Arthur Johnston: I would like to start this story by talking about my mother and my father. My father was born in Columbus, Georgia and they moved to Atlanta in 1902, I think. My father graduated from Boys High School in Atlanta in 1910. Graduated from University of Georgia in 1913. Captain of the basketball team, 5'8'', captain of the baseball team. Received his bachelor's degree in English. Proceeded to Columbia University where he got his Masters degree in Sociology, and in 1918, he was in the Army [inaudible 00:00:48] force in France and Persings army.

Daddy was well educated. Had an eye problem, and when he went in for his examination to become an officer, he knew he had trouble with the eye test, so the person who took the test before him told him what the letters were. He memorized those. They switched the chart, so he failed, and he became a sergeant in the Expendatory force.

After the war he returned to Atlanta and he went to work for a student, a person he had taught at one time. He didn't like business. He said, "I'm a teacher and that's what I want to do," so my father became a teacher. He taught English at the Boys High School until Boys High School closed. Then he went on to do some work at Georgia State and later at Auburn. My father was an educator but he was a Shakespearean scholar. He loved Shakespeare. He read the Greek classics in Greek. He read the Latin in Latin and he read in German. He was well educated.

Mama was a student at Columbus High School, and my father was teaching her, and she finished school, got married. She never went to college, but she became a Shakespearean scholar too.

I grew up in school everyday, day and night. As a consequence, I mastered the English language. My brother and I, we speak it correctly, anywhere, anytime. Whatever success I may have had in life, part of it is because I speak confidently anywhere, with anybody in doing that.

Mama, we grew up in the Great Depression and Mama, she showed us how you can still have an incredible life with no money. In fact, there was no money. The city of Atlanta gave IOUs for compensation, and Rich's Department Store fortunately discounted those. That kept us together during that period of time.

As I went through school in Atlanta, I went to Tenth Street School, I went to O'Keife Junior High School. I went to Boys High School. I went to Georgia Tech, all this in a very small circle, and I walked to school because I couldn’t afford any other way to get to school to do that.

It's interesting for my brother, six and a half years older than I, who also became a very successful person. He retired as Chairman of the board of Dan River Mills. There was not an incident in our life where somewhere along the way, Shakespeare wouldn’t be entered because it was explained, you are in this situation, this is what the bard said about that. That really helped me.

I became 17 on October 5th 1944. Went down for my physical at Fort McPherson, eligible for the draft. I was deferred because I went to Georgia Tech, but after a year Georgia tech, the draft was still there, so I elected to go into the Coast Guard. I went to the Coast Guard, I enlisted the Coast Guard because you could enter the Coast Guard Academy by a competitive exam. I didn't have the political connections to get an appointment to West Point or Annapolis, to do that and I didn't pass the test the first go round. I passed it the second time. Did a great job. I'm enlisted. I report up to the Coast Guard Academy. I get in. I do my eye exam. I have astigmatism. At that time, if you had astigmatism, you could not be an officer.

I served out the rest of my time in the Coast Guard, and then I came back, and I went back to Georgia Tech and I got my degree. From a personal standpoint it was interesting. I had come to the conclusion that in Latin America, there was no steel. They had coal in one place. They had iron in another place, but they are never in the same place. I said, "Why can't we do this with plastics? Why do we have to rely upon steel?" I said, "I'm going to work for United Fruit. I'll go down to Central America, I'll find out how you grow bananas because that becomes the basis of polymers which we can do that sort of thing."

I applied for United Fruit and that's the only company I really tried to get a job with, and I was not successful, but the Georgia Tech placement bulletin, said the IBM company was hiring people for their time equipment division. They sell time clocks. It has a sixty day training program and you can immediately go to the sales force. I said, that's for me because if I can get something, get trained on it, and I can go out on a commission basis, then I can make money and that's what I want to do.

I went down to IBM on Baker Street, on Peace Street at Baker Street, and went in and asked to see the head of that unit. They took one look at me and my background and said, "You are in the wrong place. You've got to go in the punch card group, that's next door." I went there and bottom line is, I got hired by the IBM company and 34 years IBM company was the most wonderful institution I have ever experienced in my life. Still was the most wonderful institution I have experienced in my life. The company was very good to me. It was a great company.

It was a great company in the sense that you made a comfortable living. It wasn't designed to make you rich. You would make a comfortable living, but you had it for your life, and you had opportunities to create things, to develop things, to be an entrepreneur and that was just great for me.

The latter part of my life they gave me significant positions, so I lived in Amsterdam. I lived in Hong Kong. I lived in Tokyo. I lived in Paris, and I had great opportunities in really understanding the world. Then I came back to Atlanta, and they reorganized and my wife said I'm not moving again so I went to work for the Chairman, and so I represented him in the south east and took over the community responsibility in Georgia.

That's my background. That's what trained me, and then quite by accident, a former IBM employee told me that water treatment business was great, why don't I join him? And I did. And I got started in doing something with water purification and that's led to what we had today. That's my story.

What I found matched what I believed in. Tom Watson wrote a book called "A Business and its Beliefs." It was great. It set forth three simple things, the responsibilities that we as employees in the company have. Employees in the company, that's from the Chairman down, that's everybody. Number one it is the fact we have a responsibility to people who provided the money to make the company. Don't lose sight of the fact, it's not just fun and games; we have a responsibility to produce return on the investment. That's rule number one.

Rule number two, we have to recognize we have a responsibility also to the community which we live. We have to respect our customers, we have to respect our suppliers, we have to respect the community we live in. We have to really be responsible citizens, if you will, and finally, we have to show respect to the individual. Respect for the individual is fundamental because respect for the individual says you are expected to perform. That means no misbehavior. It means you expect it to do the best of your ability. Whatever position you are in. I don't care whether you are the sweeper, your responsibility is to be the best sweeper you can be. It's all taken in an entrepreneur of sense.

John Oval one of our Chairmen one time remarked about that responsibility. He said, "When I enter into a building and I see that the front plate is dirty, I stop, I clean it. I don't wait for somebody who is responsible for cleaning it to come over and do that. It's just the responsibility I have." If you do satisfy yourself but satisfy your superiors, that you've done the best that can be done in that job, the reward is a continuation of your employment and continued opportunity to progress in the company.

In a way to say, as I said earlier, those values I had in relation to the IBM company, they are not ones that the IBM company said, adopt these values. It's nice as a corporation as an institution that you can have leadership that has that focus. That's global. You can get funny things.

We had a policy, IBM had a policy in the company of a low cost life insurance policy to our employees. It was a gift, you have this insurance policy. Someone came along and I said, "well, we'll make that global. It shouldn't just be US policy, we ought to give it around the world."It came and I was out in the far east at that time and it came discussing that with the manager of an Indonesian operation, that we are going to give this wonderful benefit to employees. He says, "Don’t do that." I say, "why?" The minute his family founds out if they kill him, they get 25000 dollars, he'll be killed on his way home. In terms of doing good globally. There's got to be always the basis.

Same thing, we had a Chairman that was in India and he was in India and there was a sweeper. He was really treated in a very [inaudible 00:13:37] way. He said, "That's not right. You pay him just as if he were a regular employee in the business." The cast in India was all of a sudden was associated with it, was an unknown, we've got to do that.

The stories that I can tell about that IBM company. One day after the war, Mr. Watson Sr. Was making a visit in Italy and he went out to the plant that we had restored and what have you. He went to the washroom and there was no soap. He came out "why is there no soap?" They put the soap there they employees would take the soap home. He said, "Well put soap in there and let them take it home. Just buy more soap, because that's the right thing to do." He asked me a question about my values, and I hope that gives you some insight.

Speaker 2: Absolutely, great, do you have any other stories like that that you want to tell that are examples of ethical behavior where you would learn something or be able to apply a principle that you might be able to pass on to other generations or an example that kids can learn from?

Arthur Johnston: It was Truett Cathy testifying before a congress after the Enron affair and the subject was we should pass laws outlawing misbehavior. His answer was, "that's ridiculous. You either have ethics or you don't to pass a law, to think an unethical person is going to obey it is the height of absurdity." He is absolutely right. It's always a dilemma that an executive payers when you hire someone. That becomes an interesting dialogue and you have to make some judgements about it. Sometimes you'll hire someone you know is not ethical. That's all right, you can live with people who are not ethical. You could even interact with them in a commercial venture. You have to always be aware that because I don't trust you, therefore every dealing is going to have a scrutiny that recognizes by sensitivity to you involved in it but it's so easy to be conned so that becomes a challenge.

Speaker 2: Dick is here. We are going to take a pause.

Arthur Johnston: I want to speak with you Tuesday morning on the numbers for Mexico Central and south america because I want to sign a license agreement so I just talked about those things. He asked me I said, "Did you learn something from that?" I said "no, that seemed to confirm what my basic beliefs were entering into it, but it's nice that the company I associated myself with had those values."

It's interesting, the company when I joined it, was an integrated company. We had the technology and we had the ability to provide service and support. You had a service burearu so you could rent it on time. Then the antitrust came along and broke us all apart, did all those kind of things that dismantled it and what have you then we went through Opal's extravagance. Opal really believed we'd be 100 billion dollar company in 3 years we are not 100 billion dollar yet but he hired and he built plants like we are going to be 100 billion dollars in three years and that created the platform that finally led to acres demise and Gersnet coming in and what have you that wasn't involved in.

Now with Paul Missano it's back like it was. I look at the way IBM company is running events and "my God, that's like the company was when I joined it." It is exactly the same thing. I [inaudible 00:18:22] his complaint changed a lot from the start to where it is now but it came back. At least that's my assessment of Paul Missano.

Speaker 2: The things you left home with, basically is what you found as a young man after coming out of the Coast Guard?

Arthur Johnston: Yes, it's interesting. Even when I was back in Georgia Tech, and I didn't know anything about punch codes, I really wasn't involved in that but I had a friend who worked in the record keeping company, what do you call it? Kept all the records and it was punch card so I got into discussions with him, he kept talking about the old man, about Tom Watson. Tom Watson was a fascinating character he was. I guess in a sense, much of what the company is, if you go back to Watson. He worked for Patterson where he was a piano salesman, I think in upstate New York and he worked for Patterson NCR and he became the number two guy at NCR. He got into conflict with Patterson and Patterson fired him. And so there was a computer tabulating recording company of America that based the business with meat slices and time clocks did have punch cards but there was no business associated with it and they hired Watson.

The first thing Watson did, he went to, I forgot the bank, it will come to me in a minute and he borrowed on his own conscience $40,000. He put $25,000 of that into education in the balance in RND and that was basis under which the company really began to develop into what it subsequently became and he had the foresight when this operation started not to fire anybody But keep everybody working making punch card machines when social security passed. The only company they could provide machines to take their social security was IBM. he came out of the inventory so he did that. Fascinating guy, highest paid executive in the United States during the depression. He liked Hitler, Hitler gave him a medal. It was only later he realized that for NPR standpoint that wasn't good so he gave the medal back but nonetheless that's part of the history of the IBM company and that is a rich history and a lot has been written about and I won't say more than that about it.

Speaker 2: What was the state of IBM when you joined?

Arthur Johnston: There were 25,000 employees when I joined, I think that was the number and the rest is history.

Speaker 2: How did you end up with IBM major?

Arthur Johnston: All those things are funny. I had a Rabbi, Elbert Clemons. When I first got hired, I had to be approved by the district manager. Clem was the district manager so I went down in the old Lowes grand building. He said, "okay, hire him." Then I got hired and the first big assignment I got was to go to go Poughkeepsie and that is when we were starting the computer business and I worked on that sort of business so Clem is the guy that got me that job.

Then I did some other things and what have you and then I went to the Charm school and after that was over I did so well int he school Clem wanted me to come in and take over the school and I wasn't interested in that and then he said because Dick Watson, Tom's brother had the International side, went to Charm school and he decided to put it into Amsterdam and so Clem said "I want you to take that school" and so I did. That is the way I got into the International side and I was working away during all those sorts of things. Had the responsibility for all the executive management training around the world and Gill Jones was the Chairman and he came through on a visit one day; no it wasn't Gill who came through. Gill came there a lot... Dick Warren came by and I had planned a trip to go out to the far east. I was going to go to Tokyo, going to go down to Australia and I already booked all the flights to do that and he said "Oh, I think you might need to go to New York on your way, go that way because I want you to talk to Alex Patterson." So I went to New York to talk to Alex Patterson and Alex Patterson says "I don't want to see you, Gill wants to see you." So I went to see Gill who was in the Chairman he said "No, I want you to go and I Williamson has more than he can manage. He is running all the far east and I want you to go down there and take some of that load off of him and I want you to take south east Asia and you can put the headquarters anywhere you want to put it. You can put it in Hong Kong, put it in Manilla, put it in Kuala Lumpur, I don't care where you put it whatever you want to do." So I said "okay." I didn't finish my trip I went back to Amsterdam and Joyce was shocked that I was back she said "did you get fired?" I said "no." In the meantime Williamson had called and said "oh, no Gill doesn't know what he is talking about you are going to work for me in Tokyo, so forget Hong Kong, forget Kuala Lumpur, forget Vanilla, you are coming here."

So we went out to Tokyo and we found a house, we bought a car, we found a school we were going to put the kids in, came back to pack up and move, got another phone call "no, you aren't coming to Tokyo you are coming to Hong Kong." So based on that I went to Hong Kong, then I got in Hong Kong and they liked the way I was running things so moved to Tokyo and let me run more of it and then they wanted me to come back and help out in New York and I took over a thing called management systems and it was an interesting job. Number one I had a small OR group and we did some really exciting things in the OR group and we were trying to reorganize the company and move the international headquarters from New York to Paris and so my predecessor went up to CMC, Corporate Management Committee, they said you can bring your presentation over there and they said "hell, no you aren't moving it there." So that ended that.

Then I took over and the bottom line was we got to do something. We can't continue to exist with two IBM companies having their own independent development paths that are not unified in a strategic sense so we need to do something differently and I had the responsibility then to see how we can do that so I lead to what was the restructuring of the company and that was exciting work.

When I get back to it my Rabbi was Clem and he had a significant role in getting me positioned and then Gill Jones became also a person who played a significant role in the IBM company.

Speaker 2: What was the strategic solution to the 2 independent companies?

Arthur Johnston: That's very interesting. We had within the company we had the development groups had the responsibly for the strategies and that involves the products, the time of the introductory of products and all of that and then you had the people who had to then in fact take that strategy and convert it dollars and what have you, so the decision was how can we integrate the requirements around the world into the develop group and then find out the execution geographically so that was the way we did that and so we created a European group, Europe, Middle East and Africa and we did one for the Asia-Pacific that was involved in it and that basically is the way we did that.

It is interesting how things happen. Lissom was Chairman and as part of this whole restructuring who were the players? At that time you had Gordon Williamson who was in Paris heading up the European operation and we had Frank Cumski who was a guy that was very big on the other side, the development side and what have you. We had to make a switch in doing that well somewhere along the way it came down about who would be the new players. Cumski would head up the European operation and Joe Beard would be his assistant and Gill and I had to go see Van Lissom who was the Chairman, we didn't go for the whole committee we didn't want to be shot down, we we directed to him. He said "I don't want two Americans over there to do that. Have Cumski find somebody else." So Gill told me "find somebody else." I said "Okay, Cap Kassan." So just like that, so Cap got the job. Cap later became the Vice Chairman of the IBM company and it was the right choice to do but isn't it odd that in a discussion of that level who is going to be the management over there, you are not going to have two Americans, turn to me, give me a name... I could have come up with another name I guess but, so anyway, I guess that is the way large cooperations work. Now you talk with Ratliff he has worked with large cooperation, you talk with Uzza in a large cooperation to what extent do they echo any of the sort of things that I have said? You have to understand that the IBM company was unified and we had develop,nt groups and we had a budget. We could only spend this much money on development and every time they came up to prioritize there was never anything to develop small systems, we just ran out of money so the decision was made, well we will make two pies. So we will give you this much for the big pie and this much for the little pie so we had two pies so we came down where we had the thing called the General Systems Division and that had typewriters, had clocks, if we had any clocks left in it and it had punch cards and it had the beginning of the computer elements in it with 1401, but part of the whole thing was we had a punch card inventory paying rental revenue and that was going to be alternately displaced but that rental revenue was paying the rent while we were trying to develop the rest of the business so it was interesting how you manage to tie those things together.

In the General Systems Division we had two plants, one was in Rochester and one was in Buchanan. In Rochester this is where they developed the 1401, which was a key product but we had an electric typewriter and someone says "I can put a chip in an electric type writer and I can make it into and I can put a fore-train into it so I can make it a really mini computer" if you will and that was a good idea. We headed that, but then the idea was we were aware of jobs a little bit and we were aware of hobby shops and a guy name Peter Schultz was in my group so an OR guy and he said " I think we should do these things. I think we should select somebody to take responsibility for developing the personal computer." And Don Esther was the man who was selected. Number two we should go to the cooperation and get freedom, because after the 360 bru-ha-ha and it was really a bru-ha-ha and great system it was designed so that you could migrate up to larger systems without having to reprogram everything and the sales were told it does all these wonderful things and that is good and the R and D guys so the manufacturing guys we said what it is, they said "okay, we can do that." The service people were told and that sort of thing but the bottom line when it got into the real world it was a mess. The sales man was told things it couldn't do and the manufacturing people said I can't build it to those specs because of cost and the service people said if I can't have these things it won't work and the marketing department said what do we do? So the bottom line is Watson said "we are never going to have this again." How many times has a CEO said we aren't going to have this again.

We did that, we came down and we said we are going to have check points. Nothing is coming out of the door until all the units come together and we agree. Well in a bureaucracy the safest thing to do is to say no and just escalate the decision up to the top and that is what happened. That is not speedy. That is not speedy. After software we are going to have phase review so that mean every time you are going to move down the next step same thing, everybody get around the table, everybody agree and everything get escalated. That worked. That worked. But if you want be swift... if you really want to move you can't do that so the secret then for Estridge was freedom. Big blue agreed you could have it because it was a hobby shop. Not going to be any impact to us at all and so that is the way Estridge was then able to develop the PC.

I mentioned earlier upstairs about Marshall Phelps and his book and what have you about how it came along because Gates had a dream. He had 12 people and he said "I think I can make a computer. I think I can do that. I can make the software for the computer, I can't make the computer." Well Estridge had a dream for a computer so the two of them worked together in trying to do that. When it came to decision time Estridge said I have two computing bids for making the software and the chairman said when he found out who it was he said "oh, give it to Gates because his mother serves with me on the United Way of America board and she is a good person, give it to him." They came back and said "do we want to own it or do we want him to sell it?" "It is risky, let him do that." So the bottom line is that made Microsoft and that is a blessing to the industry because of the way it went.

It is just fascinating as a cooperation how Estridge was able to take that PC from nothing to $4 billion in 5 years. Unbelievable. And then Big Blue woke up because Big Blue had the Glasshouse. Anybody who wanted anything done had to go to the Glasshouse,they had to get in line. Well suddenly there were people who were dependent upon the Glasshouse who said "here is a PC so I can keep in touch with the Glasshouse and do my own thing." Next thing they woke up and realized all those idiot terminals are being discontinued. Opps. So they took it over. It killed the PC in two months simply because it had to go into the Big Blue order entry system that just became impossible.

Speaker 2: Did mainframe take that over? Is that where it went?

Arthur Johnston: Oh, no it survived. It monkeyed on, it monkeyed on even when Gurser came in and had at the end involved in it, but no it just took a different dynamic. The sales came differently, but again... to me it is part of the fundamentals you talk about and I am sure I am repeating myself a little bit but I looked at several things, number one I looked at John Emlay. John Emlay built Management Science America into a really very successful business. He had a software group that developed if you will a [inaudible:0:40:41] that is all he did. He developed a may-pix for Big Blue because Big Blue didn't make any application software and it just did that. We had more programmers in Atlanta then Emlay ever had. You looking at man power to do things we had it. But you had on the one hand you had Emlay the entrepreneur versus IBM the bureaucratic colossus. Well when he finally sold us out. I think he got about $100 million out of it. That is more then anybody in IBM company including Watson had ever made. The lesson that you learned in the end, well I will illustrate it. Estridge had had this great success and I was in this conversation with Opal and he was then Chairman and he said "I want more successes like Estridge." Is aid "we all do. Are you prepared to let him get rich?" The discussion was he was taking the risk. IN IBM you take risk and you fail, you pay a price for it and you expect that, that is the expectation. On the other hand if you take the risk and you are successful can you break the bank? Oh no. Because he didn't do that alone. He rode on the backs of everyone else in the IBM company that is supporting him. Therefore, therefore in large cooperations and I will ask you in the military if it is the same. In large cooperations proven sane managers don't take risk because it doesn't pay. It does not pay. Therefore, it never moves swiftly.

I am blessed, I am blessed because I am a fast reasoner and I have a love of history and a love of science and I have my grandson and he is now finished his sophomore year so he becomes a junior next year and Phillip and I, I think have a good relationship because we have common interest and I think about him often and so I send him the biography of Andrew Carnegie and I said "Phillip, I think this is a big book and you don't have much time to do anything with big books so it is in your library, you will find a time somewhere along the way and what you will find from Andrew Carnegie is knowing how a ruthless guy, who really was [inaudible:0:44:19] and that sort of stuff, really did that sort of thing who after he had made all his money turned around and gave it to charity. Not only did he give it to charity, he gave it to charity in a meaningful way because the Carnegie prize is still awarded today as one of the most prestigious things you have to have. I think you ought to have that. But I also think you ought to read Andrew Mellon." I gave him the Andrew Mellon book. It is a great big thick book. Then he was at FSU he is in the business course, business school but he has to be on the science side. He is good at math and all that sort of business so I bought him the big book in Costco that had all science encapsulated in it, which I thought was very, very good and I said "this will help you. This will help you because without really in great depth you can get an understanding of what the great science think. It is more than science that is involved in it, so I do that. Then once in a while some point of history is in it. [inaudible:0:45:47] Duchess. Because I wanted him to read about Napoleon and I wanted him to read about how hard war is. I said this would be a good way of you to get a good idea of the political environment when the kings were still in charge in doing it.

It is just interesting that because I have this great love of books and what have you that Phillip in turn likes that so now I have Same Holiday. Well I have to say Professor, Doctor, Coronal Holiday to put it in the proper order has now done this treatise of his and he said "I would appreciate if Phillip, a young man would read my treatise and give me his reaction to it." I got Phillip and I had him at the house and I said "read chapter 7." So he read chapter 7. It is about torture and interrogation all the kind of stuff, now he has the whole thing and I said "read chapter 25 and 26 because what as you know what he did. He took one years experience in Korea as a foundation for beginning to understand warfare. Then how in fact he was able out of all the post experience in Korea to arrive at the point where he can vividly display the challenges of warfare." I am trying to get him to that. That is a rambling answer to that.

Speaker 2: What are the values that you think you have given to Phillip?

Arthur Johnston: Number one, his mother and father have already implanted upon him the good responsibilities of citizenship. No question about that. Number two, he thinks correctly in the areas in which I think, so that is being a good conservative. Protector of the Constitution kind of guy that in involved in that. He's got that. He's got a good personality. I think that is important and he enjoys life, but he is responsible. He understands I got a car and my responsibility with that car. Yes, he drinks but nothing in any way that would be an excess it is moderate in that regard. I say a good solid guy. They are half brothers and sisters but they are all really close. His brother is exceedingly successful and that is a good role model for him. We are very happy with Phillip.

Well, it is interesting isn’t it? The challenge, the challenge falls into 2 categories. One was the mad cow, you know that story and now maybe we will get a fish one day and the other one was Ken Hughes. Ken Hughes was a person that from the beginning was a question mark in my families mind. Was not mine initially I first met him before we ever went on the path where I met you and he was at Georgia Tech and we were using an earlier technology and we had prepared somethings and so he was helpful and did good things. I thought he really was very good and then we came along and he left Georgia Tech and he was at Kennasaw and I looked him up because we had another piece of work we wanted to do and we got him to work with us and we owed him some money so we paid him with some stock and then he said doing more work so he needed more stock so we gave him more stock to do that. We preceded with our development program and the good news from Ken Hughes is we get to meet you, which brought the whole new arena to us and I'll get to you in a few minutes.

Speaker 2: Oh no.

Arthur Johnston: We got into a whole new arena with us. Then he came and he made a demand on us that said he wanted really half of the business and we said no and he threatened to walk away and we said bye-bye and he came back and said "I don't really want to go." Well he inflamed Joyce as you well know and she came in and had that big bru-ha-ha. Never sent Shelly, but Shelly finally said " I think we ought to give him another chance." Art never did. Art says "the guy is no good. I will never have anything to do with him. Never ever." He never deviated not once in that regard, but nonetheless I did and did work I thought quite well together and then of course he came along where he stole and we had to fire him and that painful episode continues until this day in trying to get that out of the way.

I am addressing this to Gary, not to Dick because Dick was at the business school at Georgia State. The genius' decided that he really ought to be over in the... what is Peterson's department called?

Speaker 2: Science and Mathematics.

Arthur Johnston: Science and Mathematics. He ought to be in science and mathematics and there was a program that was coming along that was called "Small Business Integration and Research Project" and Dick had that and fortunately his office was 3 doors down so we got introduced and he said "what do you do?" And we told him what we were messing around with and he kind of like it and we developed a relationship so I got to know Dick Tedis and number one if you want to come back and really understand values he's got them. But I like him. I like him because he is imaginative, creative, innovative. He took this small business integration research program and out of that he established a network throughout the state that really is invaluable. IF you really want to come down that in the end business works, finally, ultimately based on the connections you have. Whatever the topic of the moment may be and they vary as we well know where can you help me with so and so, it is there and he's got that and he brings skills and talents honed out of, well you've got his own interview so I don't have to give you that because he has already told you what his own values are but I must say he has turned out to be one of the dearest friends in my life so thank you very much.

I made a decision a long time ago memorize what I put in writing in the business arena. I just think if it is in writing, it is there and there are times where you are better served not to have it in writing and I look at people who love to boast of their ego by writing about how really good I am and what great contribution I have made. I don't do that. I am not a creative writer. The idea that I could sit down and visualize a plot and really craft that into something that would really be exciting to read. I can write and I can net it down and I used correct English in what I do but the idea of really trying to compose something I don't. I don't know where you find that in others or not. I know in IBM there are people who just love to write and boy does that create problems when you get into court. In the Antitrust Suit. Glass-Antitrust suit. The one that Reagan finally solved for us. The problem was that the prosecutor had bits and pieces of information that were in writing that he would bring into the court and the company took everything we had ever written and digitized it, organized it and so they would introduce something and in our return we would scribble something, hand it to an aide and around the corner there was a computer guy over there full-time because so and so he would come back and say so and so and so you would have to understand blah, blah, blah, blah blah.

This was out of context because here is the reality of what happened. It was masterful from a legal standpoint but we had a judge that didn't like us and it only got solved because Reagan came in and got the suit dismissed.

What would be topical in a way would be to think in terms of repealed glass steel and the rule of investment banks in our economy. I am a great believer in investment banks. I believe there should be a source of capital that could be invested in risky ventures. But you won't be able to go to your neighborhood bank and say "I got this dream and so and so lend me some money." "Well, you don't qualify." An investment bank can look at that and say "okay, if I get this chunk of your business I am willing to give you this much money, go do it buster and do that." Now, that is a sin. We somehow have converted all that into a sin with this current nonsense that is going on in our country. I hope some way that comes back because I think there is that place for junk bonds. Junk bonds are not bad and so it would be interesting because look at the consequence of Enron. Look at the consequence of Enron, we've got Sylvanius Oxley. That is our economy. Oh, man what a bad thing you have done and we have fixed it. What did he fix? What did they fix? Paul Missano told me personally it cost the IBM company a $100 million a year of additional expense because of Sylvanius Oxley. Has nothing to do with how we are going to grow and develop the business and IBM is not looking to that regard.