



Lewis Kornfeld Interview and Tribute Footage

Interviewed by:
Mitchell Johnson

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Lewis Kornfeld: My family, some of them came from Russia and some of them came from Germany. They all seemed to end up in retailing. Beyond that, my father met my mother at the New England Conservatory of Music. Both of them played violin vilely [?], I might say. My father was on the mandolin team, or whatever at Harvard, class of 1912. So that may explain my interest in music, which has been a lifelong thing. My Boston family is supposed to have--

J. Mitchell Johnson: Stand by one second. Sorry, just hold that thought. Why don't you roll the tape forward?

Kornfeld: My family is supposed to have helped Arthur Fiedler's family immigrate from, I believe, Austria or Germany, and so I had sort of a lifelong acquaintance with Arthur Fiedler, conductor of the Pops in Boston. It went on right up to his death because I had him on our payroll. When I was involved in advertising, I had him and Peter Nero on as-- what would you call them? Well, they were there people whom I quoted as liking our equipment. So that brings us up to where?

Johnson: Well, it brings us up to-- do you think your parents thought you were going to be a musician or a pianist?

Kornfeld: No.

Johnson: We had talked about what their expectations were for you.

Kornfeld: I don't think that they had high expectations for me. And to the extent that I went to college, I decided to go off on my own and went out to the University of Denver, where I immediately got involved with the college newspaper there and ultimately became its editor. I started out as a book reviewer, after which, in the writing area, I went to work for the Rocky Mountain News in Denver as a sports reporter, and then on the city desk. And then World War II started, and that was the end of that.

Johnson: So talk about your university life. You might talk about which college you went to, what your major was, a little bit more deeply into that. Tell me about it.

Kornfeld: I went to the University of Denver in 1935 and majored in journalism, a minor in English. After I got my BA, I decided to stay on and get an MA, during which I majored in English Lit and minored in Spanish. My late wife, who I met around 1939, said I was the poorest young man she ever knew. It was true. After the end of World War II, I had a negative net worth of \$400. How's that?

Johnson: Pretty good. Did you go ahead to the war? Did you have to join the service? Talk about the war.

Kornfeld: I ended up in the Marines, and because I could get an extra, a very small amount, like \$5 or \$10 a month, I went to OCS and came out as a first lieutenant. After which, somehow, prior to that, I had learned the Morse code, and that and my very rudimentary knowledge of electronics had me ending up as a communications officer in the Marines aviation section. That was how I escaped being a real Marine and landing in Iwo Jima and places like that. I had a pretty good war as a communications officer. I spent about a year and a half in the South Pacific on New Hebrides, Guadalcanal, and Bougainville, after which I came back to the US.

By now, I was married, and I had a \$400 negative net worth, as I've already said. I went back to the Rocky Mountain News in Denver, and I think that they had to re-hire veterans. They offered me a job, and it was something like \$65 a week, and I said, I can't afford it. I went back to Boston, and in '48, I ended up at RadioShack in September, and I was hired as their ad manager. RadioShack had one store. Its volume was a little less than \$1 million a year.

And so I was telling them I was the ad department. I was the photographer, I was the copywriter, I was layout artist, I was the paste up artist, and I also was the media placement officer.

Johnson: Talk about, then, the original owners, the Deutschmanns. Is that right?

Kornfeld: Yeah.

Johnson: Talk about the background of the company.

Kornfeld: I believe that RadioShack was founded in 1921, and it was a one-store operation up to the 1950s. The Deutschmann family, consisting of four or five brothers, started it, and one of the founders of it, I believe, was Bill Halligan, who later founded Hallicrafters. When I got there, the one store in Boston had upstairs a Hi-Fi department known as the Audio Comparator. We were on the leading edge of the Hi-Fi revolution, and it was up there that I met local and many visiting musical stars.

Johnson: Roll the tape, please. So you were talking about upstairs, you were on the cutting edge of Hi-Fi. Talk about that more.

Kornfeld: Well, because we sold components that, when assembled, made a system. Actually, I was a customer of their Hi-Fi department before I started working there. So you had loudspeakers, and you had

preamps, and you had amps, and you had turntables and arms and cartridges and speaker enclosures, and you had certain kinds of connectors and wire. The Audio Comparator allowed you to choose the speaker and the amp and the preamp that you wanted from "A/B"-ing everything. It was very successful.

Even so, the company in the store downstairs didn't sell anything that you might classify as audio. Of course, this was just before video. Video had started, and we did have a seven-inch Hallicrafters TV set, and that was it. So somehow, I got to be a merchandiser, and that's a long story. I don't think I ought to tell it. But anyway, I started buying stuff to resell, like phonographs, portable radios, a variety of consumer merchandise.

Prior to that, the basis of the business was industrial electronic components, and pieces and parts and batteries, et cetera, and ham equipment. That was about it. So I actually put us into the consumer business. That was almost by accident. I was ad manager from '48 on. I also became VP Merchandising, in about 1954 or five, something like that.

Johnson: OK. Stand by one second. Hold tape. Are you ready, Gary? You said, what, 1954? Is that what you said? I had a question. Was it called RadioShack then?

Kornfeld: Yes.

Johnson: And was it mail order and store? Talk about whether it was mail order or not.

Kornfeld: It was supposed to be a third, retail, a third industrial, and a third mail order. When I got there, the mail order department was nonexistent and there were unopened envelopes all over the place, and the mailing list was a mess. So I had to reorganize all of that. I'm at a loss.

Johnson: That's all right. So at some point, then, I guess Charles Tandy got involved. You might talk about how it went from just being the Deutschmanns to Tandy. Tell me about it.

Kornfeld: The company in the '50s added eight more stores, and got to where they felt that they could emulate some of the larger companies then in the field-- Lafayette, Allied, Burstein-Applebee, Olson, all of whom, I think, are nonexistent now. We're the only ones that survived, and I have to take a lot of credit for that, principally because of the merchandising and advertising that we did.

However, endorsements hired Cresap, McCormick, and Paget to reorganize the company, and I will say that from them, I got a permanent dislike of consultants. They practically put us out of business. That's a little bit of a long story that I don't have to tell, but Charles Tandy in Fort Worth, who had the largest

leather hobby business probably in the world, had independently of us, naturally, concluded that he ought to get into a business that was more up to date, more contemporary, and more expandable.

So he tried to buy Allied, he tried to buy Lafayette, and so after they turned him down, he ended up buying us. That was approximately April of 1963. And he had very expansionist schemes. Basically, he wanted to go out of industrial electronics, out of the ham business, and concentrate on consumer electronics, which was right down my alley.

He also was a strong proponent of advertising, and he and I decided we could spend about 6% of sales on advertising, which is another way we got the whole thing going. By the end of that year, '63, or into '64, we had expanded up to 30 stores. And by now, I was still VP of Merchandising and Advertising. The virtues of that are that you don't buy anything that you don't know how to sell.

Johnson: Stand by one second. We were talking about--

Kornfeld: I had something interesting that I left out.

Johnson: All right. Just pick it up anytime you want. You ready, Gary? All right, anytime.

Kornfeld: Very few people know this, but in 1955, two of us went over to the Orient and started buying private label and other merchandise. This was 1955. And we set up a business called A&A Japan that is still in business, which is now 52 or 53 years later as an import-export part of our business.

Johnson: Stand by one second. I'm sorry, Lewis. Pick that up.

Kornfeld: When Tandy arrived in '63, we had already been--

[TELEPHONE RINGING]

Johnson: I'm sorry, Lewis. I thought I had this turned off. Everybody off now? I'm sorry.

Kornfeld: All right. When Tandy arrived in--

Johnson: Stand by one second, Lewis. All right, sorry. Pick it up.

Kornfeld: When Tandy arrived in '63, we had already been importing, private labeling, and inventing for eight years. When he arrived, he said to me, what's this A&A thing? Do we really need it? I said, yes, we absolutely have to keep it, because they look at merchandise, they send us samples, they write manuals, and all that. So that's part of the reason for our success.

What is not known is that we had an eight-year lead on it and we had a hell of a gross margin. I think it was 50 or more on everything. So picking that up--

Johnson: Why don't you talk, then, about the Yamagatas? Isn't that appropriate if you're going to talk about A&A? Weren't they involved in the very beginning of A&A or not? You might use their name.

Kornfeld: Tad and Elaine Yamagata were involved in our first visit, and in the setting up of A&A finding our office, hiring personnel, and all that. At that time, A&A was one third owned by the Yamagatas, one third owned by another guy, a friend of theirs, and one third owned by us. By the time that we all moved here to Fort Worth in '70, A&A was still half owned by the Yamagatas, and I made sure that Tandy bought them out because they had come to believe that they were responsible for all the merchandise we were designing and selling and buying. That's the end, probably, of the Yamagata story, but none of the Yamagatas is in the company anymore.

Johnson: Were they in Japan? Talk about [INAUDIBLE].

Kornfeld: The Yamagatas had actually moved to New York and were doing a little bit of importing and exporting, including bicycle parts and vacuum tubes. And by 1956, they were exclusively involved in our business.

Tandy and I had two very important common interests. One was private label, and the other one was manufacturing. So I went from zero manufacturing establishments to 29 or 30 by my retirement in 1981. Now, the new management has taken a diametrically opposite view of company owned manufacturing, and they're just about out of it now in 2003.

Wall Street, it turns out, does not like retailers who manufacture, and they do not like retailers who have their own ad departments or ad agencies. Every time I went down to Wall Street, they were saying, why are you doing this and why are you doing that? And I would say because it works and because they're profit centers. But how can you compete with the big massive ad agencies out there? Because we know our business, we know what we want to advertise, we know who we want to buy it, and we know the media. Just that simple.

RadioShack still is heavily involved in its own advertising creation, I believe. I'm not quite sure how much they farmed out, but quite a bit, I imagine. As for private label, Wall Street will tolerate private label as long as it works, but when it stops working or it has a problem year or two, then they don't like it. For my entire career and Tandy's, private label was the essential ingredient of doing business. Next question?

Johnson: Was there any particular interesting first meeting of Charles Tandy or anything like that?

Kornfeld: I have a couple of anecdotes.

Johnson: Could you talk about Charles Tandy a bit, your first anecdote about him?

Kornfeld: Charles Tandy arrived, and as we understood it, he had defied his own board. Tandy was on the New York Stock Exchange and its price then was about \$7 or \$4, somewhere in that range. And he kept saying, I don't know why my stock price is so low, but it won't always be.

And he got us all together, all the top officers and top managers, in our office there in Commonwealth Avenue in Boston across the street from Boston University's headquarters building, and he said, I'm going to pick 10 of you, and you're going to have the jobs that you already have, and you may have to do more than that. I happened to be one of the ones that he retained, and I kept my job, VP Merchandising and Advertising.

Then after the 10 of us were alone with him there in the office, he said, now I'm going to tell you something. When you get a group of 10 employees, one of them is a crook. So naturally, we all looked at each other with wile-some eyes, as they say, to see who it was. But it turned out that one of the 10 actually was a crook. He was the store manager of our headquarters store. So I'm not going to say that it won't hold to this day, and in fact, if you just take the upper brass of a lot of companies, more than one of them is a crook. You can count on it.

Johnson: How would you characterize Charles Tandy as a person?

Kornfeld: Charles Tandy was bluff, good humored, full of anecdotes, very generous, and he was extremely bright on the subject that he knew best, which was small stores in large numbers with high gross margins and high advertising expenditures. And I would say that up until the time that he decided we ought to be in Europe, he could do nothing wrong. But going to Europe, which I objected to, was a horrible error.

The original RadioShack business, as it always has, paid for all of the errors of judgment and commission that were made in subsequent years, and they have been made right along through the present, and the we're still paying all the bills. Going to Europe was a bad idea here because he did no research. He did not believe me when I said I have almost nothing to sell there because the frequencies are different, the electric currents are different, the plugs are different. You can't sell telephones, you can't sell CB. I've forgotten. There's a lot of things that you can't do.

And all he'd say was yeah, yeah, yeah, and all I'd say was, that's how it is. He'd say, well, send it over anyway. So I hustled in subsequent months to put appropriate power supplies into whatever needed AC and DC, but Tandy Europe, as it was known-- it was called Tandy Electronics-- was never a success in any country. That's England, Australia, France, Belgium, Holland, and Germany. And it was finally spun off as InterTAN in, I think, 1985, taking with it RadioShack Canada, which was profitable, but they had to have a profitable entity in order to establish that InterTAN was a real business.

Johnson: Maybe dropping back to the decision to move to Fort Worth and difficulty of that, and that whole story.

Kornfeld: That's an interesting story. Tandy wanted me to move here for years, but for the first seven years, I held out. I had no desire to move out of Boston or into Texas, either one, but Charles had suffered some heart attacks and stuff like that, and I began to realize that we owed him at least that much.

And so finally, in, I think November or December of 1969, I called him up. He was in the hospital. I called him up and I said, I will come to Texas. And he said, great. And I said, I'd like to be president when I move there. And he said, hm, OK. He said, bring everybody that you want. I said, well, I'll certainly ask them all, and I'll make it known that this is the corporate wish.

So then I told my wife, who was a little bit horrified, and I told the others, Beckerman, Appel, and the other VPs, that we were going to move and that I expected them to come. And I had told Tandy that I would arrive in Fort Worth on the 15th of June of '70, which was six months away.

And I remember that around the 1st of March, he called me up and he said, where the hell are you? I said, I'm in Boston. He said, you're supposed to be here. I said, I said I will arrive on the 15th of June, and that's when I did arrive. All the kids were out of school and all that was done. I arrived here on that exact day.

In the meantime, I'm not sure whether-- yes, it was. Before I moved here, I was in Tokyo in my hotel, asleep at about 2:30 AM, Tandy on the phone called me up. He said, guess what I did. And I said, you

bought Allied. And he said, you could have done it. I said, yeah, maybe I could have done it, but I wouldn't have.

And then I had an idea. Since he bought Allied, which was our largest competitor, so to speak, had a headquarters in Chicago, brand new building and all that. And I said to myself, well, maybe we'll have our headquarters there instead of coming to Fort Worth. I said that aloud to him, and he thought for a couple of minutes, and he said, no, you'd better come here.

So even though his purchase caused him to have to pay rent to the owners of the Allied headquarters building on Chicago's north side, I think we finished paying for it in 2001 or '02. It was just as well that we came here, and I have enjoyed almost every minute of it. That's the end of that little anecdote, I guess.

Johnson: You mentioned Bernie Appel. Talk about how you met him and what you did, and maybe something about him.

Kornfeld: Having moved our Boston headquarters from 167 Washington Street downtown to, I think it's 230 Commonwealth Avenue, and my part of the company was really growing, they decided I should have some help. So they and I hired Bernie Appel, who was doing something locally for a jewelry company that I think produced catalogs. I hired him as merchandise manager, I guess, and then Dave Beckerman was hired prior to that.

Johnson: Bernie and Beckerman.

Kornfeld: Beckerman had been hired while we were still on Washington Street. He was hired to help me in advertising because I was putting the catalogs out all alone-- pasting them up, laying them out, taking the pictures. I even ran the addressograph machine that printed the address labels. But he started out as a buyer, and he proved to be better than the other guys that I had as buyers. And so eventually, somehow, he became, I guess you would say merchandise manager, and eventually VP of merchandising.

What I can say about him is he is a very, very positive individual. He will follow a track extremely rigidly, but he will work hard and get the job done. He may irritate a few people. And I can remember when Mr. Deutschmann's brother Arnold, who was then called purchasing manager or something like that, and he and Arnold used to cross swords frequently, and there'd be a lot of noise out of their offices.

However, after Tandy, all the Deutschmanns, of course, were gone, and the prior president was gone, and Bernie did his job for all those other years, which means from about-- after Tandy, I stayed on another 18 years, and he was my right hand man. And when Tandy decided to open up Europe without

me, he said, I want your best merchandiser, and I said, there's no way you can have Appel, but you can have my second best, Jon Shirley. Jon eventually was hired away from us-- I think I had already retired-- as president of Microsoft and he, incidentally, went on to make \$600 million and quit Microsoft. I don't know what he's up to now, but he's an art collector and that kind of thing.

Bernie, after I retired, he was made president of RadioShack, an office that he held up to a run-in with Roach, who was then CEO, and they decided to part company.

Johnson: Talk about John Roach, then. Where did he come into the picture?

Kornfeld: I can easily do that. I think I told you this the other day. Roach was Computer Services Manager of Tandy Corp in '63 and later. When I became president and moved here--

Johnson: Hang on one second. Stand by one second. Pick it up from where you're saying "John Roach was."

Kornfeld: John Roach was Computer Services Manager of the corporation from at least '63 through '70 or '71. That was how I knew him. When I moved here in '70, I immediately centralized advertising, merchandising.

Johnson: Stand by one second. When you moved here. Keep that thought about centralization.

Kornfeld: Start now?

Johnson: Anytime.

Kornfeld: When I moved here in '70, I decided to centralize a very decentralized business. I concentrated here all the advertising, all the merchandising, all the accounting, and the management of the warehouses, and I decided that I would like to offer the job of VP Distribution, which was warehousing and transportation to the stores from the warehouse. And I went to Tandy and asked him if I could have him, and he said, how do you know he'll accept? And I said, you want to bet? He said, no, but it's OK. And so I offered him that job and he took it immediately. You don't want me to go into all the bonus stuff and all?

Johnson: No. I guess they're not interested in that. Also, I know it's difficult to look at me, but look at me a little bit more often, so that way you're-- it's good to be away for awhile, but you've got to come back to us from time to time.

Kornfeld: I'm back.

Johnson: Because you like us so much and you want to entertain us. Anyway, you were telling me about John Roach and his character.

Kornfeld: So John did a good job. He opened the Fort Worth warehouse, the new one, and he probably moved several of the other warehouses, and transportation and warehousing went along great. Then in 1976--

[TELEPHONE RINGING]

Johnson: OK. You remember where we were?

Kornfeld: I was talking about Roach, and in about 1976, I had stumbled onto the greatest merchandising scoop of my life, which was the personal computer. I had a project started that turned into the TRS-80. Just as amusing aside yesterday's New York Times puzzle had TRS-80 in it, crossword puzzle. How about that?

Anyway, my then VP Manufacturing, Clyde Ford, suddenly decided he wanted to go into the CB antenna, business which then was the height of the CB boom and the oil shock and the inflation and all that stuff under Nixon, I think. And Clyde quit all of a sudden, and I had this project on kind of a slow boil.

And then I realized Roach had experience in computers and none of us had. Why don't I move him from VP Distribution to VP Manufacturing? And I did. At least, I offered it to him, and he accepted it immediately. Then I explained the TRS-80 program, which he took hold of and ran with. And so in 1977, we introduced the TRS-80 model One, which happened to be at almost the same moment as Apple and Commodore introduced theirs. That's the end of that story.

Johnson: Talk about Citizens Band [radio], because wasn't that a big part of-- 15 years from now, people won't know what Citizens Band is, so you might--

Kornfeld: Citizens Band. OK. CB was started, if I recall correctly-- at least, I know we were in it from about 1958 on. And it had gradually become about 4% of our sales. CB was the first real, nationally available [way] for motorists to communicate with each other or for people, for example, in a farmhouse to communicate to the tractor where their husband was, and so on. It was then a low yield type of product line, and then all of a sudden, I think it was 1972, it started boiling. The word got around that everybody

had to have a-- what did they call those things?-- a moniker. That's not what it was, but it was something like that, or an ID.

Johnson: Handle.

Kornfeld: Handle. That's the word. And I can remember when our equipment was in a movie by Paramount, which was called Citizens Band. They offered us an exclusive on it, and I took it, and then I told them I didn't like the name Citizens Band. They said, why, Paramount. I said, well, I'm putting out a record of some CB music that a guy wrote, and I've entitled it "All Ears," and I think "All Ears" would be a lot better because a lot of people didn't like CB. And Citizens Band, one would assume that it was about that, which it was, but also, it would turn away all those people who hated CBers and all those people who were not interested in it. So, anyway "All Ears" was never used, the movie became a cult picture, and that was the end of that.

Oh, and I was going to say, there was a huge problem with oil. There was an oil shock, and you had to sit in line for hours to get gas. The whole distribution and possibly manufacturing of particularly gasoline was badly bent, and for that reason, CBers got even more interesting because they would tell each other where the lines were and where the lines weren't and all that kind of stuff.

It was sort of a precursor to the wireless phone, but here, there was no server. There wasn't any Internet. There wasn't any 'net at all. You just called and spoke. And as a matter of fact, CB is still a part of our business. I don't know what the percentage is-- probably very low-- but at the time, our 4% volume went up to about 20% or 25%, and I began to be extremely worried about that.

I can remember people forecasting that in so many years, it would expand even greater. Actually, the government got into the act-- the FCC, I guess it was-- and raised the number of channels from 19 to 30 something. And for that reason, and possibly other reasons, CB went way down, and it was right then I came out with TRS-80, and everyone said, boy, you're smart. You knew that CB was going to drop and you have a new winner. That's really amazing. Well, of course, it was serendipitous, like almost everything that I did involved a little luck and a little timing and a little more ingenuity.

Johnson: How did you, as a businessperson, you knew something about advertising and marketing, but you talk about making decisions about decentralization or various other management decisions. Where did you get the information? How did you become a successful president of a company?

Kornfeld: I got interested in advertising as a possible career path by observing at the Rocky Mountain News that if a story-- let's say it was 15 inches long or whatever-- if an ad was sold and it had to be put in that spot, that the 15-inch story was shrunk to maybe eight or nine inches, or maybe four or five inches.

And I can remember that I used to have to write as many as three ending paragraphs in order to have a story fit and the rest of the space, after the advertising was sold.

And looking at advertising, which I hadn't ever had a course in or anything like that, it seemed to me that it was a pretty obvious way of blowing your horn, sending out invitations, and saying, come to my party. And so I just assumed I could do it. And actually, when I started work at RadioShack in September '48, I had never written an ad in my entire life, ever. It was just second nature.

And so you might say I had on the job training, but training was mostly observation and a little trial and error. But it's very, very obvious to me that an ad should identify the asker, offer a benefit, and ask for an order. It's that simple. Those three simple statements tell it all. That's what advertising is all about. Either I'm here-- I wasn't here yesterday but I'm here now-- or I'm having an event, or the season for gift giving is here and I have gifts. That simple.

Johnson: Talk about your relationship with Charles Tandy a little bit more. Did you always get along with him? Did you hang out together? Talk about that.

Kornfeld: Tandy and I were not sociable in the sense that we went out together as two couples, but I was asked to his house a lot, and we were friends, and I was his employee. And then after a while, he got possibly more interested in other things than RadioShack, and I would still ask for his vote if something unusual came up, such as the TRS-80. I would let him know that I had a real iffy project and that it might crash and burn, but here are the benefits. It's advertising all over again. It's the same thing.

So yeah, we were friendly. I was his admirer. I think he was my admirer and sponsor. I was asked to go on the board in 1975, where I stayed until May 15, 2003, when I decided that I was old enough to retire and the new constraints on boards were going to be onerous. I was not a CPA, et cetera, et cetera, so I decided I should hang 'em up.

Johnson: Transitioning from being president of RadioShack and then why and how that came to an end at a certain point. Talk about the end of your career at RadioShack.

Kornfeld: My active career. I somehow decided that 65 years old was old. I have since learned that it isn't old at all. You're just getting started almost. But I had planned to retire at age 65, which was July 31, 1981, and I told my wife and my mother-in-law and everybody interested. Tandy had already died, and I did not like the then CEO, who was sort of temporary and was an obvious error, and I had already decided I don't want to run for that job, because that would obviously mean 10 more years and I'd be 73 or I don't know what.

So I just decided I was going to retire, and someone said-- oh, Tandy, before he died, said, you know, we have to talk about succession. For example, he said, I know who would have my job if I dropped dead. How about you? He said, I bet you don't know who would take your job, and I said, yes, I do. He said, well, I don't really have anybody that I want to give my job to. I was just kidding about that. But who's your man? I said John Roach.

At the last board meeting when I said I am retiring, and they said, well, have you got anybody in mind? And I said, yeah, John Roach. Someone objected on the board, well, he doesn't have any operating experience, meaning retail, advertising, merchandising, et cetera. And I said, well I didn't have any either when I started, but he's intelligent, he understands computers.

Computers had risen from '77 to '81 to be about 20% or 25% of our whole business. Now, it's almost zilch. It's probably 10% or less. Anyway, he was my nominee. And it's true he didn't have any operating experience in that sense, but I have since found out that when you are offered a bird's nest on the ground, you should take it, and he took it.

I think subsequent experience proved that and maybe he was not the ideal candidate for that job or subsequent jobs. In fact, he realized he had to give up the presidency of RadioShack as he was now CEO, and he elevated Appel. And then he and Appel had a falling out, as I may have mentioned earlier, and eventually, that was the end of him in the company. And it's pretty true that since my time, RadioShack has become-- it always was a cash cow, but it's--

Johnson: Hold that thought.

Kornfeld: Don't like that plane?

Johnson: Since your stepping down, I guess the trend of the company. What were you talking about?

Kornfeld: I was going to say that under the respective aegises of Roach and Appel, the company gradually fell into what I would say is a sort of sales plateau. You don't fall into a plateau, you fall onto it. It's been extremely hard to elevate it.

I know present management has tried hard, and they have done things, but still, we're \$4 to \$5 billion. I can't remember what it was when I retired, but obviously, they continue to open stores and they continue to expand the dealer franchise business, which I might say that I'm also the father of. It's about 2,000 stores, I think-- 5,000 company owned stores, and 2,000 of those stores.

It's looking for another elevator, which I think lots of businesses are-- all the automobile companies that have plateaued, even Home Depot, Sears, and the others. Most of the efforts to expand the corporate box, all the efforts made up to the time of present management, all those efforts from '81 to, I guess, '90, they were all flops-- all the acquisitions and all the openings. The two large openings, Incredible Universe and Computer City, they were partly failures because of something that also impacted Mr. Tandy, particularly Tandy with the Leonard's department stores, which were later acquired by Dillard's.

Tandy wanted to expand over \$1 billion years ago, and one way was to buy the Buddy's stores, which the board actually refused. Next, he bought Leonard's, and he was going to open a store northeast, south, and west. And one day I asked him, who are you going to get to run it? And he said, where could I find a better bunch of people than the guys I already have? And I said, you have to go outside. He said, what would you do?

I said, I'd go outside and I'd find the number two man of a department store chain that operated on low gross margin, which is exactly what Leonard's was doing. Instead, he moved one of his people that he had around one of the other businesses. Forgotten the guy's name-- almost remembered it. The business was a flop. He had to close it out to Dillard's.

And the same thing same thing happened in Europe. He put in everybody who was a loser for us, and it was a flop, but I think it would not have had succeeded anyway the way they went. And had I recommended that he go over there, first open in probably England, or England and Australia, where English wasn't the problem, we didn't have a language problem, or go into one of the countries or more and make a small acquisition of a four store chain or group of personal electronics stores, and let that expand into Tandy Europe.

But he didn't do that. Instead, we sent him our losers and they lost. When it came to opening Incredible Universe, he took one of our people-- very nice guy, friend of mine, very successful in what he does, which is high gross margin stuff-- and made him the head of Incredible Universe because he had a personality, he was a hard worker, he was intelligent, but he had no experience in the rest of the electronics retail business, no experience in a gross margin business. Then he handed this guy a business plan that would never fly, and it didn't, and everybody crashed.

And the same thing happened in Computer City. He put in charge a man who I-- good humoredly, I hope-- called an egomaniac, who had never done anything except run a region, or I don't know what at RadioShack, and it was a flop. So as I said to you earlier, the cult of personality is something not to sneer at because it takes the right people at the right time with the right business plan to succeed in business. Have I gotten off the theme?

Johnson: No, you haven't. What would you say was the most important thing you learned in business over the years, if there is such a thing?

Kornfeld: That's a hard one. Well, since I started out not knowing anything about business, I think I learned two things that are possibly useful. If you're a private company, you don't have to please Wall Street. You don't have to please your investors. All you have to do is please your lenders and your employees.

If you're a public company, you have to do all those other things in spades, and you have to show your hand at least every quarter, and you have to expand. In other words, you have to grow. So companies like, for example, Ford buying Jaguar, Saab, and those others, it's an attempt to expand even as their main business contracts. Not too successful as of now, anyway. I can understand, for example, Roach's urge to expand in retailing because he was not able to expand RadioShack. The only thing is you have to do it right. It's just too easy.

I learned something else. You have to aspire to and succeed in being different. Unless it's a service business, and possibly even there, a business has to differentiate itself from all others. And in doing that, they become successful or they have to alter their difference. Just to be a "me too," business which you might say Computer City was, and Incredible Universe was, they were going to have everything, and that in spades is me too. That's what Best Buy's in and that's what Circuit City is in, and Best Buy is doing it better than anybody else.

So I think the most astounding large scale me too of all of them is Walmart. But if you establish small differences that keep your business--

Johnson: Hang on a second. If you establish--

Kornfeld: I like to use, as an example of establishing a difference, and make it something anybody can understand. Take a restaurant. Take a restaurant that's a French restaurant. OK, French differentiates themselves from Italian, Mexican, western, or any other ethnic food. Here, you have to start by hoping, if your scheme is relatively high priced, you have to have a better menu and/or a different menu, and then you have to get customers in to prove it.

For example, I had dinner last night at On Broadway, which is an Italian restaurant. Everything about it was lousy except the service was OK. It has horrible food. Nothing about it is right. You take La Piazza here, everything over there is Italian, and it's is good, and the place has an attitude, and so you succeed somewhat by that standard. Even though On Broadway is a success, it's not because of the food being Italian. I don't know why it's successful, but it is. A family business. Maybe they don't have a big payroll.

So any business has to have a menu. That's the product line. It has to have a message. That could be, you've got questions, we've got answers, although I could think of a better slogan because I don't think the public is nearly as mystified as Len Roberts does. And then you send out invitations, which is a form of advertising, however you do it, and then you have customers. And then you either have repeat customers or you don't.

Differences include ambiance, service, price factor, quality factor, location, and advertising. I can't think of much more. It's that simple. At RadioShack, we still have a difference in that we're, as always, in the parts business, parts and pieces. But onto that, which I used to think of as a third of the business, I added entertainment, communications, et cetera.

I feel that right now, we lack a differentiator in the other 66% of our business, but it's not because they're not trying because they're putting in health stuff and various other things. And we'll probably succeed. I don't know. When the Japanese first came in with their cars, I'll always remember seeing a Toyota Corona in 1966 in Tokyo, and I said, that car's going to sell in the States.

When I moved here in '70, I thought there won't be many Japanese cars because I assumed everybody here was a redneck, but there were lots of Japanese cars, and they have price, quality, repeat customers. They've got everything going. And our people just stood around trying to do the same old thing, which was Bernie's problem, as I understand it, at RadioShack.

And the same old thing ain't no good anymore because you have to have ABS and you have to have four wheel-- well, you have to have some of the other things that the Japanese have made happen over here, like the other mirror. There used to be only an outside mirror on the left they put one on the right, partly because they drive that way over there, but you have to have those customary-- well, anyway I don't think that you want any more of that.

Johnson: After retirement, you began writing. You might talk about what's happened over the last 20 years.

Kornfeld: I wrote, while I was active, something called a fireside chat. Many people all over the US read it and liked it, but one man in particular, George Parker, who was a senior editor at-- damn, I've forgotten the publication's name. Have you got a minute? I've got it here. Who was the publisher of the damn thing? Ah, Prentice Hall.

Johnson: OK, why don't you pick that up?

Kornfeld: The editor worked for Prentice Hall, a publisher of mostly nonfiction books, if not all nonfiction books. He said, if you write a book, I'll publish it, and I said, about what? He said, well, anything to do with business. And I said, oh, I've got an idea. I will write a book about advertising. And so I said, listen. I'm not going to do this free. I have to have an advance. He said, a what? You're not even a writer yet. I said, well, not a lot, \$5,000. And he said, well, we'll give you half now and half after the manuscript is completed and handed in.

So I started the book immediately after I retired, in other words, August 1981. I started writing it on an IBM Electromatic typewriter. One of my guys came in. He said, what are you doing? I said, believe it or not, I'm writing a book on advertising. He said, writing it on an IBM typewriter? I said, well, I'm an old newspaperman. I've always used a typewriter. He said, but you're the father of the TRS-80. And I thought, well, shit. That's right.

So I said, all right, here's what I'll do. If you deliver to my office a TRS-80 and all the stuff that I have to have to go with it, the diskettes and all that, and if you will promise to come to my aid any hour of the day or night when I have a question, show me how to use it as a writer, I said, then I'll do it. Since that moment, I have never used a typewriter again.

I had a title, "To Catch a Mouse, Make a Noise Like a Cheese," which is an actual quotation of Tandy's, and it's explained in the foreword of the book. And Prentice Hall said, well, we'll call that the temporary title. And it just stuck. So I decided that I would write a book, a primer of advertising, if you will, and I would just enrich it with experiences at RadioShack. In other words, it's not a book about RadioShack. It's a book about the ABCs of advertising that anyone ought to know who's in business, who's paying for advertising expenses, et cetera.

Incidentally, I just got a letter from an unknown guy in-- I think it was Florida. I think I probably have it upstairs. I got an email, I mean, that came into RadioShack praising that book like nobody ever did. It ought to be required reading for everyone, blah, blah, blah, and all that. And he's right because I don't know of any other book whereby anyone can come right in to the basics of advertising and get the truth, not from the agency standpoint, but from the advertiser standpoint.

I originally had in mind another title, which if I had used it, it might have been even more successful, and it was Up the Agency because there was another book out at the time called Up the Corporation or I've forgotten what it was. It was the head of Avis maybe or I don't remember, but it was a big bestseller as is today's book by another businessman called Who Moved My Cheese, which I have not read and probably won't.

But the book came out in hardcover and a paperback RadioShack edition, and in all, it probably sold 70,000 or 80,000 copies, which was a hit in those days. I had a second edition done by the University of

North Texas Press, and a third by Summit. I don't think I'll ever rewrite it because most of the examples of advertising are at least 20 years old, and it does not go into the Internet very far.

So after that, I decided to try to write novels. I have written four novels, three of which are in print, at least at Amazon.com and barnesandnoble.com, and a book of short stories. And that may be the end of it and it may not, but my latest book, which is called Agent Orange, I'm through with, and I have not got another book in the works. I love writing. I like storytelling, and while I'm not trying to market them, I just like to have them around.

Johnson: So what about music in your life? Talk about--

Kornfeld: Well, I had piano lessons from probably the age of six, and then my family lost almost all its money and I didn't have lessons anymore. When I went to college, I couldn't afford to do either of my hobbies, tennis or the piano, for many years, and really didn't start either of those back up until about 1953 or '54.

Johnson: Stand by one second. When you went to college, you had to drop two of your passions. Start there again.

Kornfeld: Yeah, and I didn't pick them up again until I was more or less established with a job and a family and enough income to pick them up again. I'm still playing both of them. I suppose that's what got me interested in Arthur Fiedler, Peter Nero, both of whom were friends of mine. Peter still is. I got interested in the Fort Worth Symphony and Cliburn Competition and the opera, all of whose boards I've been on for many, many years. I think that makes a long story short.

Johnson: Anything else that you can think of that you'd like to talk about, or we move on to the next?

Kornfeld: Not off hand.

Johnson: [INAUDIBLE]. You want to record some room tone?

Kornfeld [?]: I'd like to. And if we can force the heater on also and get some room temp with and some without.

Johnson: Let's just stand by, Lewis. Sit where you are for a moment. Did you get enough?

[PLAYING PIANO]

Kornfeld: I can't play in front of anybody. It's not doable. See that? I play this every day. I'll have to give classical up and go back and play something in here. Can't play that, can't play that. Maybe I'd better not use that book at all. When I play classical, I guess I have to be alone.

[PLAYING PIANO]

[PLAYING PIANO]

END OF INTERVIEW