carolina over to West Virginia was the mid-American area. I was asked to become the director or marketing in that and kind of oversee this consolidation and putting together the marketing strategies to get the OP people trained on large systems, train the large systems people trained on typewriters and copiers and to try to figure out a strategy to go to market. We did that, frankly we didn’t do it very well but we did better than anybody else. I think there were 14 of our different regions, our region ended up finishing number one that year in terms of sales. We did something better than the other people, but we still were not very good.

We had some people, large systems that thought this other small stuff was beneath them. We had some other people who were used to selling copiers and typewriters that frankly almost intellectually couldn’t grasp some of the complexities of large systems and so forth. At that time IBM’s culture was one of full employment, which was a good thing in terms of loyalty but it was a bad thing in terms of not being able to get rid of people frankly who couldn’t make the transition and do different kinds of jobs. We ended up putting a lot or round pegs in square holes and so forth and I think our sales and marketing quality kind of suffered for a period of time. It would change. That’s kind of what I did. We put that together, and I will tell you in a little bit how I went back and changed that totally again and almost got fired.

That was a big success. We did collapse the different cultures and we did so well I guess that not only did I get to be the director of marketing, they said we want you to now go and be an area manager in Kansas City and run the whole thing because we are now going to take services and sales and everything and put it all there, and not to mention that we are going to call you a general manager which in IBM means you have profit responsibility. Nobody had ever had that in the field before. You can do your own pricing, you just make the numbers. You’ve got your people signed up, one of the few thousand people out in Kansas City. That was really an opportunity as well too because we now had to collapse the maintenance and service people.

We were beginning a lot more solution marketing and really trying to get into the services business. One of the things we were finding out is that hardware was so darn complex. The customers like I said previously could only deal with so much of it and could only afford so many people to deal with the complexity. IBM said, if we are going to help sell more and more hardware we’re going to have to get into services business to help provide services to our customers on a complementary basis, kind of supplement the customer’s skilled capability on a period of time and then we will page our people out to go do something else and that will help us sell our hardware. The notion was still selling hardware first. We still hadn’t come full circle here, not full circle, but 180 in terms of what is important, that is application software and solutions and so forth.

I did that for a while and then we began to package some things together. IBM says, we need to package some of these solutions together because customers are really after solutions not just hardware and software and so forth. They said, Rick we would like you to come back to headquarters. I had never been to headquarters. I avoided it like the plague. We would like you to come back to headquarters White Plains and put together this organization called Solution Packs. We want you to try and figure out, look across IBM and find out what hardware do we have? What services do we have? What software do we have and how can we package those things in terms of solutions and sell those to our customers and give them a good deal, that is one plus one ought to equal to something like two, but you buy it all from IBM.

That was probably my most frustrating job I think I actually had. What I found out was IBM didn’t have a lot of stuff. We had a lot of hardware. We had a lot of infrastructure kind of software database. We had some installation maintenance kinds of services but we really didn’t have application content. We didn’t have industry content and so forth. That was one of the big things we pointed out. This solution idea is absolutely the right solution. If you go back to our six block diagram, we are unbelievably weak over here. Even though our objective is this and the environment is demanding it we were very weak in terms of the industry application content to be a part of this strategy as part of this solution.

We began to say we need to go out and buy some companies and we need to start partnering with some point of sale companies or retail companies or banking companies and so forth. IBM started doing that, started to go out and try and form strategic alliances with different people to get application content that we could bring into these solution packs. It was starting to turn the corner. We came out with a couple of solution packs that were really good. One day I had something that changed my life. Long story short I found out I had cancer, testicular cancer. I found that out just taking a bath one day. I went to the doctor and the doctor said yeah you have testicular cancer. It was the hardest thing. One of the hardest things I ever did was to go and tell my manager and not just break out crying. I still get a little bit emotional about it and tell him I am going to take off some time because I’ve got to go through some surgery.

I went through surgery and they removed my left testicle, pardon the personal example, but this is another lesson I think I would like to share. They came back and said it was malignant. They said there is probably a 95% chance that you are going to live, that’s good odds, 95.5, but we’ve got to figure out what kind of malignancy it was. A day went by, I didn’t know anything, my wife was wondering, I am wondering. Two days go by and I call the doctor and said, have you figured out what kind of malignancy it is, no we’ve never seen anything like this. It’s not in the medical books. The pathologists have looked at it, we can’t figure out what it is. A week goes by, two weeks go by, it’s malignant but we don’t know what kind of malignancy it is.

My doctor, who was a wonderful guy and was a good friend too, said “Rick I have done all I can do for you, our pathologists here have done all we can do for you, we don’t know what kind it is. I am going to turn you over to my urological idol Sloan [inaudible 01:31:09] down in New York and he is going to try and figure this thing out.” Another week goes by and finally I get another call and the guy says “Mr. Richardson, you and your wife need to come down [inaudible 01:31:18] we’ve figure out what this thing is.” I go down there, and we are sitting down there and I’ve got my little Johnny coat on with the slit in the back and here is the doctor and there’s like five guys with their notepads and he says, what you’ve got you’re the 18th person in the world in recorded history that’s ever had this. It’s called a single cell teratoma, that’s what kind of malignancy it is and said okay fine.

I said I like being special. I said what are we going to do to get rid of it, what are you going to do to cure me. The guy says nobody has ever lived. I said holy cow that’s not what I wanted to hear. I think my wife actually kind of fainted. We got her revived and I am here. I told the doctor and said, “Whatever you’re going to do, do it three times because I am not dying. I’ve got too much stuff to go do yet.” I did some more surgery and tons of chemotherapy, I won’t take you through all that, other than that it’s kind of funny to tell the story. Anti-nausea drugs, and this has nothing to do with business I apologize for this but anti-nausea drugs didn’t really exist if they did they didn’t work very well. They didn’t work on me. They wanted to put me in the hospital to do the drip with the three things they ended up giving me for the oncology. I said I don’t want to stay in the hospital for a week just to get this stuff can I just do in your office. I went to the doctor’s office. He was good enough to let me have his office.

These anti-nausea drugs really not cranked up to be all that they certainly are today. I would live in the doctor’s office this period of time, one of the things that I did while I was there I began to read his medical books. I began to learn a lot about cancer reading off his medical books in his office which was very helpful because I could ask some good questions and so forth. Long story short, by five o’clock my wife had come to pick me up, we would go home to Fairfield and we had to hit the exact spot on the road where I began to feel nauseous and I would go home, and again I won’t bore you with all that stuff but to make the long story short, I just threw up so much that I said [inaudible 01:33:14] throwing up I might as well get good at it. I said I am going to make a gem out of this and I am going to learn how to throw up really good. I am going to try different throwing up techniques.

This sounds absolutely crazy but I guess it’s just the kind of person I am. If you are going to give me lemons I am going to make lemonade. If you are going to make me throw up I am going to get real good at it. I got real good at it because I probably threw up 60 times a day for about a week, [inaudible 01:33:39] back up then you’d get chemotherapy again. Long story short I did this through all of 1987 and I am still here. That’s the good news. The other thing I learned going through this at the oncology office is that, certainly in oncology and I believe probably in life and in business, you tend to find two kinds of people. In this oncology area the one kind of people say, “Oh god, why me all this is terrible, I am too young [inaudible 01:34:09].” And there is another group that says screw this, I am going to beat this cancer. This is one more thing you get to overcome in your life.”

The thing that I saw was there are very few [inaudible 01:34:18] people either go this way or they go that way. One of the guys that became a very good friend of mine, I never knew his name because nobody would really share their full names because you are obviously in s tough situation or you are probably going to die or a lot of people are going to die. This one guy, he was a black guy; he wore a cowboy hat, a leather vest and cowboy boots. He and I became best friends because we would have our chemo schedule together and his name was cowboy and was Rick. Cowboy didn’t make it and I did. I still think about him from time to time. That was a tough time in my life but it also taught me that the things I believed in were right and the principles and the things I tried to live by and do were the right things. It’s not like it changed my life but it helped to really solidify a lot of things I already believed.

When I came back, IBM was phenomenal, even during this period of time they had to give me a terminal at home to work for and some kind of little make believe job so I could stay involved. IBM was fantastic to me during this period of time. When I came back I came back to a phenomenal job. As the director of marketing for IBM I had all kinds of responsibility, it was a huge job far greater than I anticipated and I loved the job, except you didn’t really have any customer interaction. Headquarters just drove me nuts. It was like you had to go to a meeting, to a meeting, to a meeting. I was showing somebody my flow charts and somebody was showing me their flip charts. I went to my boss who was Bob Levant at the time, I think he was the president of IBM US and I said, “Bob, I love the job, I love the contribution I am making but it’s driving me nuts. I just cannot stand this headquarter stuff, I really want to go out and be with the customers and be with people again.”

I ended up taking a job, kind of a step down working for a former peer and I became the trading area general manager for insurance transportation and retail in New York City and New Jersey in those industries. I had some great accounts. I had MetLife, Prudential, New York Life, [inaudible 01:36:23], AIG. I had Woolworths. Macey’s, Bloomys, Toys R Us, I had some wonderful accounts. I had UPS as an account client. I got to know those people and that was a great opportunity to be able to go back to New York and back to customers. I go back and I said I’ve been gone a couple of years now with this cancer stuff and this director of marketing kind of stuff, what’s going on. I come to find out it was really a continuation of where I had left it. Customers were demanding more and more solutions, demanding more and more application content, were need more and more services, needing more and more solutions. IBM was still organized, back to this culture box, organized the way they had been organized I think probably six to seven years.

There was branch office manager, which I had been. They had marketing manager, you had assistant marketing managers and you had administration managers and then you had your clients. On like New York Life you would have accounting executive on New York Life and you may have five or six system engineers that help them work on the data center and support them and so forth. You had an administrative team assigned team assigned to New York Life. You would have a similar organization for Metropolitan Life and a similar one for Prudential and that had served IBM well for a lot of time. Knowing me, I bring back my little six box diagram and I say I am going to be this new trading area general manager and I am hearing that IBM needs to change, I can’t change IBM, I chose not to do that. I was getting frustrated in headquarters, but I can change my little trading area if I want to. I said let’s just take a look at this thing and share probably some of IBM’s dirty laundry but its good now because it’s really changed.

The culture at IBM back then, this branch office culture, the branch office is like when I was the branch office manager you ran an objective. You had a revenue objective and you now you even have a profit objective then you still had your opinion survey objective. The way we set quota in those days was really like using tail lights. It was really very backwards. We’d go back and look at last year and see what you sold at Prudential and two years ago and see what you sold at Prudential and three years ago what you maybe sold at Prudential. They would average it and say we need to go grow our business this next year, we are trying to grow 60%. I need you to do what you have done on average the last three years plus 60%. That’s your new objective. It was an absolute game. The sales plan, and IBM here again given part of the culture, people behave based on how you pay them. They were paid based on hardware, still its hardware sales. The way to make a lot of money as a marketing executive was to get a very small quota and have a very high achievement on top of that very small quota.

The last thing in the world you would want was a big high quota. It was really nuts. I came back and pulled my little diagram and started looking at this environment, this IBM environment and said, IBM is not growing. We are actually thinking of breaking IBM apart, [inaudible 01:39:21] I don’t recall if he had come in yet or not, I don’t think he was quite there yet. This was 1991 92. The thing we began to do is to say if we are going to really be successful in IBM in my little piece of IBM going forward we have got to really change that paradigm. We cannot have a motivation system based on quota that motivates people to forecast low results. Everybody wanted a low quota.

I said what we really need is people to reflect what the reality is, by the way, we don’t need to keep setting quota and forecasting based on tail lights. We need to start looking at headlights. One of the ideas that started bumping around my head is we need an opportunity identification and opportunity management system that looks forward and tells us what customers really need and what customers really want. Not what they have done for three years plus 10%. I began to come up with this idea of putting together an opportunity in management system. I even had a system engineer that was working for me, system engineering manager was really good with Spreadsheets and so forth. I told her, her name was Lucille [Valvalo 01:40:28] she will end up being bigger at IBM doing this.

I said once you start to put together just a Spreadsheet a simple Spreadsheet and let’s just kind of plug in some numbers and see what forecasting what kind of opportunity management system we might be able to develop here and how high it might be. That was one idea that came up based on the idea we want to look forward not backward and I want people to try to grow the business. I want it to be a positive thing to grow the business and declare opportunity not try to herd it. that was kind of issue number one. Issue number two is the branch organization; system engineers that worked on potential didn’t go work on MetLife or doing work on UPS. They worked on MetLife. What if MetLife is not going to have a big year this year, they had a big year last year they can't keep having a big sales year this year.

Well those stock people were basically they are not generating any revenue they were babysitting last year’s revenue. The other idea that I came up with I said we need a more fluid more virtual system engineering group of talent and so forth that can go to where the opportunity is. Not to where it has been in the past based on the footprints that we have in the data centers. This other ideas started rallying around in my head so now we got this opportunity management and wanting people to declare opportunity. We’ve got these system engineers we need to deploy based on opportunity future not past. I said we still got some more changing to do.

I said let’s look at a couple of other things, let’s look at the sales plan. IBM is saying we need to sell services, sell services, sell services yet how do they pay us. The sales plan says it’s all hardware so you are saying one thing and doing another thing. I said and this was really funny too, this was the [Boldrich 01:42:09] was big at this time, Six Sigma was big at this time, [inaudible 01:42:12] all this quality was big at this time. My boss was going around telling everybody you are empowered I’m telling my employees I know what it meant. I said but you are empowered we’ve got … if you see a change it should be make let’s make it. we are all empowered lets get in this thing together we are making all the speeches but nobody was doing anything.

I decided to heck with it I had terminal cancer I’m going to make some changes, I’m going to make some changes I can't change IBM but I can change my trading area. I think it’s going to be changes for the better and by the way I’m not going to go ask anybody. Because they said we are empowered I’m just going to go do it. we began to do a couple of things and I already had some fantastic branch managers working for me. Because basically they were working themselves out of a job because I was going to do away with the branch office structure. I was going to have all the account executives which were about 20 reporting directly to me not the branch managers.

I was going to put in place a guy who I think nominated me for this Steve [Banioli 01:43:04] as the services center manager and all the system engineers were going to work for him. He was going everybody try two things he was going to service existing accounts plus he was going to try to set aside a very urgent a growing number of these system engineers. To develop their skills and to have them to become billable as well as providing services. We were on two things we were going to roll out the branch office organization, we were going to tell the marketing reps if you want to make a lot of money it’s not going to be by getting a small quota. You are going to get a lot of money by declaring your opportunities using this system we are going to develop called OIMS Opportunity Identification and Management System.

You are going to get system engineers to go work on your accounts and help you sell those opportunities based on the opportunities you declare. Not the fact that Prudential always had five and MetLife always had three and so forth and so on. This was a huge, huge cultural shock to these people but I good buy-in from most of my branch managers. One guy had been 30 years he was going to retire so he retired because he couldn’t make the change. This was a huge, huge change for IBM and like I said my branch managers four of the five were very helpful in this condition here people that were changing IBM or changing IBM for the better. We were already making some significant changes because we also developed our own sales plan.

We said we are going to pay people … we are going to take all the distraction and money you would have gotten from the sales planning people up in headquarters that’s going to come to us. We are going to pool that money based on who sells the opportunities and the more application and the more services content in those solutions, the more money you are going to make. Fundamental total difference by the way you are not supposed to do that that’s a different story. By the way we are going to implement this opportunity identification system you declare all your opportunities. If you want a low quota I’ll give you a low quota you are not going to make any money.

Declare your opportunities declare a lot of opportunities and you are going to make a lot of money and by the way you can’t just play a lot of opportunities to have me waste money because I’ll rap your knuckles with that too. Declare a lot of opportunity this is real let’s all put our shoulders to the wheel go after and by that I mean I’m going to put system engineers with you and other sales assistance to go help you sell these kinds of things. We are going to really go drive value with our customer we are going to start doing these things called catch reports every year. We are going to talk to our customer we are going to tell them we are going to talk about our relationship, we are going to talk about what we did and what we didn’t do.

How much more we think we can do to help you and we are going to talk where we helped you and your business. We are going to communicate that we can't assume they know that. We are going to pick up people differently we are going to organize differently, we are going to go to market differently and we are going to go be successful. I went to a kickoff meeting probably I’ll say it was 1992 and we announced that we were going to go do this. The people had heard bits and pieces of it, but I announced the branches were going away and we promoted the branch managers. We gave all the recognition of it for the last year and we came up and we said here is the way we are going to do business in the future.

We are going to grow IBM we are going to grow our customer relationships and we are going to do that by bringing value to our customers and here is how we are going to do it. We are going to talk what the opportunities are we are going to allocate the resources to go get the right opportunities and you other folks are going to make it happen right. It was like deafening silence I said right oh yeah, yeah we are going to go do that patronizing. Long story short I get back to my office about an hour and the area manager to whom I work for I was the training area general manager the area manager Bob Timpson in New York. He was a former peer of mine when I was in Kansas City he was in New York but I’m now working for him.

He calls me and he says, “What have you just done?” I said, “Well you told us we were empowered and you told us to use [Dimming and Jerans 01:46:54] and Six Sigma methodologies and so forth and we’ve done it. We’ve looked at what our problems are and we’ve determined we have a problem identifying opportunity. The sales plan is inconsistent with how we want people to behave and on and on and on and so I’ve developed this new way of running IBM.” He says, “Good God he says don’t you know,” I said, “You told me excuse me we are empowered so I went announced it.” I said, “[inaudible 01:47:18] if this doesn’t work you fire me.” He says, “I will.” I said, “Fine you got a deal.” Long story short that next year I think there were 56 trading areas in the United States we finished number one.

Number one in terms of productivity and number one in terms of overall profitability and number one in terms of overall revenue. We fundamentally upset the apple cart and but the good news is that this is the way IBM is organized today is based on what we did back in 1992. That was one of the most fun things I did it was one of the most scary things I ever did. I think it was one of the most meaningful things I ever did because it shaped opportunity management for IBM. It changed the sales plan it changed organizationally what we did how we go to market. I didn’t do it by myself I had some really good people who were smarter than me Denise [inaudible 01:48:13], Steve [inaudible 01:48:15] and some others at work.

Branch managers that really were talking themselves out of their own jobs but they did it because it was the right thing to do. We came up with a new strategy IBM it was all based on my little six box. The environment is this we got the wrong skills and goals and objectives of the plan but we had the wrong strategies. We were organized wrong, our business processes were wrong, we were paying people the wrong way, we were identifying opportunity the wrong way tail lights versus headlights. We made those changes and those changes worked for the better and I think IBM is organized the way they are organized based on why we did what we did 20 plus years I guess it is now.

I don’t think I would have done that had I not had terminal cancer because like I said cancer is serious. Change in the organization you can always change it back. I think you’ve got to have the power of your convictions and try to do the right thing and have that right thing bounded on the … based on good principles. It just maybe coming closer and I go back to my that 12 principles that you got to be trustworthy [inaudible 01:49:25]. Helpful, friendly, courteous, kind, obedient, cheerful, brave, claiming reference. To be a good manager I think to be a good executive and I think I try to be one I was one we did a lot of fun things. That’s kind of as the story goes my story and I’m sticking to it.

That’s Rick Richardson and in IBM and 30 years formally and 15 years since so I appreciate the opportunity to have spent this time with you and hopefully there was a lesson or two in there that you can take along and make your lives and make your business careers more successful. One of the things I mentioned that in my IBM career the first 30 years I did call on [inaudible 01:50:01] and worked with Sam Walton and Bill Dillard and Harry Horn at New York. I always tried to go out and get to know them on a personal basis and also know their business and try to make a contribution to their businesses. That’s the thing that’s really driven me.

I think the thing I learned from this salesman George [inaudible 01:50:17] he was the best guy I think I’ve told you that ever worked with customers because he focused on what was the best thing to try to help them. In the last 15 years where I’ve probably like I said calling over 400 CEOs, it is amazing calling on those people. There are some common traits and common grounds and so forth. The thing that impresses me most of all across all 400 of whatever the number is of the CEOs I’ve called on, is how smart they are. They are very, very smart they are very, very articulate they guard their time almost as their top asset because it probably is.

They are unbelievable curious the thing that I have found though is that if you’ve got something to say to them, that will help them or help them run their business better they’ll give you as much time as you want. I don’t remember the name of the company but it was a manufacturing company down in Fort Lauderdale Florida of all places. They made huge, huge compressors and so forth for compressing hydrogen and so forth. Pardon me for industrial applications as well as the space up in NASA and we went in there as a courtesy call I suspect he was just curious what IBM had to offer. We were going to spend an hour and it was from 9:00 to 10:00; we left at 8:00 at night. He had us walking through his plant we ended up doing all kind of things.

Every single thing that he talked about I’m trying to do my little six block example and they are just saying this, this and this and I’m saying he’s got a disconnect here. It’s really interesting for me at least using the little six box model if I can go and talk to a CEO for an hour, I’m going to guarantee you there is two or three things just having them talk about. Where their business is today where they are trying to take it whatever planting horizon they are using three, four, five years. Be honest that’s the other thing has been totally surprising is how candid these CEOs will be. They’ve told me things they haven’t even told some of the people.

I’ve had the IBM marketing with me they are always going with me on these calls along with the IBM consulting person that has expertise in that area. Any number of times after a meeting with the CEO, the CIO will come up to the IBM marketing rep and say, “What did the guy tell you because I’ve never met anyone I’ve never sat with him never had him talk to me about the business. That’s not good news but there are a number and I’ll probably say it’s in the 30, 40% range where the CIO and the CEO have a distant relationship. They don’t really have a good communication and they don’t have a good dialogue about here is why I’m trying to take the business and here is what I can do to help you.

Rather is okay here is what I’m trying to take the business here is what I want you to do go do it. It’s more of a traditional BP manager versus a true CIO. I found the CEOs to be unbelievable candid, straightforward, honest and don’t waste your time. The other thing I found that they are absolutely intent on doing is cost, cost, cost, cost, every single one of them is trying to take cost out of the business and drive cost out of the business. They also are looking at the paradigm view of their business to their credit. Almost all of them are looking beyond the 9. box connected lines with four lines that sort of thing. They really are thinking outside the box they are constantly looking at things that are happening.

They read a tremendous amount they talk to a lot of their peers they are constantly thinking about their business how they can make it bigger how they can make it better. Where they can lodge or acquire or even in some cases where they cab do best because this is run down the core competency of hours. Totally, totally, totally focused on cost. I think the other thing that a lot of these guys really are some too more or a lesser degree is really taking the fault leadership approach too. I’m really looking at their business and saying it’s not just my business as a CEO and I’m proud of it. Rather looking at it from outside and coming back and saying look I have a saying that, to all parents there is no such thing as ugly children.

There is a lot of ugly kids out there well that’s true in business too. I think most CEOs love their business they are proud of their company they don’t see anything ugly there but let me tell you there is some ugly kids in your business. The more successful CEOs I think the ones that have the thought leadership and maybe the internal courage to step of their CEO role and step out of their company and look back in. Things that they may have even created things that they may have even had responsibility for when they were making their way up in their company if they got to where they are that way. They need to have the courage to say that’s not good, we either got to change that it’s not like what comes here we are going to get rid of it.

We are going to outsource somebody else that does it in a world class kind of fashion. I know it’s going to upset some people because we are going to fire some people so what but you got to do it. Because we don’t do it the competition will. If the competition does and you don’t you are at a competitive disadvantage and so it’s a constant game of leap frog I guess is one way of looking at it. If you stand still somebody is going to leap right over you so the competition is going to do something that differentiates them further from you. You’ve got to do something that not only matches their differentiation but advances the ball again in terms of the high grade and trying to do it in such a way that you got high switching cost.

I may be rumbling a little bit but I think intellectual creativity and thought leadership is something that I find in common with all of these executives. There is by interest certain entities have different issues than other entities so there is some sub if you will kind of layers of things to do as well. Intelligent, guard the time, laser focused on cost and cost is thinking outside the box in terms of ways to build their business. Grow their business, further differentiate their business as well as shed none core activities I think would probably be the commonalities I think I see across the CEOs I’ve had the opportunity to visit with. Maybe in summary I guess if they have been successful in conveying a few things, what I try to do is I think convey full things.

First of all that life things we do in life positions we are in life certain positions where we are in business is a series of pyramids and we always in that next pyramid at the lowest level and you’ve got to compete within that pyramid to rise to the top. You’ve got to rise to the top in order to get to the next pyramid and when you are at that next pyramid welcome back to the bottom it starts all over again. In my life I think it has probably been 20 or 30 pyramids and you constantly go through those pyramids. If you choose I mean make a point of that to be a good person I don’t think you have to be a CEO. There is a lot of people who are very content to be in this pyramid because of lifestyle, family doing away this area.

It’s not a good or bad thing to be in a pyramid so to speak and just use that [inaudible 01:57:32] and stay there. The point is if you are there think about it and have somebody stay there have somebody still be the best you could be with them at pyramid. You may or may not do that in order to advance you may do it in order to be stay in order to save your ass because in a lot of professions you don’t stay around if you are there for a long period of time. I just try to share that idea of this life is a series of pyramids and the thought process things that go around that. Number two and probably the thing I talk the most about is this little six box model that I have used to strategize my life.

Strategize my organization at IBM, strategize businesses, work with the urban league people to help them strategize for their business. I found this six box model to be a very powerful and simplistic, what powerful way of looking at businesses and things. I’ve tried to share that with you the other idea is just the notion of paradise. Looking at things not just from the inside of a business but looking at the overall pattern of an industry, who are the players, who are the movers and shakers, who are the influencers, who are the followers, who are the leaders. By the way how does this paradigm intersect if it does with other paradigms and who is driving that or who could drive that and who could make the difference.

The notion of paradigms and then the last thing is just the courage, the power of your conviction, feeling good enough about yourself, feeling good enough about your principles and what you stand for. To not be politically right but do the dog-gone it do the right thing at the right time for the right reason and let the pieces fall where they may. Because I think if you are doing the right thing and you are doing it for the right reasons, the pieces are going to fall absolutely in the right way. If you are screwing up you are going to screw up and you pay the price so be careful don’t do the wrong things. Those are if you will the four lessons if there are lessons to be learned that I tried to share today and I hope in some way I’ve been able to do that.

I can't think that more I just care about me the thing that motivates me I love I’m not sure if it’s left brain right brain thing and but the kind of thought leadership the kind of thinking. The thing that motivates and I don’t know if you teach this so much as you create the environment for this and or you show about other people who have done this you mentor and there is role models and so forth. I do it because it’s fun I find it very, very stimulating and I just love to think about like I go talk to a CEO and will be … it just gives me so much pleasure to come up with an idea that they haven’t thought of. Or spin on the idea that’s different from theirs that’s better than what they had.

I think it’s what you are talking about just to motivate people to think. IBMs old motto used to be think on my desk when I started IBM there was a blue plaque there that said think. I’m not sure you shouldn’t put out a welcome package for every one of your new students for the little thing on their desk said think.

Male: There is little name placard on their side said think on their [inaudible 02:00:35].

Rick: Yeah with their name but no seriously I think I’m trying to think I had a conversation with somebody about I knew it I have a really good friend Ben [Carl Rossi 02:00:46] he used to run one of the largest advertising agencies in New York City. He came up with the Clara Martin Where’s The Beef and Texaco the man who wears the star and takes a look and keeps them this is all his stuff. Well Ben is a really, really good guy and he still goes in the city just for fun and talks to everybody. He’s come up with this idea that he and I talked about called old pro, new pro or young pro. Old pro, young pro and what he is saying in a lot of people he is consulting with and doing this stuff and he’s in the business of ideas, advertising and so forth thinking.

 You got to think about a new idea a new slogan something is different. What he is saying that he sees and what maybe answering your question here too because a lot of the industries he’s seeing around New York New Jersey where he lives, the kids come out and they are trained and they are smart. They can do this and they can text and they can do all kinds of stuff but they don’t think. Because so much of this technology and apps lead you down a path and you don’t necessarily have to think how do I get from A to Z you just go from A to Z. this whole notion with him is that he’s going to try to pair some old pros guys who have been in the industry guys who have more stories and all kind of history and lessons learned and so forth.

 With these new pros who have technology and social media they know all the new stuff the new technology but they have no idea about how to put together good ideas and create programs in communications and so forth. He’s got a concept of putting old pros and young pros together. I think to encourage young people to do this kind of stuff you got to encourage them and motivate them to think. Maybe part of that is having guys like me coming and tell stories and because I love just getting arguments not arguments or discussions with kids and just little debates. Look if you run this business, here is the deal what would you do.

I don’t know if it’s right or wrong but let’s talk about what’s good about yours what’s good about mine here is what I would have done here is what I saw Sam Walton do, here is what I saw Bill Dillard do here is what I saw [inaudible 02:02:53] do. This is what I saw blah, blah, blah do I’m not answering your question.

Male: No you are.

Rick: I think it’s an attitude almost more and I don’t know how you teach attitude as so much as you create the environment that creates the attitude that you want. You affect the behavior.

Male: Do they have to?

Rick: I’ll tell you another thing I did when I was in New York City is pretty [inaudible 02:03:15] manager I had a guy I did part of this and he did part of it. we saw a guy on TV do it I forget who he was but it’s called Socratic Dialogue where the guy in this case on television I think he had just business leaders and civic leaders, very, very high ranking. I forget who he was but he’s one of the top news guys. He would go around and he would basically describe if you were a case study and give them the lay of the land. He would go to and say all right Mr. [inaudible 02:03:46] he wouldn’t give them the opportunity to hide, he’d go to you and say look I’m saying to you my problem is this blah, blah, blah. What do you think, what would you do about it.

 Kind of put him on the spot but that Socratic Socrates Socratic Dialogue is another way of doing the case study approach but you do it real time and you make sure that people are involved. You just see somebody kind of …

Male: They are [inaudible 02:04:15].

Rick: You get them you don’t let them hide and you make them if they are not thinking you make them think you don’t give them a chance you have an alternative. You’ve got to think you’ve got to answer my question you can't say I don’t know. Because if you say I don’t know so take a shot first thing that comes in your mind just talking about the [scuff 02:04:34] but that would appeal to me. I think that would be a good way to do it.

