



## **Oral History of Robert Wilson**

Interviewed by:  
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**Jim Porter:** We'll cover mostly, the events that occurred at Memorex in the five years that you were CEO of the company in the latter half of the 1970s but the real way to start, I think, is to ask you, Bob Wilson, to give us a little bit of your own personal history. Where did you get started in life, in business and so forth?

**Robert Wilson:** Well, you know, a little bit is hard to give. It's easier to give a lot.

**Porter:** Right.

**Wilson:** But I was born in Idaho in 1920 and my father was a high school principal. We moved to southern California, where I grew up, and my brother was very much into mathematics. He went to Cal Tech ultimately. I liked mathematics as well. Ultimately went to Berkeley. I was going to be a naval architect, one of the few schools that had naval architecture. When the war broke out, I went to see if I could get a job in the shipyards and I could at 45 cents an hour. And GE was paying 75 cents an hour, so I went to work for GE. So, anyway, I got back to Schenectady and I sort of became an electrical engineer and, at GE, I had something like 27 different jobs and almost one a year for all the years that I was there. I wound up as the vice-president in charge of consumer electronics and I was the vice-president in charge of industrial automation, as well.

**Porter:** What location?

**Wilson:** Schenectady, Syracuse, Utica, Erie, Bridgeport. Mostly all in the northeast quadrant. And, when the war broke out, I was working at International GE and I didn't think much of that as a war effort contribution so I decided to shift. They put me over in what they called the aviation and marine division, and put me to work testing the design for the fire control computer for the B-29. So that was my first exposure to computers, but that was purely a mechanical computer. It was all non-linear gear trains. All the algorithms were cranked into the gears. The biggest problem we had then was backlash. With all these gear trains, you move them in one direction, when you try to move them in the other direction, you got backlash in them so we had to work very hard to get rid of backlash. Anyway, in 1969, I decided that I was not going to become the CEO of GE and, as a result, I wanted to be a CEO so I left and went to work for Rockwell in Pittsburgh. At Rockwell, I was what they called the president of the commercial products group. Commercial products group was about a billion dollars in revenue at that time and we probably had 50 different businesses in it, everything from Sabreliner jets to Hattaris yachts to ball bearings to axles to fiberglass to textile machinery. It was a printing press, it was a broad array of products. Then I became executive vice-president of Rockwell, in charge of basically all their electronics, including the military electronics and the consumer electronics. And, from there, I became the CEO of Collins Radio in Dallas and succeeded Arthur Collins. And Arthur was a wonderful man. I could talk for

40 minutes on Arthur Collins. But one of the things that he did was to develop the so-called C System Computer which was a communication-based computer and he came up with this idea back in 1955, I believe, and it was a beautiful machine. But I asked him how many salesmen he had to sell the C System. There were a total of 20, I think. And I said, how many salesmen does IBM have in Cedar Rapids, Iowa? <laughter> There were more than 20. So it was clearly an impossible situation to try to sell this. It's too bad IBM didn't have it because they would have advanced the cause, I think, by many, many years. So, in any event, Rockwell, who had invested in Collins, took over control of Collins and, at that time, I left because I would no longer have been a CEO and went out to Memorex, that was 1974, where I became chairman and CEO. So...

**Porter:** And what did you find when you got there? What was the situation like which you were faced with when you moved into that environment?

**Wilson:** You know, there were several magazine articles that said that Memorex was the most likely company in the large company size to go into bankruptcy. When I got there, it was gloom and doom. Some of the employees had sabotaged some of the equipment. You may not recall but, about that time, there was a thing called bubble domain memories and bubble domain memories were going to be the big storage thing of the future. And, as a result, a lot of people at Memorex were concerned about that and they actually were stopping production of disk drives for fear of the bubble domain memories coming along. So there was lots of things that were going on that were very unfortunate there and, as you know, IBM had allegedly done a number of things to destroy Memorex and they came very, very close. So I would say it was about as-- the morale was about as low as you could get and the turnover was running maybe 70, 80% per year. So it wasn't really a very happy situation. Oh, and Al Shugart, there was an article in Fortune Magazine. Al Shugart had left Memorex, as you know, and the article said he had papered the wall of his office with Memorex stock. <laughter> Now, I'm pretty sure, years later, he took it down because it became worth quite a lot of money. <laughter> But that gave you some idea of how the attitudes were. And so we had a major problem there of trying to turn things around. And...

**Porter:** The debt was quite large, too, wasn't it? Bank of America...

**Wilson:** Bank of America had loaned something like \$50 million, that's right, and, of course, they had-- Tom Claussen was the president of the Bank of America in those days and they had had to reserve against that debt because we were so likely to fail. And we were able to pay that debt off, let them reverse the reserve so we contributed a fair amount of profitability to the Bank of America and they were very good to us. They became one of our best customers, as a matter of fact. One of the things I will never forget is the fact that the Bank of America was telling some of their customers not to do business with Memorex because we were likely to fail and here we were trying <laughs> to save their \$50 million. We got that straightened out, but what had happened, part of the problem was that the bank had put such restrictive covenants on the company, they could hardly make a move. So one of the things that I

insisted on when I first went there was getting rid of all the restrictive covenants. For example, we couldn't sign a single computer lease without the approval of the Bank of America. So we were just sitting there having all kinds of trouble with their department. One of the happiest days of my life was when I moved from the workout department at the bank to the lending department. <laughter> Then I was a customer instead of being a problem, so that was a very happy kind of a thing. The turnover issue was a real problem because, as you know, one the attitudes in a company become down and other companies are prospering in the area and people would leave Memorex and go to work for, say, Storage Tech or another company, they'd come back waving their salary statements to show they were getting much more money and so on. So it was a tough, tough time but I always like to say that there's a big difference between being able to make decisions and not being able to make decisions. And if you're in a time of real trouble, you can make decisions. People are looking for somebody to make decisions so I was very fortunate in being able to make a lot of decisions with very little interference or control.

**Porter:** Now, I understand that, when you took over, after solving those cash problems, your fiat to the folks who were running each of the organizational entities within Memorex was watching cash, keeping track of cash on a day-to-day basis.

**Wilson:** <laughs> Well, you know, let me tell you one more thing about going there. It was time for an annual report to come out and they couldn't bring out an annual report. We went to an outside firm and said how long will it take you to prepare an outside report, an annual report? And they said, well, about four or five weeks, we can get that done. So, in effect, I took that material home with me one night, wrote the whole thing and that 1974 annual report is completely my penmanship but it was important to get something out to give some comfort to the sales force and to the other people in the company. Other thing I found out was that the performance outside of the United States was much better than the performance inside the United States and I said to myself, that's interesting. The further away they are from headquarters, the better they do. There must be a message there somehow. Headquarters is not screwing them up. They were doing their thing. So we did have great strength in Europe, for example...

**Porter:** Did that have something to do with the leadership of the people there?

**Wilson:** Oh, absolutely. They selected good people to run them then they left them alone. In fact, I went to Japan one time with the head of operations for all of Asia and we visited the Japanese company. After he left, I said to the head of the Japanese company, what do you think of him? He said, oh, he's wonderful. And I said, can I translate that? He said, yeah. He leaves you alone. He said, that's right. <laughter> So, anyway, that's the kind of a thing that was kind of interesting and I was able to, in effect, give some autonomy, decision-making authority to a lot of these different people. We set up a thing called ACP, Attitude, Cash and Profit and that's my email address at the present time, by the way, but, to me, attitude has always been the most important single thing because my theory is that, without attitude, you can't do anything. With attitude, you can do almost whatever you want to do. So attitude comes

before anything else. Cash is a very close second and, you know, cash is where it's at. Cash is freedom. Cash is the ability to decide. If you don't have it, you can't hardly accomplish anything so, yeah, cash was very, very important. Then, of course, profit as well. And the reason I separate the two is there are many elements of cash that have nothing to do with profit as you, as you know. So we have a lot of inventories, for example, and we consider those to be gold mines, to find out what we could do with them. We did things like extension of life, you know, adding functionality to established lease base, keeping it on lease longer, which is a form of cash, if you want to look at it that way. So we tried to enlist everybody in the company in the effort for cash and I think we did a pretty good job on that.

**Porter:** Of course, you were working in an environment where the product life cycles were not as short as they are today on things like disk drives but, nevertheless, they were short and the product life cycles were mostly controlled by IBM and DEC and Control Data and a few other companies but mostly IBM, I guess, right?

**Wilson:** Well, one of the things that IBM missed was the ability, for example, there was a drive called a -- we call it 3670 and we were able to make a double density version of that, 3675. IBM did not do that. It was field upgradeable. So our customers, who had 3670s, we could double the density for them, which IBM wouldn't do. IBM was trying to -- we used to say IBM tries to force obsolescence. We try to enhance your investment. It's a different way of looking at it. Design cycles were even, you know, fairly short in those days. But, compared to six months or something today, they were very long. At one time, I was responsible for all the motor business in GE and the large DC motor design cycle time was 12 years <laughter> so, yeah, when you think about that-- and when I was in the radio business, in the consumer business, you know, you lived or died every year. So your design cycle was very short. You had the Christmas season, you had to see what took place and figure out all those angles and so on, decide what you're going to do, design it and be able to ship it by September. So that was a very fast cycle. And also, in that business, you had to watch your sales, not only through the distributors but through the retailers to make sure you knew which models were moving and which ones weren't. Then you had to be able to adjust your production very rapidly. So that was a very short time cycle business and I think it compares very favorably with some of the computer businesses today in terms of design cycles. Now, those weren't basic design cycles. Those were more styling and appearance and functionality but, nevertheless, they were design cycles so it was a very, very short cycle period.

**Porter:** Well, what did you do to get Memorex on the right kind of timetable in terms of developing the products that they needed to move into next year each year?

**Wilson:** Well, you know, I never really did. I mean, I -- that's one of the things that I sort of regret because the -- IBM was bringing out their -- what was it? Winchester disk drive.

**Porter:** 3350.

**Wilson:** 3350.

**Porter:** Well, the Winchester was a 3340 in '73.

**Wilson:** Yeah, they were bringing out the 3350...

**Porter:** But when they went up to the 317 megabyte in '75, that was the 3350.

**Wilson:** Yeah, that's the one they were bringing out and we knew they were going to bring it out. And we had a program called the 3650, which is our reflection of it. But we were not able to bring that out effectively on time and one of the principal reasons was that a lot of our key people were being recruited pretty vigorously. So we had pretty good turnover, unfortunately, and there were a lot of startups at that time and it's pretty hard to keep people down on the farm when those stock options are being waved under their noses. So we never did really get our design cycle where I would like to have seen it. We sort of supplemented that by buying product. We bought Fujitsu tape drives and those were fully competitive with the IBM tape drives but that was not our design, that was a purchase design.

**Porter:** Couldn't make as much money per unit, could you?

**Wilson:** No, although we did pretty well. Those were excellent drives, excellent quality, very little maintenance, very little warranty cost and we did pretty well with that. I think we sold over \$100 million worth of Fujitsu drives.

**Porter:** And you were also, as I recall, buying from Nippon Peripherals Limited, which was a joint venture of Fujitsu and Hitachi?

**Wilson:** Mm hm. Yeah. So we couldn't do it internally, we had to sort of look externally. There was no place we could externally source the 3350 at that time so we had no choice in that one. But...

**Porter:** The net result was that Storage Tech took over a lot of market share, didn't they, on that generation of drives?

**Wilson:** Well, I don't think so.

**Porter:** Really?

**Wilson:** I don't think so. Storage Tech -- I was on the board of Storage Tech. I didn't mention that but, after I was retired, I went on their board and I think it's correct that they never made a dollar in the disk drive business. If you accumulated their total history in disk drives, I don't think they ever made a dollar so I don't think they did but, you know, they did ship some but, as I used to say, any market share they take means probably a little less for us because most of it came from IBM but part of it, undoubtedly, came from Memorex so they probably did gain some share but I don't think a lot.

**Porter:** Well, Memorex had really gotten started in a big way back in the late '60s in disk drives, where their equivalents to the IBM 2311 and then their equivalent to the IBM 2314, the big drive which became so big with the IBM system 360, huge success, and the Memorex version of that, the 660, shipped, I know, for many years and then, of course, when IBM brought out the 3330 in 1971 and the double capacity version taking it to 200 megabytes in 1973, Memorex was there quickly with their versions-- plug compatible versions of those drives. So when you came on board, the 3330 equivalent drives were really a big money maker, weren't they?

**Wilson:** They were indeed. You know, Memorex, one of the reasons they ran out of cash was the fact that they built this huge lease base and, as you know, building a lease base is really cash intensive. So that lease base was one of the real jewels of the company and, as time went by, we were able, as I said, to extend the life of that, number one; and number two, to sell it off, I think appropriately because, if it was going to be obsoleted, there was a decision when to keep it on lease and when to sell it because you knew that something was coming along from IBM that would obsolete it. So that was one of our big assets was that lease base. In fact, we went out and bought disk drives back from customers and upgraded them, put them back out on lease. That was a-- recycling business was a very profitable business for us.

**Porter:** Well, the company got into some other products besides disk drives, though, too, didn't they?

**Wilson:** Well, you know, it was a fascinating company in many ways. Larry Spitters was a real entrepreneur, he and Jim Guzy, you probably knew them, but they had set up, within the company, a whole series of what they called entrepreneurial businesses and the theory was each of these businesses would have their own equivalent of stock and Al Shugart was one of those, you know, for the floppy disk drive area and that was a very successful business at one time, by the way. And one of the ones that people remember the most was the audiotape business. They had brought a whole group of people from Procter & Gamble, Bob Jaunich was the leader of the group, but there were a number of talented people in that organization.

**Porter:** Jaunich had been the Gain detergent product manager.

**Wilson:** Oh, is that right?

**Porter:** Yeah.

**Wilson:** Well, he did a great job there and, of course, when he came to Memorex, we had nothing in the way of audiotape and 3M was the dominant figure in the industry so they set up a very, very effective advertising program. In fact, people still think about it.

**Porter:** Is it real or is it...

**Wilson:** Is it live or is it Memorex? Yeah. <laughter> And sound so pure it'll shatter glass. And we had Ella Fitzgerald doing several of those commercials. And our market share, we went up -- we surpassed 3M in market share in that tape business so that was a very successful program. So, yeah, we did have a number of different...

**Porter:** And it was still there when you came on board in '74?

**Wilson:** Very much so. In fact, it was still very successful.

**Porter:** And the company was still making computer tape and disk packs for those various drives that the industry was using.

**Wilson:** We were indeed. One of the interesting things, in that time, computer tape is a very complex kind of a thing, as you probably know, chemical processes and so on. And somehow the company had gotten into a problem where, over time, some kind of a chemical reaction would take place and the tape would become unusable. So we had a quality problem, among other things at that time. And, at one time, the government, the GSA, had said that they were going to decertify us so they wouldn't buy our tapes any more. So that was an interesting call in Washington, to try to sell them on the idea, putting us back on their approved buyers list.

**Porter:** Did you make that call?

**Wilson:** I did.

**Porter:** Yeah.



**Wilson:** Yeah. It was very-- we convinced them, finally, but it was a very interesting call. That was one of the things that helped us get back on our feet. They gave us a large order for...

**Porter:** Well, I can be very sympathetic to that one. I'll just insert a side note here that, back in my days when I ran product management on computer tape and disk packs, until '71 when I left the company, the gentleman who was in charge of major company and OEM sales reported to me, and he had responsibility for the sales of computer tape to GSA. So I had made some of those same calls to GSA that you did. <laughter> And I can be very sympathetic with anybody trying to sell products like that to bureaucrats. <laughter>

**Wilson:** Yeah, you got to be very patient and have a long time horizon if you want to use that.

**Porter:** You certainly do, don't you? Yeah.

**Wilson:** Of course, your tape was probably selling for a much better price than it was in-- when I got there.

**Porter:** I bet it was. Yeah.

**Wilson:** It started, I forget, very high price and Memorex was able to sell a little below IBM and, as a result, gained share fairly rapidly, I think, in the early days.

**Porter:** Yes. There were not very many alternate suppliers in those days and they grew to the point of having the leading market share in the world.

**Wilson:** Oh, is that right?

**Porter:** They sold more percentage of industry marketshare each year than anyone else did during that period.

**Wilson:** Interesting.

**Porter:** But Memorex, during this period, also, during your time there, they had gotten into terminals and communications, too, hadn't they?

**Wilson:** That was one of my favorite areas and, yeah, you're right. We didn't have exactly the same theory as a personal computer but we certainly knew that more functionality you put into the terminals, the more likely it was going to be to be successful. So we were adding functionality to it and a fellow named George Bragg, I don't know if you know George.

**Porter:** I remember George.

**Wilson:** George Bragg was instrumental in that particular business and then he went off to Telex and he acquired the terminal business from one of the airlines or-- I forget what it was but, anyway, he built the terminal business there rather substantially. One of the big mistakes we made, by the way, when it became evident that the disk drives, disks were getting smaller, we undertook a development program for 8" hard disk drives and Shugart was undertaking an 8" program at the same time. And one day we were talking about it and we found that Shugart had decided to go to 5 1/4" and we thought about that a long time and decided we were going to stay with the 8". We had set up a joint relationship with Fujitsu on the one hand and with Nixdorf on another hand in Germany and we were all going to use the same thing and so on. And we thought they were basically better suited for the large computer installation and that was basically our business and our distribution system and so on. But we completely missed the fact that the personal computer was going to be such a major factor and I have often thought that perhaps that one decision was a pretty pivotal decision, had we gone 5 1/4" instead of staying with 8 because the fact is, the industry did not go 8" and, as a result, you couldn't have any kind of a economy of scale on that size. So the 5 1/4" obviously prevailed at that point in time.

**Porter:** Well, the first 5 1/4" hard disk drive didn't ship until 1980 when Al Shugart and Finis Connor had started a company which they originally named Shugart Technology and later changed its name to Seagate Technology.

**Wilson:** Yeah.

**Porter:** And...

**Wilson:** But they were developing...

**Porter:** They were copying merely the same physical size of the box as a 5 1/4" floppy.

**Wilson:** Right.

**Porter:** And they were lucky, too, that the PC industry happened at the right time for them.

**Wilson:** I've often wondered whether that was lucky or, you know, whether they really thought that through because it certainly worked out well.

**Porter:** It certainly did.

**Wilson:** When you think of what happened with Shugart, Seagate subsequently.

**Porter:** Yes. I don't know that it's possible to tell the future. I would like to understand the formula.

**Wilson:** Well, if you do, it'll sell. <laughter>

**Porter:** But the communications and terminals business became quite sensible, didn't it?

**Wilson:** It did. It was a fairly good sized part of our business. We also were in communication switches, as you know, at one time. And you were probably there -- was it -- I've got the numbers any more, 1280, was it?

**Porter:** I think it happened after my time.

**Wilson:** It was a communi -- it was a wired communication switch when I first got there and it was a very profitable product. Then we got into the programmable communication switches later. We were never successful in that. The software was something we didn't do very well. So that side of the communication, I always felt that was a good thing to do because the link between your terminals and the mainframe were this communication switch and, as long as you could control the switch, you didn't have to have dependence on the guy who ran the computer. So the theory wasn't too bad, I think, but the execution was not so good.

**Porter:** Well, this was quite an organizational task, wasn't it, to keep all of these various product areas organized properly so they were all preparing product lines for the future? And then also, at the same time, understanding their market places and getting out and selling appropriately?

**Wilson:** It was, you know. One of the things that I felt very fortunate, as I said, I spent 27 years at General Electric and that really is a huge educational institution, one of the most important assets of GE

is the training that they have in their people. So I was being trained almost all that time and they have a management school at Crotonville, New York, you've probably -- or may not be aware of that. It's sort of the equivalent of an MBA kind of a thing they put their managers through. And one of the main areas that I was intrigued with was delegation. There's a -- there used to be, anyway, a Harvard business school book called, "The Chief Executive's Handbook." There's a section in there, a chapter in there called Delegation in a Large Company. I wrote that section on the thing. I'm only bringing that up because what you say is exactly true and trying to delegate appropriately, without abdicating, is a real nice sign of a trick and I used to always say that, you know, you can't delegate to somebody who isn't ready to receive the delegation. So finding people who could run those businesses and delegating appropriately to them was really the trick to what you're talking about. And we had some pretty darn good people. I don't know that I can add them all up but I think there's probably at least 100 CEOs who came out of Memorex.

**Porter:** From your period?

**Wilson:** I think so.

**Porter:** If you added up all those that left before, there were probably 100 in that group, too.

**Wilson:** Oh, probably more than that, yeah. <laughter> Well, you know, you think of the talent and I think of some of the guys that were in the company that I would never have guessed would be CEOs like Jugi Tandon, for example, I mean.

**Porter:** Jugi's a good example.

**Wilson:** Yeah, I mean, I wish somebody would give me the power to walk through an organization and say, now, that person is a CEO but you look at them, they come in all sizes and shapes and -- but, yeah, Bob Jaunich's a good example and Marcello Gumucio and Jim Dobbie and Roger Johnson and -- anyway, it goes -- there's a long, long list of graduates...

**Porter:** Those are all excellent examples and there were many others, too, yeah.

**Wilson:** Yeah. And I think, you know, that training and that delegation of authority, letting them do their thing at a fairly early age was important.

**Porter:** Well, when I joined Memorex in the late '60s, it had attracted, I think, probably the most aggressive, impatient, bright, argumentative group of people that I had ever seen in my life and they were

really a fantastic group of people in terms of getting things done now. And you, know, of course, I was here in '69 when Al Shugart moved over from IBM and brought -- this has always been argued, how many people. There were lawsuits and so forth. Al claimed it was never more than 30 and IBM's lawsuit, I think, claimed more than 300 <laughter>, many others.

**Wilson:** Yeah. Typical.

**Porter:** But then, when Al left in '72 and started Shugart Associates and other people did their thing, many of them left and -- but it still was a great accumulation of aggressive managers.

**Wilson:** Well, it was and, you know, that's a blessing and it's a curse, in a way. One of the things that, in General Electric, you could walk down a hall, walk in and grab somebody by the arm and talk to him. He would understand your language because they all had the same way to, like, profit, what is profit? How do you measure it? What's productivity? Things like that was a common universal language. Memorex was a collection of people from a whole bunch of different backgrounds so, when you talk to them, you couldn't just say profit, you had to explain what you meant by profit and so one of the things we tried to do was to get a culture in the company where people could communicate and we brought in a management training program and trained all the managers in that -- we called it the Memorex Training Program. It was actually a purchase program that we modified to fit ours. So we tried to blend some of the independence and initiative and high-spiritedness with some common understanding and we were fairly successful, I think, in making that happen. We did lose a number -- I remember the first time I met Bob Jaunich and, again, these were the -- when I first on board, one of the first things he said to me was, I think I'm going to leave the company. I mean, it was that kind of a selling job you had to do to convince people that, yeah, maybe there is some light at the end of that tunnel. But we did have -- we did inherit a lot of very, very good people and I was surprised that some of them had stayed, as a matter of fact, because, as I say, things were pretty grim at that particular point in time. Many of these people were ex-IBM, by the way, that's one reason -- Jaunich was sort of an exception because Proctor & Gamble, there weren't very many. In fact, when I left Memorex, I talked to Bob Jaunich about -- when he left Memorex whether he wanted to be the CEO there and he said, well, you know, this is really a computer business and I'm not really the right guy for the computer business. In retrospect, he may be -- if he'd have been the consumer guy, as a CEO, he might have seen the PC a little differently and he would have been great to build a brand and build a distribution so who knows?

**Porter:** I understand his being nervous about the computer industry. When he first came on board, I guess he found me about a week after he'd been on board and he stopped by my office one day and he said -- we got acquainted, and he said would you please explain to me a few of these terms that these fellows keep using, bits per inch, tracks per inch, what does this mean? <laughter> So I explained those things to him and he felt a little bit more at ease being a Proctor & Gamble guy amidst all of these would-be geeks.

**Wilson:** Quick study, yeah.

**Porter:** Yeah.

**Wilson:** Well, when I first got to Memorex, I got two or three of the brightest engineers and they tutored me every night in my office after hours to understand the language as well.

**Porter:** I was wondering what you did to suddenly jump into that environment with all the -- not only the technical background of what makes the products work and how they're put together but the environment in which they were used.

**Wilson:** Yeah, that's why, like I say, I got tutored in the evenings after the office hours. And they were very good with me. I was rather naïve, as you can imagine, so they were gentle in their criticisms. But I never did get to be an expert. In fact, when we sued IBM, that's a whole other story, when they were starting to question me, the lead council for IBM said, "Do you consider yourself to be an expert in computers?" I said, "No, I don't." And if I said, "Yes, I do", they would have just interrogated the hell out of me in that direction so... <laughter> I don't think I am but it was the right answer, in any event.

**Porter:** Well, when you came on board in '74, the total revenues for the company were something like \$217 million and they'd come off a year or two of losses. And when you left in 1980, the revenues had grown to \$768 million, many times larger and, of course, you'd gone through several good years of profitability. So some of that organizational effort seems to have worked in putting it together.

**Wilson:** I think it paid off, you know? One of the bright spots of that whole period was getting re-listed. I think Memorex was one of the first companies ever re-listed on the New York Stock Exchange because usually, once they go off the exchange, they stay off. And we were re-listed and, when we were re-listed, of course, the stock did pretty well. We used to show the stock price in the lobby every day. As long as the stock was going up, that was a good idea. Then we had a problem <laughs> we stopped showing the stock. <laughter> It all depends on which way it's headed, yeah. Of course, I claim IBM was the basic underlying reason for all that but...

**Porter:** But, at the end of the period, I think you mentioned earlier that you were not satisfied with the rate at which products got developed.

**Wilson:** That's right.

**Porter:** So, at the end of the period, how would you describe the -- the end of your five years, how would you describe the positioning of the company in terms of it's -- the environment in which it was operating in terms of the products it had?

**Wilson:** Well, I would say, if you take them one by one, taking the disk drive industries, as far as disk drive manufacturing was concerned, we were probably a poor number three or something in that area. Tape drives, of course, we were equal to anybody, I think, with our Fujitsu-type drives. In our audiotapes, I think we were equal pretty much to anybody. Our terminals were very good, I think. Our computer tape, maybe second place, something like that. So I think, if you added it all up, we were fairly well positioned, with the exception of our leading top of the line disk drives.

**Porter:** Why did -- now, you came in on-- was it a five-year contract?

**Wilson:** It was a five-year contract.

**Porter:** And what was it that made you set five years as a term and then, at the conclusion of that period, why did you decide to go away?

**Wilson:** Well, you know, well, first of all, I have to make one comment and that is that the Bank of America approved that contract. When I say the bank approved it, their board of directors had to approve it because it was a five-year commitment and it was guaranteed by the Bank of America. So if anything had happened, I would have gotten the five year compensation in any event. That's the only basis on which I would take the thing. And that was very useful to me, too, because then I had -- I could relax about that particular aspect of the thing. And, when I was at General Electric, they had statistics on everything. You could get buried with statistics and one of the statistics had to do with how long people took their retirement. Mandatory retirement age was 65. And the average retiree only drew their pension for three years. So the person who retired at 65, basically only had three years to enjoy it. That made a big impression on me so I said to myself, I'm not going to work 'til 65 so I -- 60 was my retirement age. So, in 1980, I said it's time to go. The board was, you know, really tried very hard to get me to stay but I remembered that there was something to life besides business and I was going to go smell the flowers and so that's what I did.

**Porter:** Probably a very good time to do that, actually.

**Wilson:** Well, it was and, you know, the other thing is, you're young enough to do certain things. I did a little hang gliding. I took a parachute jump. I mean, I did the things I had always wanted to do and I'm glad I did because I probably wouldn't want to do some of those things now. And I went on some boards,

like the board of Chrysler, for example, and Chrysler, at that time, was sort of in the same position Memorex was in when I first went to Memorex so that was an interesting experience. And I went on the board of Storage Tech and a few other boards so I got to see a few things that I hadn't seen before and get involved in businesses I hadn't seen before.

**Porter:** Were any of the Storage Tech founders still on the board at that time?

**Wilson:** Any of the founders.

**Porter:** Juan Rodriguez or...

**Wilson:** No. Jesse Aweida?

**Porter:** Or Jesse Aweida?

**Wilson:** No.

**Porter:** Okay. They were the -- well, like Spitters and the group that started Memorex, they were the original founders and had moved on.

**Wilson:** Well, you know, we almost merged with Storage Tech twice and, the second time, we had a three-way deal with Amdahl, Storage Tech and Memorex. And the first time, the board of Storage Tech had approved the merger and Jesse Aweida, like I say, he and I had some interesting talks and his brother, Naim Aweida, was one of the officers of...

**Porter:** Co-founder also.

**Wilson:** Yeah, and I -- when I talked with Jesse, I said, you know, one of the things that we don't want to have around is Naim if we get this thing together, which he didn't like that very well. Anyway, when the time came, and he was -- he wanted to be chairman, CEO and president. And I said, well, Jesse, you can be president, as far as I'm concerned, you can be CEO as far as -- but I want to be chairman, at least for a transition period because I don't want the Memorex people to think that this is a takeover by Storage Tech. If you take all those titles, then I'm afraid that you're going to have a real attitudinal problem, so on and so forth. And I don't care, down the road, if you can make those -- all three, but not for this one. So apparently, when the time came for the board to finally settle, ratify the thing, Jesse walked into the room and he had the resignations of all of his direct reports and his own, put them on the table and he said to



the board, "If you approve this, here's all my resignations. You lose you whole management team" and the board backed down. That's the story I heard, anyway, I don't know whether it's true or not. And, on the Amdahl, Storage Tech, Fujitsu -- Fujitsu, I think, is the one who really objected. So that would have been a pretty good combination because it would have put together some fairly strong elements as well as you know the service factor in business is a big factor and you have resident techs, if you had enough mass in the computer room. Of course, IBM had the big advantage but, if you could have an Amdahl computer and some Storage Tech drives and some Memorex drives, you'd have enough mass there to really justify some full-time, live-in techs.

**Porter:** But you did leave in 1980 and then Clancy Spangle came in as CEO and then, a year later, Memorex was acquired by Burroughs.

**Wilson:** Burroughs, that's right.

**Porter:** What a chain of events.

**Wilson:** Then Burroughs was joined with Sperry, and became Univac. Happened quickly, didn't it?

**Porter:** Sure did.

**Wilson:** I got a call from the head of Ampex, Art Houseman was is name I think, and he came down to see me and I thought to myself isn't this nice, I've got a friendly neighbor who's coming down to greet me and welcome me to the neighborhood. He walked in and sat down and about the first thing he said was you're infringing my patents <laughs> and he said I'm collecting from IBM and I'm gonna collect from you, too. So I thought, you know, that's not a very nice way to be greeted when you're first arriving in town so anyway I said I can't comment on that I have no knowledge of the patent situation and so on but I'll look into it. So anyway we looked into it and we found out we were not -- in fact his patents were not valid the ones that he was complaining about but I've often thought about that, that's my one early memory of Ampex and "you dirty guy you're infringing my patents".

**Porter:** Well, the founders, of course, did come from there, so I guess that would be a...

**Wilson:** Maybe he had a little bit of a thing to grind, yeah, you know I'm glad they kept the Ampex sign on the highway.

**Porter:** Oh yes, well.

**Wilson:** There used to be a Memorex sign on the highway, too, but that's long gone.

**Porter:** There used to be a lot more of where it says Ampex, a lot more Ampex there than there is now, of course.

**Wilson:** Just the sign, yeah, that's all that's left.

**Porter:** Management has to keep it going to the end of your period then, in 1980. A year later Memorex is, of course, spun off into Burroughs and then a few years after that Burroughs and Sperry to Unisys, etc. When you left in 1980, would you have been surprised that the company would be acquired by another one within a year?

**Wilson:** Yeah, I would. I mean I think that it was pretty clear that it would be useful to have some additional mass otherwise you wouldn't have tried to merge with Storage Tech and with Amdahl, because the competition was pretty substantial, and it's difficult in many ways to compete with a competitor like IBM, so, yeah I felt if there was an appropriate partner to get together with it was a good idea.

**Porter:** How did you select your replacement?

**Wilson:** Well, you know, one of the things that I think business school should do more of is to teach how to interview, how to select people. I don't know how many CEO's or how many presidents or whatever I've had the opportunity of helping to select but a lot, and it's a tough process it really is and I think interviewing is -- it's an art form among other things. To really understand what's going on in an interview I think you gotta be very, very good. And there aren't many people who can do that and I don't consider myself one of those, so references are very important and checking on people, where they have made contributions or not made contributions, talk people -- I always interview a reference, people they've worked for, people they worked along side of and people who've worked for them and I don't take the references they give me, I always go find other references because as you know the references they give you are generally fairly favorably inclined. So it was quite a process, we talked to an awful lot of people and Clancy seemed to fit that bill very well so.

**Porter:** Better than any of the people already working at Memorex?

**Wilson:** Well no that's a good question you know, I really in retrospect I probably would have selected somebody from inside, in retrospect, but, you know, he'd had the broad experience and he'd had the activity at the corporate level and so he had some strengths but we had two individuals that I can think of now that like Georgio Ronchi for example and Rato Brown, they were both country manager of Italy and

Switzerland and respectively who would have been very good candidates for that. Both have done very, very well, incidentally. So we did consider the internal candidates, however, so at that time they may not have been quite ready, but I'm not at all sure that was the best decision.

**Porter:** Well it was an interesting company and it's interesting that the name still exists, it's been sold on and off I don't know how many times since those transactions.

**Wilson:** Well you know, they sold the brand to Tandy, so Radio Shack still lists Memorex's products until then -- it was and one of the reasons was the people, that as you say they were a wonderful group of people that were accumulated there and did you ever know Phil Yaconelli?

**Porter:** Oh yes.

**Wilson:** I got a card when I first arrived at the company; it says welcome to the zoo. Did anyone ever mention to you our meetings at Silverado?

**Porter:** I think I remember something about that.

**Wilson:** Well one of the things that you know I used to spend a lot of time in Europe because we had strong operations there and to try to tie everything together there was a lot of communications gaps and so on and so forth. We decided we were gonna have these meetings at Silverado, we brought all the country managers from all around the world into Memorex. The first week they met with each of the businesses, they had a chance to interact with the manager and his direct reports in the business. The second week we all went to Silverado and they were mixed in terms of who stayed with whom and so on and they had to wear different colored jackets which we gave them and so I'd walk around and if there was a table that had all one color jackets at it, I'd go over and give em a hard time because we want em to get together in which we were able to do. The other thing we did which I thought was pretty interesting, we had these cards with everybody's name on them and if they got everybody to sign their card, everybody else at the place could sign their card then they got a free golf shirt at the golf shop, so that forced them to say hello at least to everybody else that was there. So we tried to and I think we accomplished a lot in getting them to know each other, it cut down on the misunderstandings and the communications tremendously once they had that combination achieved.

**Porter:** It's an interesting technique to get those people who work in different functional areas to get to know each other.

**Wilson:** Oh, yeah, because you know, what will happen sometimes you bring a bunch of guys together from all over the world, the same groups that come from Italy who sit together and talk or come from France or whatever and that's not the purpose at all so to try to get em mixed up we gave em the different colors and monitored it. We had one country manager was a woman a gal named Rosanna Sarsar from Peru, Rosanna was a very attractive young lady and of course a lot of the guys would hit on her at the thing but, you know, Peru is a very macho country and the fact that she handle herself in Peru I knew she could handle herself and she did beautifully. I still see her occasionally, yeah.

**Porter:** Well I guess as a final thought looking at it all again as if you were able to set the time clock back and when you were thinking about going to Memorex, would you do it again if it were a restart of that clock?

**Wilson:** Yeah, I think I would, I think I would -- I wanna mention one other thing before I forget it too. One of the technology we invested very heavily in was thin film heads and we saw that as the wave of the future at that time, but we had I thought a very active program, we were probably at least I shouldn't say it. We had a very good program on the thing anyway but we were spending an awful lot of money on it and in retrospect we probably should have let the head people do that development 'cause it was probably too much money and we spent too much money on the IBM litigation. We spent many millions of dollars on that litigation, only a fraction of what they spent but it was a lot of money to us. So I think those two things probably took away from some of the things that we should have been doing. Anyway it's a fascinating time and yes.

**Porter:** Except for those items which took too much time away from the other things which are productive then.

**Wilson:** Yeah and the thing is-- the best thing about it is I'm still good friends with Mr. Yamato the country manager of Japan, Giorgio Ronchi, Rato Brown, I mean I made a lot of friends at Memorex and still Gary Hughes was a country manager in Canada, still have close friends from that group.

**Porter:** Well some of those people, I guess, have passed on by now, but...

**Wilson:** Rogers is one of the only ones I mentioned that's passed on, yes. Hopefully none of the others have.

**Porter:** I remember a lot of the people involved, Keith Plant, Tony Lapine and John Scott, and you know.

**Wilson:** Yeah each one of those guys you mentioned became a CEO, by the way.

**Porter:** Oh yeah.

**Wilson:** So you just tick off those names and they've all been very, very active, did you ever know Syed Iftikar?

**Porter:** I knew Syed very well.

**Wilson:** Syed is still trying to start a company you know.

**Porter:** Among many that he's done.

**Wilson:** Yes, this one is called Agile Store; yes Syed and I are good friends, too.

**Porter:** Well Syed is also -- he's a classic example of the kinds of people from that era that were interested in products, interested in making something, interested in doing something new. He's a good example of that.

**Wilson:** I can remember when he left to go to Seagate and I had a long, long talk with him, trying to convince him it was the wrong thing to do, and he made a lot of money at Seagate, so...

**Porter:** And he was one of the original founders along with Al Shugart and Finis Conner, and Syed was the guy that was doing a lot of the initial disk development there on that first drive.

**Wilson:** He's a very talented guy, he really is, yeah. But I think this Agile Store's gonna be his last. I've been with him in almost everything he's done so far.

**Porter:** Well, SyQuest was a good program for a while, did quite well.

**Wilson:** Well contamination, you know, ultimately was the thing that -- so what he's trying to do in Agile, are you familiar with Agile Store?

**Porter:** I've been aware of it, he's starting that one, yeah.

**Wilson:** Yeah, what it is?

**Porter:** No.

**Wilson:** Well what he's really doing is taking the sealed heads, the sealed packs whatever you wanna call them and putting those in arrays and then electronically selecting which ones you're gonna use and so on. So the sealing problem is taken care of in that particular thing and he believes that he can be fully competitive with tape drives in terms of storage cost and basically have an online -- see Storage Tech with their library called that Near Line -- and this is virtually online because it's electronically switched so he thinks he can compete with tape drives in that storage area.

**Porter:** Well, I wish him well; we'll have to see how it works.

**Wilson:** Yeah, well you should give him a call.

**Porter:** Well, I will one of these days. Thank you for the time and it's been a great pleasure to hear your thoughts on the evolution of Memorex during a very difficult period, thank you.

**Wilson:** Thank you very much, well you must have a wonderful time talking to people, because you get some insights into the industry that nobody else will have.

**Porter:** You have been there during a large part of that and it's always great in retrospect to try to understand what it all means.

**Wilson:** Absolutely.

END OF INTERVIEW