Eric Yueh: Eric Yueh, Sarasota, Florida. I came from China. I came from China at the age of 16 years old pretty much by myself too. This is right after the communists took over Northern China. The city I was born was known as Peking. Today it’s known as Beijing. I spent most of my youth in the port city of Tianjin, which is the seaport of North China. It’s one of the ports that opened up there after the Opium War. The city is basically divided up with the Chinese section and the foreign powers had their concessions in there. The British concession basically is like little London. The French is like little Paris. You got bobbies and you got gendarmes and the whole idea. That’s where I went to school. It’s where I grew up, pretty much in that environment.

I come from a family not in the … We are merchants. We’re not gentries. Our family business is herbal medicine. We have the largest best known herbal medicine company in China then and even today. I will go later on. It’s now no longer in the family, but that’s the business we’re in. It was a very profitable business and it supported many … the whole big family we have. That business started in the Qing Dynasty Emperor Kangxi, which is the grandfather of the famous Emperor Qianlong, which is the second emperor in the Qing Dynasty.

We originally come from South China, but we don’t have too much relation there anymore. It’s all up in Beijing now. That’s where I came from. That’s where we were quite well off, I would say, because that business is very profitable. My father was the general manager of that business for the entire Yueh family. I lived in Tianjin because before he took over the whole family business, he was working for our own branch family business in Tianjin, and that’s where I had all my early schooling.

Of course, 1949, the war was over against Japan, the communist took over Northern China and that’s when I came out. The travel is in those days, because they just took over, is fairly … It’s not nearly as complicated as it’s gotten later on. I knew then it’s probably a one way out and no way to return probably in the near future.

I remember a conversation I had with my father. I said, “Why aren’t you getting out?” He said, “Well,” he looked at me in the eye, it’s because he says, “I have too much obligation here. This family business we got, there are too many mouths to feed.” Also, my father was about … He’s 25 years older than me. By 16, you add 25 to it. That’s how old he is. He says, “I’m too old go sweep floors somewhere and I don’t really have any other skills of going to Hong Kong or a place like that.” He says, “I’m staying behind.” He said, “Let me tell you something. This communist may not be good but maybe better than what we have, because the one we had is the Chiang Kai-shek nationalist, which is really corrupt.”

If you in the western world part don’t remember, we had rampant inflations after the war because they’re printing money. You buy a day’s grocery with a basketful of money. The money you don’t count them by the bills. You count them by stacks. They’re all tied together with a string of stacks of money. The bills are like $20,000, $100,000 … ¥100.

He said, “This is probably better.” That’s where I went. I had a choice to either stay or come out. It’s the first time he ever gave me a choice. He said. “It’ll be hard because if you’re coming out, if you're going to go out to go to the US to study, it’s going to be hard because we don’t have no foreign exchange.” Foreign exchange is illegal to possess in China by all the government. Whether it’s communist or nationalist, you’re not supposed to have foreign money. We have very minimal amount of foreign exchange. He said, “If you work hard, you can make it in the United States.” That’s when I went. I came out.

I came out to Hong Kong and got my paper and came to the United States. That’s where I started, really from 1933 I was born to 1949. I came here and I went to a high school called Worcester Academy, a prep school in Worcester, Massachusetts. Because I was a minor, I can’t go to … Two reasons; because I was a minor and also because I’m not really a taxpayer. In those days, you can’t go to high school because there’s nobody to look after me. I have to prove to the immigration office that I’m going to a boarding school and take care of me there. That’s why I went to Worcester Academy.

From there, I’ve always worked. I had to work. I got a job in the school. I used to clean the school infirmary in Worcester.

From there, I went to Cornell and studied engineering. In those days, it was five years and it was really very hard. Hard to the degree is number one. The first year was kind of a piece of cake because the high school prepared you, but the second year when the heat get turned on. In those days, they have this thing that to make a real engineer, they’re going to put the heat on you to see whether you want to get out or not. They don’t practice today full … not full unemployment but full student occupancy rule. The dean said the first day in orientation, “Look to your left. Look to your right. Two to three of you won’t be here when you graduate.” He’s true to his words. We had a lot of empty seats when we graduated.

Everything went smoothly the first year. Second year, it got very hard. I was waiting tables at the fraternity house for my meals. By the fall semester, I was pretty much out of money, spending money that is, so I worked in a gas station. In Ithaca, New York in the wintertime is not the ideal to study engineering work and I almost flunked out. In fact, I did flunk out. I flunked two courses. If you can flunk two courses, you're out for a semester. I went to see the man who really got me in the first place. He’s one of the assistant dean in the engineering school, a gentleman named [Mr. Moyer 00:10:06].

I went in. I saw him. I said, “Mr. Moyer, I want to thank you for all you did but I’m leaving.” He said, “Why are you going?” I said, “I’m going because I flunked two courses, physical chemistry and physics.” I said, “Two courses, that’s all that’s allowed.” I said, “I don't know how I’m going to deal with the immigration but maybe I hope I can get back in before they send me home.” I don't know what’s going to happen to me. I was really down.

He looked at me and he says, “You know, you don’t leave until I say you leave.” I said, “Well, what are you going to do with two courses?” He said, “Well, let me see. What’s your big problem?” I said, “Big problem is called M-O-N-E-Y. I don’t have any more money. I have to work and the work is eating into the study. The study is eating through the work. I’m in a downward spiral.” He said, “I wouldn’t worry about it. What are you going to do this summer?” I said, “I’m going to stay on campus and I got a job here working for the EE lab testing tubes.” He said, “Well, you come see me in about a week.”

A week later, I go back and see him. He says, “You're staying because I said so.” I guess if you're assistant dean, you can do those things. So I stayed and I got through. Then, I got to junior, and senior I got better jobs and I got through in the normal five-year period then I went to work.

I went to work for a consulting engineer, designing buildings. This engineering firm even today is apparently quite famous because they did the study for the 9/11 crash of the World Trade Tower. It’s a great engineering firm. It’s a very small firm. In those days, about eight engineers with the boss and the chief engineer and consultant worked there.

Quite by chance, in between these small firms or project, you do everything. One day, the boss walked out and said, “Do you have one active project going on?” I said, “No, I finished this so I’m waiting for this.” He says, “Before you wait for this, why don’t you go help the accountant to run his numbers for him with an old-fashioned Friden adding machine?” I was sitting there pounding numbers. It turned out all these numbers we’re pounding on is tax return, which I considered my boss was also the owner.

He’s a Hungarian refugee. He’s a graduate from Zurich Institute Technology, which is a top engineering school in Europe. He’s brilliant. He was making about $22,000 a month, which is a lot of money but if you stop and think that with his brain that’s all he’s making, it’s not money that you can really do well in.

One of my buddies decided to leave and went to work for IBM. I had lunch with him after he left. He said, “Eric, IBM is a good place.” I said, “But IBM is a very difficult to get into.” He said, “You can get in. You can do the job. I can.” It’s called applied science rep. It was a cut between sales and technical. It’s really a technical sales job. He said, “You should look into this. I tell you. It’s a good deal.” I was thinking about it. I said I was making about $7,000 a year. I said to get to be like … I’m never going to be like the boss. The work is fine but I’m never going to be like the boss. I really don’t like that much … I like to deal with people more. He says, “That’s why this job is good for you.” So I started applying to IBM.

This is 1960. IBM was True Blue but it’s also in today’s term, they’re kind of racist then. To be hired as an applied science rep, I had to be interviewed by the division president, the data processing division president, a man named Gil Jones, great leader, great executive. I remember I went to see him. I was scared stiff. I expect him to ask all kinds of questions about computer and all. He says, “I just want to talk to you.” I said, “Fine, Mr. Jones. Yeah. That’s what I’m here for.” He said, “You play bridge?” I said, “Yes, a little bit.” He said, “Well, suppose you got this hand and I bid this, what would you reply to me?” I replied the best I could.

He threw paper and a pad to me so I can write down what he’s saying so I can respond. He asked me a bunch of bridge questions, contract bridge. Fortunately, I know enough, being Chinese, we do love to play cards and gamble. That’s in the national genes. After that, he said, “Good. That’s nice of you to come here to see me.” I was hired.

I went to work for them. It was uneventful the first couple of years. Then, I was moved from one small office a lot. The office I joined was probably USA, the smallest office in New York metropolitan area, Jersey City. It was a depressed area, not a lot of big business. It’s all small business, but we had fun there. Then, there was a request, an opening came up. They want me to go to the Lisbon office which is the largest office in North Jersey at that time. I was transferred to Lisbon office. The Lisbon office is reigned by a branch manager which was a very old-timer. He’s a graduate from Princeton. If you're from Princeton, you got a leg on everybody. He is highly autocratic.

The dress code enforced in those days is just unbelievable. One anecdote was he has rules. You wore certain clothes between Labor Day and Memorial Day and certain clothes between Memorial Day and Labor Day; three-piece suit in the winter, two-piece suit in the summer. The only thing we no longer wear is cellophane collar and spats. One day, I walked into the office.

Also, there’s a caste system. The senior salesman, junior salesman and trainee, they’re clearly delineated, where you sit in the office. Because I think IBM in many ways always watches its money, we are always on a storefront building in this office outside of New York City. The senior salesman sit in the back near his office, and the junior salesman sit in between, and the trainees and neophyte salesmen sit in the front of where the store window is. As you gain in stature in his mind, your desk is moved progressively backwards.

One day my desk was already in the back and I walked in. I came in the office in the afternoon. He does not like to see salesmen coming in the afternoon. You're supposed to be out with a customer. There’s no place for you during business hours. You can come in after 5:00 but before 8:30 and not 2:00, 3:00 in the afternoon. It was a September day, hot after Labor Day. I walked in. I just got out of my car so I walked in to the office. I saw the boss coming out. He looked at me. His face turned bloody red. I said, holy smokes. I must have gotten a cancellation/discontinuance letter without being on the forecast. You see, you get letters all written by the customer. It goes to his secretary first. Any good letter, bad letter, he gets to see them.

A cancellation/discontinuance is bad because we’re all on rental in those days. I said he must have gotten one of these that’s why he’s so upset at me. He looked at me. He says, the first word, “Jesus Christ, Eric. Don’t I pay you enough?” I said, “Yes, you certainly do, Bob.” He says, “For Christ’s sake, why are you wearing that stupid straw hat after Labor Day?” I said, “Bob, it was kind of warm today. I was going to the closet.” He mumbles like, “Good God. You're just not trained. You're a senior salesman. You're a disgrace.” He walks away. That’s the kind of person he is. We live through that.

He’s the man who told me, he said, “It’ll be very hard for you to be a manager because you're Chinese.” They’re going to say that today of course. That’s my early part of IBM career. The rest of the career, as I grew, I got better jobs, more responsibility.

The people who had influence on my career, I would say there are about two or three of them, really great. One is a man named John Bishop. He lived in Atlanta many years. He’s down in Florida now. He was my boss. He was great. If you're talking about a leader, he’s a leader. There is a leader. He taught me how to run a branch office. IBM Company, as good as they are, they don’t give you a lot of training on how to run a branch office. You have to learn on your own because up to the point you became a branch manager, you are really in the sales mode; the more sales, the better, the more recognition.

Once you become a branch manager, you got to worry about things like aha, not only you got to worry about the sales. You got to worry about the budget. More importantly is you got to weed out the nonperforming people. To me, that is the hardest part to do, is to ask people to leave the business. This is, in my humble opinion, that’s one of the problem that IBM had when we went to dive in the ‘90s. We didn’t get rid of the people.

When I was running one of the New York office, we had over about 200 people. In a calendar year time, I will have 6, 7, 8 in voluntary separation and the Kingston plant has 3. That is probably not talked about a lot by these ex-IBMers you’ve interviewed. To me, it was the heart of one of the troubles because during that period, the CEO who is too fair, he made releasing a person such arduous. Unless all the dots and T’s are crossed, the person who don’t get fired get a second chance. What happened is that crept into the system very quickly that people not go through that. They pass the trash, move the person from A job to B job to C job, continue because nobody wants to stand up to that.

That’s one thing when I took over branch office. What Bishop taught me is you got to have the guts to release them. I don’t want you to be blood thirsty, start firing everybody because they’d look crooked eyes at you but you’ve got to weed out the nonperformer. I’ll tell you. There’s no other thing that sends the signal is when you cut somebody, in the NFL football term that sends a message to the rest of the crew: the boss means business.

I’ll tell you. I have seen so often these people just young branch manager comes in, short term, in and out, don’t do the job, don’t do that job because they hope by then they’ll get out. These people just crept in there then the company got into trouble. I think that set the tone by the very top through that open-door policy at that time that it really plagued the IBM Company for many years.

The thing is running a branch office is very simple. You want to tell the people you're fair, you're going to treat them well when they perform. You're going to be hell on wheels to them if they’re not performing. Also, some of these people, when you’ve talked to them, you say, look, this is really not your cup of tea. You should be doing something else because they’re not cut for it. Forget about IBM being a good company, a bad company. You want to do something you're happy to do it. They’re really not happy with their jobs. That was one of the things I was taught which is I think that I always is my base, my foundation, what I believe in. You got to treat the people square. You tell them you're not doing well.

I used to have a thing. I think it’s something my old manager will tell you that the first thing they get hired at the beginning, the people talk oh, they got to interview these people. I don’t interview them. I get a dossier on who’s the manager on the hire. When I see them along, I say this guy will make it or not make it. It doesn’t make it what he … What he say to interview to me means nothing. I walk in there. I said, “Let me tell you something. Can you work for me? Let me tell you. Before you say yes, you got to be able to know how to judge people and move people in and out and hire/fire them because no matter how we test, how we train, it’s a bell-shaped curve.”

“There are people on these side of the bell. There are people on this side of the bell. We’ve got to move this side of the bell out and keep this side of the bell and move the middle hopefully just a little bit to here because you can’t make the middle all the way to here. That ain’t going to happen, but you can make the middle … You don’t want to go downhill either but you want to keep the middle to performing and shift them to the left you can and move the right people out. I’ll teach you how to get rid of people. You got to do that.”

I used to have informal, just I call them new manager sessions. An hour a week, about eight weeks, tell them how to run the payroll, how to give raises, how to discharge people, what you need to do, how you deal with drinking, drugs. As we go along, it gets more serious. Drugs becomes more of an illness rather than a sin. It’s against the law. As our law gets looser, you got to adapt to it. That’s what I used to do with them. By that time, they got to be able to come in and tell me, this guy is not working. We’ve got to move him out, out of the business, not to another branch office.

That was the main time I spent with training the young managers. It’s because one thing I learned is because that’s how Bishop had taught me. In the process of being a branch manager, I realized that’s a very good job. For me, that is, because I had fun with it. I think you can do the job well if you have fun.

I look at all the other jobs they have. The guys goes up to headquarters. That Worcester headquarters to me is like a big hospital. All those people there are basically not well. I said I don’t want to go there. I said, well, on the other hand, a company look upon the branch manager job as a pass-through job. You get there. You go there; do a few years. You do the next job; you do the next job; you go up to headquarters. Hopefully, eventually, you’ll be a director maybe. I look at a director’s job which is supposed to be a good job. I think they’re nothing but a department head. They’re just called director. That’s all. I can call myself director here too. They don’t have fun. The rubber doesn’t meet the road there. The rubber meets the sky.

They have all these cockamamie programs which half of them during that period I was there, it’s just crazy. Somebody sold our CEO year of the customer. What the heck is year of the customer? You mean next year, it’s going to be not year of the customer? Next year is going to what, year of the dogs? It just didn’t make sense. The people are staffed. They have to make these decisions. They have to tell the boss they're doing something.

You see that in other companies too. Just to give you an example, the Marriott Hotel. The Marriott Hotel, somebody told Mr. J.W. Marriott, Jr. that the fact that the shower curtain rod have to be bend. Whoever sold JW that concept which he bought lock, stock, and barrel, he puts it in everywhere else including the small bathroom in courtyards and room that are not big. You sit in the toilet and the curtains come right at you. That’s stupid, but, you know, sold that. That is stupid.

The other thing is at your service. They took off all the telephone on the dial; engineering, housekeeping. You put at your service. Some of these very top-rated hotel have at your service. It takes 20 ring to get an answer. This is the kind of stuff guys do. I said do you want to do that kind of work, just go and have some cockamamie thing, go sell it to the boss? Everybody hates it.

I said I don’t want to do that. I said if you want to stay, you better be careful because the job as a branch manager is trenchant. I said you better find yourself a way to stay. I pleaded this. I pleaded that. I managed to stay. After a while, you got to move because you don’t want to stay in one place. Then, they come and get you.

The first chance comes was we go through cycles. At one point, it was a branch office have to be small. The branch office should not be too big. After a while, that’s too expensive. We have to have bigger branch office. We merged branch offices. New York City, the business of moving out a lot. Some of the big offices become a smaller office. We start to collapse the office together. I become a merger of branch offices. I merged the branch office. I did a good job.

Then, of course, we always have branch offices ran by young bucks. They’re fine, except they sometimes leave a lot of broken glass. When they leave, those branch office needs straightening up. I go in and straighten the office out. That’s when you got to go in there, but once you get a reputation of being able to do these things, you say to the boss, you say you got to have to give me a pass for the first six or eight months until I get this thing straightened out. I can’t be measured like you want to measure me on everything the first few months because this is a mess. You know it’s a mess. That’s why you want me to go there.

I go there and do it. That’s another thing, because now you're doing the boss a favor. Between the merger demand, of course we had the big one was we killed the Office Product Division, OP, typewriters. We all of a sudden got all these salesmen, good salesmen but they don’t understand technical. They become the refugees. A lot of the branch manager treat them badly. I said, well, they’re people too. They’re here, not because they choose to be here. They choose to see typewriter. We no longer want to sell typewriter, so we got to retrain them. We go to treat them like humans and treat them like employees.

I think my biggest claim of fame was the people, turning those people around, trying to get them jobs because they’re not bad people. These are good people. There’s always a bad one you get rid of them, but the good ones, you try and train them to do a job that they can do; they can make an earnest living because their job disappeared. Their division disappeared. They’re like homeless professionally. You train those people. That was a tough job. I spent a lot of time and a lot of energy getting those people going, doing different things for them, and putting them to assignment where they can be productive.

That’s pretty near the end because now that we’ve got ridden of divisions, and then of course, finally, then we start merging office again. We just do one after another. In one year, we split the office and then we put it back together all within 18 months. You can see why the company went into trouble in the early ‘90s, really the late ‘80s, early ‘90s. Meanwhile, the CEO has changed one from Cary to Opel, Opel to Akers. You got in all these things.

In the meantime, back in 1983, I was called one day and say we would like to … from Americas Far East, the head at that time is a gentleman named Ralph Pfeiffer. You may or may not heard of him. He is a tough no-nonsense executive. Pfeiffer wants to see you. I was a branch manager made during Pfeiffer regime when he was DP president so he knew me a little bit. I must have passed the muster then because if I didn’t pass the muster, I would have never been a branch manager. I go up and see him. He looked at me. I know I was in good shape; big smile, see how I am and so on and so forth because if I’m not, no smile, that means I’m in big trouble. Since he was not my division president, I had nothing to be afraid of.

He said, “I want to go into China. I need your help.” I said to him, I said, “Ralph, I’m willing to help but I have a job.” He says, “Well, you can help me. I can get you on loan to me. Your office is in good shape. You probably can put one of your senior manager in charged and take 30, 60 days off.” I said, “That I can do, sir.” He said, “Good. I just want you to help me. I’ve already talked to” … I remember who our division president is at that time. He said, “I already talked to him and it’s okay with him. He says it’s up to you if you want to do it.” I said, “You asked me to do it, I’ll do it.”

It turned out the project that he gave me was a pretty large project. It was to put up an IT seminar for Chinese government department heads. See, the communist China government is you got the premier. He is like the COO of China. The CEO of China is the party chairman. Because Chairman Mao, occupied chairman, there’s no real chairman, so they use the word president today of China. He is the CEO. The CEO was the premier, six vice premier. Each of the vice premier are the departments like the department of transportation is under one guy, the department of foreign exchange, finance, but these departments, we were running an IT seminar for them to sell IBM’s technology.

As everything else, 30 to 60 days turns to be 90, close to 120 days, the preparations, blah, blah, blah. Finally we go do it. It was a rousing success. It turned out, the dress rehearsal was better than the real thing. As you know sometimes when you rehearse, you're all keyed up and you're ready to go. In my mind, the dress rehearsal was flawless but the real thing was just a little bit off because we’re off our edge. We had everybody in the company doing it and Pfeiffer was happy and everything else.

Well, that’s 1984. January, February, we did that and I was gone for about from December all the way. I had to close the books with one of my senior managers, only with me, superficially involved. It was good. We did good and then, we go through that and then we did the seminar.

It was a great success. That fall, the call comes in. We’re now going to form IBM China.

In between, I forgot a key point. I came out of there and I talked to one of Pfeiffer’s Americas Far East gentleman, executive. He asked me. He says, “What’s wrong or what’s right about this?” I said, “Ed, what’s right is what we did. What’s wrong is you got to do one thing. You got to get out of there that Japanese marketing manager running China. He doesn’t speak Chinese. He doesn’t speak English. Remember, I’ve not forgotten the Japs, neither are those people there. They occupied us for eight years. They’re not exactly nice people there. They’re like the gestapo of the Far East. Maybe without the concentration camp, but they killed just as many people.”

“Ed, get them the hell out of there and put in somebody who speaks Chinese. It’s okay for Americans to speak Chinese. It’s okay to have Chinese who speak Chinese. It’s okay to have Chinese who don’t speak Chinese but speak English. American-Chinese they can speak perfect English but don’t speak Chinese but don’t put in a Japanese. That guy there may be a great guy but he’s not your man. He is just not your man. Those guys look at him like he’s the bump on the log. You got to get rid of him. I don’t say demote him. That’s not the point. Just get him out of here. Put in the people who they will have relation with. We buy things from people who we like. If he would come to sell to me, I wouldn’t happy with him. You understand that.”

He said, “Put that on paper.” I said, “I’ll put that on paper for you. I don’t care Ralph reads it or not if Ralph calls me about that or turn on the spot.”

Actually, what happened, I created myself a problem. That fall, I get a call from Ed Kfoury who wants me to go to be the China GM. I said holy smokes. This is not what I wanted to do in ‘84. I didn’t retire until ‘96. I was 10 years away from retirement. I said if I do a good job, I can mostly be there five years. When I come back, I have five years to go. IBM did not treat … IBM is not the only company. We do not treat people going on foreign assignment very well when they come back. You're out of sight, out of mind, no matter what. There’s no promise at all. It’s just when you come back, you don’t have a job.

I said when I come back, there’s no branch office that’s going to be open. I’m going to sit up in the big hospital. For five years, I’ll be locked, I’ll be nuts, going nuts there. I can’t do this, but I can’t tell them that. Also, on the other hand, there’s a system in IBM. If you are okay when this foreign assignment comes on, your own division wink-wink at you and say you don’t have to take the job. I don’t even know this enough. They actually winked-winked and said you don’t have to take this job. So I didn’t take the job. I plead this on this cockamamie excuse. Basically, my boss just covered up and said, oh, he’s not available. I got to turn one down.

They put somebody in there who’s American, US citizen, Caucasian, speaks Chinese. He went there. They have problems one after another because of different things. I was asked three more times, but now time goes on. The last time is when they disbanded all the branch office. I was in San Jose doing disc marketing. I said, well, okay, this one more time to go. This is a time you can do and get off the train after this last and final assignment. I went the last time.

Of course, I find China just a difficult place to do business, very difficult place to do business at that time. I don't know what it’s today. The Cultural Revolution started in ‘66 and ended officially around 1976, 10 years later. Deng Xiaoping opened up in the ‘75 timeframe saying all these, that making money is good, not bad. He had these special economic zones and all these things. All those things were preached. The top echelon, the department head and the vice premier all understood this in spades, but the middle level management, the directors and even some senior directors and the lower supervisor, they have not gotten the word. They’re basically commie pinkos.

Those people are as hard to do businesses because they still think the old way is still the right way. It’s the only way. I have senior directors or [MAFTEC 00:49:49] which is the trade department. Our trade representative, that department in our government, there is called MAFTEC. They ask me clear cut, just in the face just like you and me sitting here talking, IBM expect to make a profit.

Finally, I couldn’t hold … I leaned across the table. I said, “Madame Mao, let me tell you something. If IBM doesn’t make money, we will be all gone, packed up and gone. We don’t do this because we like doing this for nothing. We’re here to make money. If we don’t make money then we go elsewhere to make money. A hundred people here working is to make money because if the CEO don’t make money, he’s going to be gone and a new CEO will come in. You got to tell them the truth.” She was in total shock that I said this to her. The Chinese, you know, being … See, I can’t work there anymore because I’m too direct.

They don’t go from A to B. They go A to C to D to E to F, finally to get to B. That’s in the national … It’s in our genes. When you’re here 16 to when you get to be 70 years old, 60 years old, you learn the American way. You don’t do that anymore.

I have problem dealing with my relatives. Instead of asking you something, they won’t say it. They’d say, well … That was the thing that you have to overcome. Basically an expat have problems like that there.

I went there and did that job and came back and stepped off the train.

What I learned from all these: you got to be honest; you got to tell the truth; you got to weed out the good people and find the bad people, and the bad people and the good people. Most importantly of all, you got to do the job you like. You got to do the job you have fun with.

Looking back, have I chosen the other course, I’d probably be dead by now because the Cultural Revolution killed a lot of people, including my parents. They just say there was a lot of chaos. A lot of people died. Death is one thing in China. When you're dead or act … During this revolution, the only thing they … after they prove if you unjustly died, they give you a memorial service. They say we’re sorry. We move on to the next case. This is not like the US. The lives are not treasured in China. I probably would have been caught in the Cultural Revolution and died.

Mao Zedong got hold of the country in 1949. In October 1, 1949, he declared the People's Republic. When he declared the People Republic, he didn’t have the whole country. The southern part of the country was still not his yet. Shortly after, he got the whole country.

After he got the whole country, his premier, at that time was Zhou Enlai, went to him and say, “Mr. Chairman, we know how to govern the farmers but we have no idea how to govern the city people, what industry we have. We should do something different than what the Russians did, what the Soviet … really not Russia, Soviet did, just nationalized all the industry and be done with it because that really set everything back. We need the industry people so we need to do it differently.” Mao Zedong was surprised and he said, “Yeah, go ahead and figure a way out. Figure a way out.”

They figured a way out. One of the person figuring the way out was my father. He was running the largest herbal medicine, the best known herbal medicine company in China, in Beijing. We became best known for a lot of reasons. One of the reason we did was when the emperor was in power, China has imperial examination. Have you ever heard of them? The imperial examination starts with the grassroots level then goes to the district, region and all the way to the national. Those people who come out of these exams is, number one, becomes high job in the government. Whether you have the ability to manage or not is not important, but academically if you're really good on the classics and everything else, you get to be the top dogs.

All this examination you should go in these … People come in for this examination, takes this examination in Beijing. It was to take month on end. It’s not a three-day examination like SAT. When they were there, we used to provide the imperial household with all the medicine, very important, right? When all these people are there taking the examination, we give them medical treatment at our premises in Beijing. They’re here for month on end so they’re bound to get some sniffles and sick.

When they finish the examination, we gave them package and packages of medicines to take home back to their provinces. Consequently, we became very well-known because these people go back. They are now important. Every year we have this examination. We used to supply this free advertising.

Because of that reputation, my father becomes one of the many at that time. The other one was [Yueng Yen 00:57:29] which is the cotton mill king at Shanghai. The two of them and several other people got together. Wherever they formed, they developed a plan to nationalize the industry. The plan actually calls for is they took a bunch of inventories and they made estimates what the business is worth. There are some fallacy in there because if you have a business one of a kind, what is it worth? Nobody knows, right?

They still had to come out with some value. With that value, they turned it to the government. The government said fine. Okay, we’ll pay you for your business but you will continue to manage it. We don’t have the situation like what we have in Russia because all the owners are dead and the people don’t understand their … People like my father got to keep their job instead of owner become GM. They actually paid us quarterly payment for six years for the business. After four years, the government itself comes back and say we don’t think those numbers you gave us are right. We really probably should pay you with more money, voluntarily, and decided to pay us for four more years 16 more payments. Sixteen payment would put it past the end of the Cultural Revolution.

The Cultural Revolution started in 1966. The reason for Cultural Revolution today, nobody really has read the communist transcripts of their archived documents. Everybody do know is the net effect of this. Basically it’s all the people who are in power including professors became out of power. Student jailed the professors. Workers jailed the GMs. High party official becomes low party official, went to jail. Deng Xiaoping was sent to Anhui province to work in the farm. The president of China went to jail because he was a capitalistic in-roader. That was the name. The Gang of Four ran the country.

Behind the scenes, Zhou Enlai tried to protect everything, suffering from cancer, sealed all the old relics, places and post guard with the PLAs and so on and so forth. The country was in chaos. The country had no education, no industry, commerce for multiple years, and then gradually calm down but still nothing right.

Zhou Enlai being the premier but he come up through the foreign secretary of state ranks. He’s always had the great pride of training in the Foreign Service. One of my guys who worked for me who attended the Foreign Service school, after the Cultural Revolution, he was ready to graduate. Zhou Enlai walked into the class. He says, “You all think you’ll graduate? I got news for you. You got to repeat the last three, four years because you didn’t learn anything.” He said, “All of a sudden I see myself job and everything just disappeared. I’m back in school for two more years because he says all the schooling Cultural Revolution was no good, so we just struck that off the record. You start from this point all over again.”

That’s the kind of thing happened. A lot of people who even had degrees really didn’t have degrees. They’re supposed to learn something. They really didn’t something. It was total chaos. Of course, during the chaos, there were a lot of killings, a lot of killings by the goons and a lot of killing … My father and my mother both died during that period.

There was total unrest, but that’s … I believe if he had not headed the commission to whatever you want to call it, to nationalize the industry, maybe he … He was named as the vice deputy mayor of Beijing because the Beijing mayor likes him. He was never a party member. It was the purge of the party member and the people higher ups who were not party members. Even today, to be a party member is selected. You don’t go to say, hey, I want to be a communist member. You don’t join. You are selected to join.

Those are the very bad time in China, bad time. Some say Mao did it because he’s afraid of a China [crew ship 01:03:56] will come out and attack him after he dies, so therefore he eliminated all of them. Other people thought he was losing his grip. Nobody really knows. There’s a lot of theory. Until somebody opens up the archive and read about it, and that’s where the real … It may happen. It may not. It probably won’t happen in my lifetime. It may eventually happen. It will be interesting to see what was behind the man’s mind doing it.

There are several other ones before this. People have suffered and died because of some very radical ideas that he had. The Great Leap Forward that he decided he was going to out-produce the Soviet Union steel. Very similar to Cambodia Pol Pot making rice. It’s crazy that we had steel mill outside here. The steel they produced was no good, not high enough quality. Before that was the 100 flowers bloom. He said you should all … We don’t do everything right. You should write and criticize them. They now turned against him.

We go through a lot. Those are the famous one that people know about. Each one of them, millions of people died. The Great Leap Forward, is it because there’s no more … All your walk and your hose all melted and the farm went dead. The farm was not farmed, if that’s the right word to say. The farmers can’t do their work because all their tools are gone.

You have all these different things that happened. Most of them, they talk about them but nobody really knows what Cultural Revolution was behind, but several big names got purged. They’re not just people like my father. He was just part of the indictment of about 20, 29 indictment. His name was in the indictment. You can read about it. There’s much better hired. The president of China, this was how he died, sent to jail. His general that led the Korean invasion, Peng Dehuai, Marshal Peng Dehuai was killed. Halfway through, his deputy got killed too, Lin Biao. Marshal Lin Biao got killed.

There’s a lot of things that went on. Nobody ever knows and nobody will know until they come clean. There’s no such thing as freedom of information there.

It’s funny you say. When we sponsored that IT seminar I told you about in 1984, the man that invited us over is Bo Yibo. Bo Yibo’s son is the big guy that knocked off just recently. He was the party chief of Chongqing. I met him when I was there. He was the outstanding young mayor of Dalian City at that time, just before this job in Chongqing.

What do I know? I thought he would go far and now he’s out of a job.

China was just to explode. I think ‘95 was the first year they made money. During that period when I was there, we as a company do not have trading rights in China. What does that mean? Let’s just take a western country like one of the European countries. Let’s say Germany. IBM Germany buys a product from the corporation and they sell it. IBM Europe sells directly to Deutschland’s customer, be that Mercedes, BMW, Deutsche Bank, whoever it is who wants to buy the product from IBM Germany. They sign a contract. IBM Germany deliver the product to BMW, to Volkswagen, to whoever buys.

In China during that period when I was there, we do not have the trading rights. We cannot directly sell, even though we do have salesmen there selling, let’s say, to the Bank of China. If the Bank of China wants to buy a piece of IBM equipment, the Bank of China first, you got to sell them, say, they want this. After they say they want this, they got to go to the foreign exchange people in the finance ministry to ask for the bucks, US dollar, to be allocated, $2 million. They get to $2 million. Then, they go to a trading firm. These trading firms, some of them are run by the princelings, which is a term that they have high influence people.

The trading company comes and signs a contract with IBM World Trade. This is cookies all hell. This contract is signed on the hydrofoil between Hong Kong and Macau in the South China Sea. Then, IBM World Trade orders the equipment and send it to the trading company, and the trading company then send the equipment to the ultimate customer, in this case, say, Bank of China. This is a very elaborate process. A lot of people didn’t understand, but that’s how business was done.

Because the Chinese in those days, don’t forget, Hong Kong hasn’t come over yet. I didn’t think they possessed at that point the largest foreign exchange reserve as they have say today. Of course, the currency at that time is still not convertible. If you exchange money to RMB, yuan, you have to have the exchange stuff to get your American dollars back in those days. You have a lot of these things that goes on.

Also, you're dealing with a Mr. Louis Gerstner. Louis Gerstner’s view of China is through Henry Kissinger. I hate to say. In China, Kissinger is assistant god. God is Richard Nixon. The assistant god is Henry Kissinger. That’s very high level. That is 60,000 feet in the air. It’s not what happened on the ground. It’s very difficult to deal with Louis. He did not really understand the problem at one time because he was not … I don't know. You got all these ex-IBMer here talk. They would say great things about Louis. My view of Louis Gerstner is very different than most people.

He’s the man to fire the people. He cleaned out a lot of the deadwood. That’s true. I like that.

Also, he does not have patience to understand any problem. There are three IBM cards is all you can have to brief him on a subject, three IBM cards. That cannot be too closely typed either, or three charts, three foils. The China problem is a little bigger than three foils. He likes to come to China to make all the high calls but then again, they don’t … Those high calls are very little value to the on-the-ground salespeople. It’s difficult to see China from a Henry Kissinger level. For Henry Kissinger, everything is fine, but it’s the Madame Maos and everything else that really gets the best of you, make you lose your patience.

When Louis Gerstner come, Louis looks at it as the big panoramic view. He thinks that putting a research laboratory is important in China. It is important, but at that time, China wants plants. IBM start to get out of the plant business, the manufacture business. We want to be in service. That has been … I think it’s surprising to me that we’ve done this well. Of course now, I think there’s trading rights and not an issue.

When I was there, those are really just problem. We delivered things into the warehouse of the trading partners. The trading company sits there for the rats’ kitchen and eat up the cables and little things like that. If that happened, you fix those problems but those are all irritations. It prevents you from growing that fast. All the sales at that time was done was called off the books. There was a name for it. It’s basically all like signed … The contract was signed outside the country.

Let me give you the whole story. I just glossed over it.

He represented my grandfather to one of my grandfather’s nephew, which is his cousin’s wedding in Shanghai in 1946. My grandfather’s oldest brother’s son came to the United States before Pearl Harbor. After Pearl Harbor, he went to school at Purdue, and after Purdue he went and served in the navy and he went back to China after the war. He married a girl in Shanghai. My grandfather sent my father as the representative of the family to his wedding. I was … ‘46, I was 12, 14. I was dying to go with my father to go to Shanghai to see the big city light. He basically told me no. He went there.

During that trip, he met up with a lot of his colleagues, friends, relatives in Shanghai. People introduced him to a Catholic bishop names Bishop Yu Pin which later on, the Pope made him a cardinal. He was more pro-Chiang Kai-shek regime. He went to Taiwan later on. He met up with Bishop Yun Pin. Bishop Yun Pin has under him a priest, Father John Mao. Father John Mao and Bishop Yu Pin helped rich Chinese to get foreign exchange. Foreign exchange is illegal to hold by any government way back, a long, long time ago. Communists, nationalists, threw the emperors because China was dying to have those things and therefore it’s illegal to hold.

People like our family who has local business, we don’t sell any of the herbal medicine outside of China. In fact, that was one of the desire of my grandfather’s generation to be able to do that, but they were not able to do that because of the unrest in the world. Between the Japanese and everybody else, they never sold overseas Chinese. Cuisine now is a booming business out there.

He made the deal. This is what I figure out later on. It took me years to figure this out. It took me just the last five years to figure it out. What happened was we gave money, local money to the Catholic Church and through the Jesuits because most Catholic schools are Jesuits. Jesuits through their … Their organization gives us money here. Is that money laundering? I think that’s what it’s called today. That’s where some of the money got to here. When I came over, those are the money that I had here, through the Church. A lot to do with this Father Mao and Bishop Yu Pin.

In terms of the school’s range, it was through my father’s friend who went to Worcester Academy, who went to Yale way back when. That’s why I landed into these schools. That was basically it.

I remember there was nothing talked about anybody leaving until after he came back from the wedding. Then, I start to see my cousins are leaving. First batch of cousin leave in ‘46. Next batch left in ‘47. I left in ‘49. I was the last one to go.

That was really I believe how the finance was set up. The school was set up by the friend because when I arrived, I went to see my uncle in San Francisco. The money was there waiting for me. It was delivered to him by a priest. That’s pretty much the way it went. I was very fortunate with all the people that the dean at Cornell, people like John Bishop, these people really helped me.

I was very desperate at times when I was going to school. In the fraternity house, to help me out, I have the Coke concession. I worked in the kitchen to get my meals. I have Coke … The Cokes were five a nickel, a 6-ounce bottle. I made one and a half penny per sale and I have a slot machine. It was passed down to me from some other brothers later on. I have the slot machine. The slot machine, I set it up how much take I want to get. Of course the brother always complained that I didn’t give them enough money that I was cheating them, right, but that’s the kind of thing I did. I had everything. I had all the concessions and plus, I worked in the gas station.

I never thought about quitting though, but I did get discouraged. I thought that was … bounced out.

The thing that crossed my mind is you have to be happy with what you're doing. You have to be happy in your own skin. Actually, I did not have any problem at IBM working. I was very lucky. I had good bosses and bad bosses. The good bosses, I worked hard. The bad bosses, I avoid them. I have some doozies, bosses too. In that way, it’s not all smooth sailing but that’s expected. You do all these things the best of your conscience. If you think it’s right, it’s generally right.

The other thing is I do rely on my gut. When my gut feeling is right, I go along with it. I don't know how you feel about that, but I do rely on my own judgment. At the beginning, I didn’t and I realized that that’s generally a good indication of where is it going and what way is it going.

I had a great time in IBM, really good time, 36-plus years, really from the 1960 all the way to … and I lived through a period of product that went from the 1400s to 7000 series to the 360 to the 370s. It really was a great time. To see the PC came and really to realize that PCs probably had to go because we have trouble with that product that we couldn’t start it. Again, the product started in the wrong way, I think. I don't know how the professorial people feel. That just started, and talk about my mistakes. Can I talk refer to customer name?

Male: Sure.

Eric Yueh: United Parcels, which is an Atlanta firm now, used to be up in Greenwich. United Parcels is one of the first to use large quantity of PC. The senior salesman which is highly respected in my mind comes in and say to me, “We got all these PCs.” I said to him, I said, “Chuck, let’s deliver these PCs ourselves. Let’s not use dealers because we want to get all the money because these things are not that profitable. The margin is very thin. Let’s deliver it ourselves.” He looked at me. He says, “Boss, I think that’s a mistake.” I said, “No, that’s not a mistake. We’re going to do it my way. I want you to do it my way. We’re going to deliver it myself.” I was just being pigheaded. I said, “We’re going to get all of the money.”

Well, it turned out what a disaster. These PCs went out to 2s and 3s to these UPS locations. They have less location they have now but they have hundreds of locations. I had back in my own little warped mind at that time if they have problem, I’ll just send the trainee out to fix it. My trainee is not doing … It’ll be good experience for them. It turned out there are too many locations and these problems like samurai without the head that CRT, samurai was two sets a doc, samurai with no sets of documentations, some wrestled without the CPU, everything just came out wrong. I don’t have a trainee to cover it all.

The senior guy comes in. He says, “Boss, we just can’t do this. You're going to kill me.” I looked at him. I said, “You're right.” That’s my mistake. I said, “I’ve totally misjudged this.” He said, “We don’t have no trainee.” The whole office has to go out there. It will be enough. There are too many locations, too many problems. He says by the time you fly everything in and out, he says, all the problem will be gone.

You can see that business was hard to get in and we didn’t understand it. We’re out of that business. We had a point of sale terminal business. I think we sold that. The disc business we sold to Hitachi. The point of sale was sold, I think, to Toshiba or somebody. Those things were gone. Still, the main CPU problem was still there and it’s still making money every time they put out a new product, which is good.

The office product division was disband overnight, and the people were sent to the old DP division or whatever name at that time is. Basically that division used to sell office product, typewriters, word processors and so on and so forth. They’ve done away with it. These salespeople were absorbed by the branch offices in the city and wherever they are. They were treated somewhat like second-class citizens by a lot of the branch managers because, why, I guess they viewed them they’re not the same type of people we would hire for selling of the computer equipment.

They’re selling a simple product and they’re selling a product like a typewriter which is a lot simpler than, say, a computer. They were not really give proper retraining or they just, look, if you can’t do this, you're a failure. I didn’t think they were treated as well as they could because these are loyal employees who made a fair name on them in the OP division and now they’re in a different world. They’re judged the same way and they’re just pushed aside like, oh, these people are really excess and they’re not treated well.

There are things you can get them to do, which are I think very important because they’re not bad people. Maybe some of them are bad, but that’s a story with how you handle those. You handle them no differently than you handle the bad people you had in an office. Those people came in and it just becomes very … because I remember one of them told me. He says… When I was leaving that office, they gave me a party at the end. The guy comes up to me and he says, “You know, Eric, the one thing, you made me feel like I am still wanted.” That made me feel good because I went out of the way to try to be nice to them and try to do things for them, go the extra mile. He says, “Because some of my peers in our office don’t feel that way.”

That’s how I found out how other branch treated them.

This same thing existed a little bit later on. When they put … Frank Cary at one time wanted to split up the general system division in case the lawsuit goes in the wrong direction. It was to split that out as something to give up. This was the headquarters in windmill farm here in Atlanta, the general system division. That was split out of the DP division back in the early ‘80s. They sell the small equipment, system 3, system 36, all that, AS400 and all that stuff.

When that division got put back in to the DP division, a lot of people feel that way too. It was not as trauma as what happened here. Rick Richardson comes from that area. A lot of people did all right but a lot of people didn’t do well. It was always a problem that DP always feel that they’re the elite. Consequently, as the other division come back in, they’re not treated as well. You got to work long many years. You want to continue to do the things you want to do, but do you want to go push ahead for the brass ring? Will you go up there and do all these awful jobs? I didn’t want to do that.

I had a very dim view just because I … When you do your job at the field, you do interface with them. You realize what these people are doing up there. I never thought they would be satisfied to me. You ask the staff at Product, they think that they want to do my job, which is probably true. On the other hand, I just felt that there was … Where the rubber meets the road is, I mean, you get tremendous high when you win a big order. My god. When you win, that high.

Somebody asked this. He was the ex-Giants head coach. He was the first Giants head coach, New York Giants, football Giants to win the Super Bowl. He’s had heart problems and then he came back. He won two Super Bowl. He left and he came back. He had heart problems. Then, he came back and coached again. They asked him, why are you coaching again? You had heart problem and all this. He says, “I came back for one reason only. When you stand in the tunnel in the Super Bowl, when they announce your team to run on the field, that’s what I live for. That was the thing that really any coach would want to do.” That’s what he wants. The heart is secondary. You do that. That’s what you get.

In sales, that’s what we got. We got tremendous satisfaction when you win a big competition against your competitors and you close a big order and somebody is trying to unseat you. You manage to win the business back. I told you UPS. UPS for the longest time was a dormant account and took this guy that I was telling you about that finally cracked it and it became a gold mine. Nothing in the world could compare to that. That’s the part I think we as sales manager live for, the excitement to get a big proposal out, to go and got the order, win over competitor. That’s what really excites you.

This is not for everybody. A lot of people don’t like that. That’s fine. I always thought that’s what you have to do and that’s what I loved doing.

