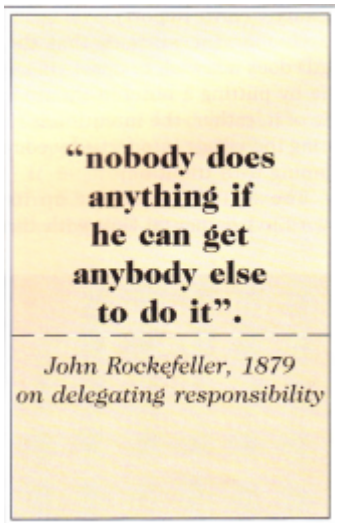
Big Guns in Business

Forbes magazine, founded 80 years ago, has always regaled eager readers around the world with some of America's greatest business stories. It is therefore apt that this book from Forbes should also capture some of the best business stories of all time. In this fascinating book one finds what Microsoft's Bill Gates, car giant Henry Ford, cosmetic whirlwind Mary Kay Ash, and spectacular entertainer Walt Disney all had in common an uncompromising vision, a willingness to take risks and an amazing business acumen. They are however only four among the twenty great business lives that one encounters as one journeys through the pages of this book.

There are details of how John Rockefeller, son of an occasional farmer and scam artist rose to become one of the richest men in America. It was his mother who taught him the value of thrift. Rockefeller recollected, "How well I remembered then, as I remember now, the words of my dear mother -Wilful waste makes woeful want". By 1877, he had such power over oil that historian Albert Carr commented, "no one could ship oil in quantity anywhere in America without the approval of (Rockefeller's) Standard oil". Rockefeller said in 1879 that his governing philosophy of delegating responsibility was that "nobody does anything if he can get anybody else to do it". By 1913 he had amassed a fortune of US$900 million.



The tragedy that befell America in the early twentieth century and the role played by JP Morgan is worth reading for those who moan the dismal state of the Sri Lankan Stock Market. His demonstration, time and again, of imposing order on

chaotic situations and changing the face of the entire industry through sheer strength of character will serve as an inspiration. In 1907 when there was a run on banks and Trust Houses and share prices tumbled, Morgan gathered together financiers and provided a strong leadership which led to a major crisis being averted. As the Wall Street Journal said, “Nothing in Wall Street history has been more important or dramatic than the day and night conference in Mr Morgan’s library of the leading financiers of Wall Street…. He has been distinctly the man of the hour, the undisputed leader who has stood between the business of the country and disaster”. But Morgan did not hide his contempt for President Roosevelt. When the President left for Africa on a safari in 1909, Morgan said, “I hope the first lion he meets does his duty.”

The stories of each of these businessmen show the calibre of those who made America what she is today. There was Henry Ford, who revolutionised the car industry and said. “I’m going to democratize the automobile. When I’m through, everybody will be able to afford one and about everybody will have one”. But he was an unorthodox businessman which made John Kenneth Galbraith comment later, “if there is any certainty as to what a businessman. is, he is assuredly the things Ford was not.”

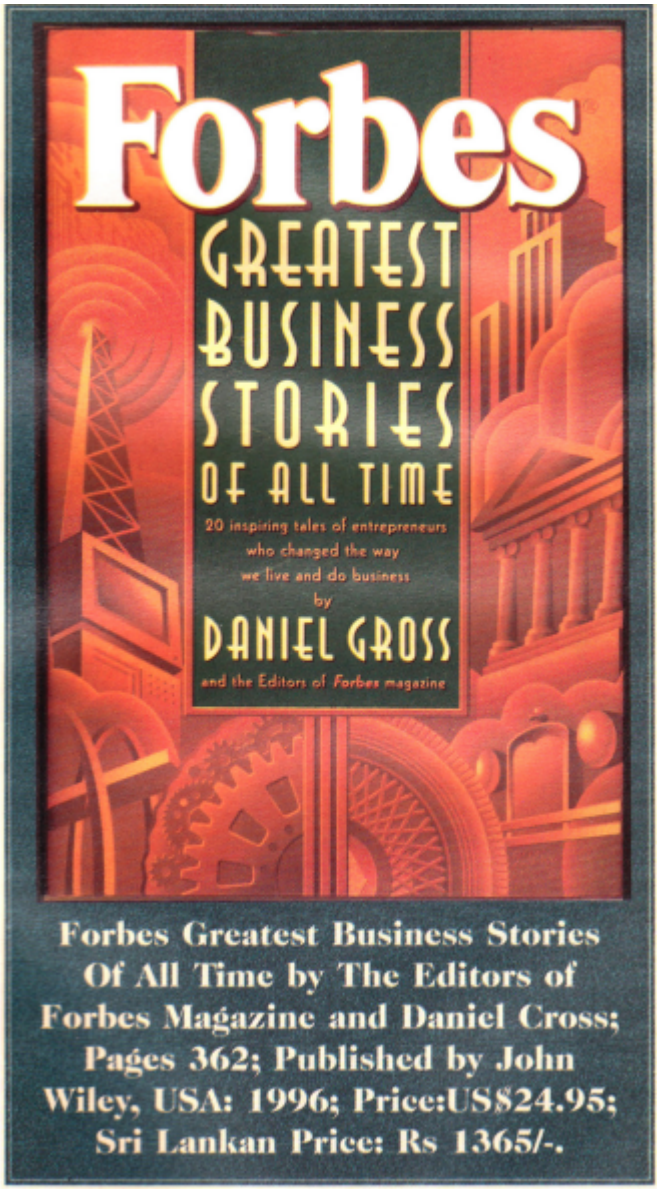
It was Ford’s decision to give living wages to workers which made a difference. By paying US82.38 for a nine-hour day, he was having a high turnover. In 1913, the company had to hire 963 workers for every 100 needed to be maintained on the payroll. Ford implemented a wage system of US$5 for an 8-hour day, plus a profit-sharing plan. Other Business Leaders criticised him as a madman bent on bankrupting his company. But for Ford it was a question of retaining more employees or lowering costs and he felt a happier workforce would lead to increased productivity. The result from 1914 to 1916, profits doubled from US$30 million to US$60 million. Walt Disney is now a household name. But few know that in 1928 his career nearly disintegrated because in a moment of naivety, he had signed away the ownership rights of “Oswald the lucky rabbit” as part of a production deal to his New York distributor. Paperboy Walt, who had ant unhappy childhood which was scarred by the mean moods of his father, later used his greatest asset, a natural genius for creating memorable characters and beguiling fantasy worlds, to create a vast entertainment and business empire.

Among others whose stories. adorn the book are those of Oxford dropout David Ogilvy who revolutionised the advertising world by conjuring up sizzle and buzz for his clients’ products through risky, off-beat campaigns which resulted in increased

sales. But the early days were amusing. Ogilvy said, “the best fun I ever had was in the early days of Ogilvy & Mather, when I was both Research Director and Creative Director. On Friday afternoons I wrote a research papers to the Creative Director.

On Monday mornings, I changed hats, read my reports and decided what to do about them if any thing.”

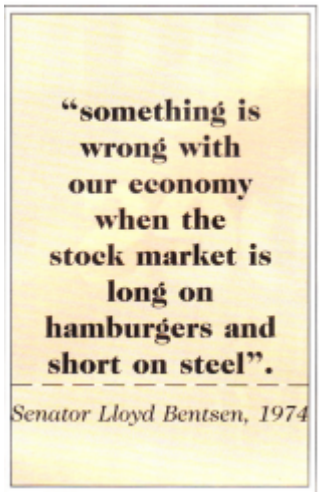
At a time when the Ceylon Tourist Board is looking around for an international advertising agency to help market Sri Lanka, the campaign of Ogilvy for Puerto Rico in the mid-fifties is worth studying. Puerto Rico had a poor image. Ogilvy said, “we must substitute a lovely image of Puerto Rico for the squalid image which now exists in the minds of most mainlanders (USA)”. The campaign he devised was based on Puerto Rico’s history and painted an image of an island of renaissance.



Forbes Greatest Business Stories Of All Time by The Editors of Forbes Magazine and Daniel Cross; Pages 362; Published by John Wiley, USA: 1996; Price:US$24.95; Sri Lankan Price: Rs 1365/-.

Ogilvy was also willing to buck the system. Advertising agencies. were paid 15% commission whether the ad was good or bad. Ogilvy described the 15% commission as an anachronism and believed that the client-agency relationship is most satisfactory when the agency's emoluments are not related to the amount of money it can persuade the client to spend. This belief helped him to grab the US$15 million Shell account from J Walter Thompson. The Shell Advertising Manager said that he had come to regard the 15% commission charged by agencies as "downright unethical, like paying a doctor 15% on the cost of drugs he prescribes or the hospital bill he makes you run up."

Today Sri Lankans enjoy meals at Kentucky Fried Chicken and Pizza Hut but the day may not be far off when there is a Mcdonalds in Colombo. In Delhi, Mcdonalds has gone to the extent of shedding their usual beef in deference to the views of Indians on beef. The man who created Mcdonalds was a milk shake machine salesman, Raymond Kroc. He put the hamburger and potato chip on the production line and ended up making a cool US$500 million fortune. By 1974, when the market value of Mcdonalds sur passed that of US Steel, Senator Lloyd Bentsen said, “something is wrong with our economy when the stock market is long on hamburgers and short on steel.”



What is enjoyable about this. book is that Forbes does not mince words in criticising themselves. In 1957, Joseph Wilson, the President of Haloid Corporation, visited the Forbes offices to tell them of a new type of copier. The Forbes men were impressed but did nothing. That company was later named Xerox in 1961 and created a revolution by building the first photocopy machine which copied to plain paper. Today, it is an essential component of modern business. But it had its share of hazards. At a demonstration of the prototype in London the copier started to smoke and nearly caused a fire at Piccadily Hotel. The first copiers were sold for US$29,500! Joseph Wilson summed up the revolutionary path he took by quoting Robert Frost, “Two roads diverged in a wood, and I took the road less travelled by and that has made all the difference.”

The book also reveals how Intel, inventor of the microchip. stays up front. Their budget for research and development tops US$1 billion. They plan to introduce a new generation of processor technology every 3 years to maintain its advantage in chip engineering. Andy Grove of Intel says, “the operative word is focus. You have

to put all your effort behind the thing that you do, better than the other people in the business, and then not hedge your bets…If you focus and you are wrong, you lose, but if you are right, you win big time". In 1995, Intel had US$16.2 billion in sales and US$4.9 billion in profits.

Another great story is that of Bill Gates of Microsoft, who did not invent new technology but shrewdly adapted and improved products made by others. He was prophetic in anticipating developments in computer technology and in judging when the public will be ready to receive them. He is worth US$18 billion, and has become an icon of technoculture.

The stories told in this book are worth studying because there is so much to learn. These stories are not of people born with silver spoons in their mouths but of people who used their imagination and vision of the future to build empires in their respective fields.



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