ADAPSO Reunion Workshop: Industry Roundtables

Moderators:
John Rollins and Jeff Yost

Recorded: May 4, 2002
Washington, DC

CHM Reference number: X4557.2008

Table of Contents

ADAPSO Reunion – Industry Roundtables Workshop

Conducted by Software History Center—Oral History Project

Abstract: One of the more unusual and most successful developments in ADAPSO was the creation of a number of executive roundtables. These covered software and services companies and even industry consultants. These were each small groups of executives (initially CEOs) who were in a similar business area who would meet typically twice a year to discuss and share business problems and provide an informal peer "Board of Directors." Most of these groups had 10 to 12 members and evolved a variety of mechanisms for accepting new members and occasionally asking members to leave. The concept was to have a two day meeting and to have a mixture of working meetings and pleasurable activities (golf and meals were often high on the list). Generally spouses were invited to attend the non-business activities and over time the meetings were held in attractive resort locations. Some of these roundtables are still continuing after 20 years. The subjects covered ranged over a wide range of business problems, but avoided legally sensitive areas like pricing. Business practices such as cost control, metrics, recruiting, maintenance and marketing approaches were primary subjects. Later on, personal matters and personal investments were topics of some to the roundtables. There was a discussion of the social reasons why the roundtable form was so successful with these ADAPSO members. One key aspect was that whatever was said in a meeting stayed in the meeting and was not to be mentioned to anyone outside the group. For many people the roundtables were a major reason that they stayed involved in ADAPSO over a long period of time.

Participants:

Name	Former Affiliation
Betty Blankenship	
Buck Blankenship	Data Processing of the South
Joe Blumberg	Comshare, Specifics
Barbara Brizdle	
Bart Carlson	National Systems Labs, Group 1 Software, Napersoft
Bruce Coleman	Boole & Babbage and Informatics
Gary Durbin	Tesseract
Larry Schoenberg	AGS Computers
Larry Welke	ICP
Nathan Ensmenger	Historian, University of Pennsylvania
Jack Yeaton	Merit Systems
John Rollins	AZTECH Corporation
Linda Schnell	ADAPSO
Jeff Yost	Historian, Charles Babbage Institute

Introductions

John Rollins: Welcome to the session on Roundtables. Let's go around the table and please state your name, your company or companies that were affiliated with ADAPSO, and roughly when that was, so that we have a time frame for talking about roundtables.

Bruce Coleman: In the '70s, Boole & Babbage; in the '80s, Informatics.

Gary Durbin: Mid-'70s through '80s, Tesseract Corporation.

Larry Schoenberg: Larry Schoenberg with AGS Computers. I believe I'm the only person who was a member of multiple roundtables at the same time. They were the first and second roundtables that existed. I have some notes prepared by Gil Mintz, one of the partners in Broadview Associates, who was the moderator of the first roundtable.

Nathan Ensmenger: I'm an historian at the University of Pennsylvania.

Jeffrey Yost: I'm the Associate Director of the Charles Babbage Institute and I'm an historian of business and technology focused on computing and software.

Bart Carlson: My first association with ADAPSO was with a company I had called National Systems Laboratories, Inc. That was the late '70s to the early '80s. Then I was associated with another company called Group 1 Software until about '86. And then I started Napersoft which is still a member of ITAA.

Larry Welke: At the time, I was with ICP. I was also involved in one of the first roundtables.

Jack Yeaton: I founded Merit Systems in '76, and was a member of ADAPSO from about '78 to '91 or '92.

Rollins: Just one company, AZTECH Corporation. Founded it in 1968, sold it in 2000. I was the CEO from 1970 until 2000. I've been involved with four different roundtables, one of which still meets twice a year. Actually, I'm in charge of planning the upcoming fall meeting of that roundtable.

Larry, I have a copy of the same notes from Gil Mintz and there's one section of it I thought I'd read because he has some deep historical knowledge that I think surpasses that of most of us. He refers to it as the Presidents' Roundtable though not all the roundtables were for company presidents. We'll talk later about other kinds of roundtables that were formed.

"Originally, it was the "Presidents' Roundtable"; only CEOs were eligible—it was later expanded to include other senior officers.

"The original concept, I think, came from the auto industry, where there were "Dealers Ten" groups—10 Cadillac dealers, etc.; the idea being that non-competing homogeneous businesses can share techniques and gestalt...

That sounds like Gil.

"...gestalt to the mutual benefit of all.

"When I was CFO of ADP ('63 -'73), we held semi-annual roundtable meetings; the Presidents of our payroll operations in multiple cities would share techniques and statistics—the result was excellent. As clever and payroll-savvy as ADP was, we always learned from our regional Presidents at these meetings. It was also kind of inspirational—'how come Boston generates a better gross profit than I do in Philadelphia.'"

So that's a little background from Gil on how this came out of the auto industry and then from ADP and was imported into ADAPSO.

Schoenberg: I honestly don't remember that one way or another. I will tell you that we ought to give credit to the person who really started it, a man named Brinson Weeks who was with Computer Management Corp. There probably aren't a lot of people here who ever knew Brinson but I first heard about the roundtable from him. He was starting one with a group of people who felt they had interests in common but were not significant competitors with each other. They were mostly processing services companies—about twelve of them, I think. At the time of ADAPSO's 25th Anniversary, I gave the original notes, which included the size of each of the companies and the comments made by the people introducing themselves at the first meeting, to the association. I guess those notes are all gone now.

Rollins: What year would that have been?

Schoenberg: Buck, what year was that meeting, do you know? Buck was in the group.

Blankenship: We've been agonizing over that ever since the morning meeting when John raised that question. I'm not sure. I would say mid-70s.

Rollins: Buck, please introduce yourself for the tape.

Buck Blankenship: At that time, I was with Data Processing of the South in Charlotte, North Carolina.

Rollins: So what would you guess the year would be? Give it a guess.

Welke: I have it pegged in my mind as '78.

Schoenberg: The second roundtable was for people from software companies and it started a year or two after the other one.

At any rate, Brinson had the original idea. Milt Wessel, who was ADAPSO's General Counsel, raised the issue of the possibility of antitrust violations in these meetings and felt that there should be a disinterested party in the room. We didn't want a lawyer there, and so, Gil Mintz became the moderator. I don't know whether Gil is implying that he helped create the roundtables. I don't honestly know whether he did or didn't. I do know that Gil was a moderator. A few years ago, I looked through my notes from that first meeting. My company was the largest one and we did $4 million a year.

Rollins: Well, I was in a roundtable that first met in 1980. I resurrected a list of the members of that roundtable. None of the others are here for this reunion. That roundtable met over a period of years—I think 3 or 4 years—until it evaporated and turned into another roundtable which I joined in the mid-'80s.

Each roundtable, by my recollection, was characterized by some commonality of business type. The first one I was in was processing services companies because AZTECH was in that business. We were a big data center at that time. And the other members of that roundtable were doing similar things. The next roundtable I was in was one that was moving from processing services into turnkey systems.

Then I went onto a third one and then, finally, the fourth one, which Bart Carlson is also on, along with ten other people strictly from software companies. So as the industry evolved, I moved to different roundtables as my business changed.

Yost: Was there someone who ran the meetings? Was there a moderator?

Carlson: We switch our moderator every single meeting. Whoever is hosting the meeting is the moderator for that meeting and picks the location, makes all the arrangements, handles the financing and bills everybody for their share of meals, etc.

I started with the one I'm currently on about ten years ago, in the early '90s. At the first meeting, I was asked to take minutes. I was trying to impress this group, so I took a lot of notes and a few days later, I wrote them all up and distributed them. And the fellow who hosted that particular meeting called me up and said, "Bart, whatever you do, kill that. Get rid of those notes. We don't want that kind of notes floating around."

Well, we never took that kind of notes again in the subsequent ten years. That was my first learning experience with the roundtable, about what we wrote down and what we didn't write down.

Blankenship: Let me pick up on Bart's comment and Larry's earlier comment about Milt's concern about whether this activity was an antitrust violation. I was astonished at our first meeting at Hilton Head Island that one of the things we did was to compare our financial statements. Remember that, Larry?

Schoenberg: Absolutely. That's how I remember what the revenues were.

Blankenship: Larry was making far more profit than anybody else there. I was kind of suspicious of him. [*Laughter*]

Rollins: One thing that I'd like to try to do is to identify every roundtable that ever existed by type of firm or by date or something so that we have some historical record. Buck, I've got your list of the very first roundtable, the one that Brinson Weeks was involved in setting up in the late '70s. I've got lists of the members of the four different roundtables that I was on and I'm wondering if there were other roundtables that we can identify.

Consulting Services Roundtable

Barbara Brizdle: At one of the conferences, I had a conversation with Walter Brown about roundtables in general and we thought it would be nice to get together a group of people who were in the business of *supporting* the software businesses. So we talked to Burt Grad about it and he loved the idea and set up a roundtable of people whose business was selling consulting services to the software companies. That included Joe Blumberg, who is here in the room, and Walter Brown of the Walter Brown Group, Esther Roditti, an attorney, Larry Welke, Pat Landry of Specifics, Inc....

Welke: Esther Dyson, publisher of Release 1.0.

Brizdle: Esther Dyson was a very early member. And Lee Keet.

Joe Blumberg: Lee didn't come in until later.

Brizdle: But I can't remember the year we started.

Blumberg: Larry Welke facilitated our first meeting.

Brizdle: Larry, do you remember when it was?

Welke: Early '80s sometime.

Blumberg: It had to be '85 or '86.

Brizdle: And then Burt, with his inimitable skills in organizing, kept us together for years. He was really our administrative point person. Oh, and then Elizabeth Virgo joined later.

Rollins: Good. I've got a list of all those names you mentioned. That's very useful.

Roundtable No. 2

Welke: Let me make a comment in response to what you said earlier, John. You said that the roundtables you were on were discipline-oriented; just one industry or one segment. The one that I was on with Larry Schoenberg and Bruce Coleman was as diverse as you could get.

Rollins: That was Roundtable No. 1?

Schoenberg: No, that was No. 2.

Brizdle: Was it actually called Roundtable No. 2?

Schoenberg: Yes, it was called Roundtable No. 2 at the time. The question is whether we can come up with the names of the original members. It would be difficult. From professional services companies, there were Dave Campbell, Jay Goldberg, myself, Bob Jones of Computer Dynamics, Stuart Monchik of Monchik Weber...

Coleman: Dan Fylstra of VisiCorp for awhile. No, on second thought, he wasn't part of that original roundtable.

Schoenberg: Allen Hufft from UCC.

Brizdle: What year was this?

Schoenberg: Well, that's what we don't know. But it was about a year or two after the first was formed. It could have been as late as 1980. Bob Cook of VM Software was another member.

Blumberg: The roundtable you're talking about was going when Rick Crandall first brought me to ADAPSO in '78. Because of that roundtable, I made the suggestion that we create a Human Resources Roundtable for software and services companies. That wound up becoming the

Computer Services Personnel Association. That kicked off in '79 and I know that there were a couple of roundtables going on then.

Schoenberg: Peter Cunningham of Input was in Roundtable No. 2, and so was Rick Crandall.

Welke: And then John Maguire came on.

Schoenberg: I think Maguire may have been an original member because either the first or the second meeting was in Atlantic City and Maguire organized it. I got the previous day's newspaper delivered to my hotel room. I knew then how sleepy a town it was. [*Laughter*]

Rollins: Larry, what happened to that first roundtable that you and Buck were on?

Schoenberg: As people left the industry and some of the companies merged, it sort of dissipated.

Blankenship: Doug Altenbern of Endata came later.

Schoenberg: So did Marty Kogon of National Dynamics and Art Kramer of Praxa Data Centers.

Blankenship: Maybe two years after we started.

Schoenberg: In the Accounting Workshop this morning, we were talking about antitrust and I suggested that perhaps the reason why the roundtables survived longer than other ADAPSO programs was because they were doing something that was only marginally acceptable. That may be exactly why they were able to succeed. [*Laughter*]

I said it this morning and I'll repeat it now: I never once in forty years ever had a conversation with a competitor about pricing. But if you think that having a conversation about costing...

Rollins: And margin.

Schoenberg: ...does not give you a hell of a lot of insight into pricing. It's only people in the software products industry who don't think that, because they don't think that there's a connection between cost and price. [*Laughter*]

Competitors and Roundtables

Yost: Was there any effort to keep direct competitors from being in the same roundtable?

Schoenberg: No.

Coleman: Oh, yes, there was.

Rollins: Wait a minute, there's a difference of opinion here. I thought everybody was going to say that there were no direct competitors on the same roundtable because that was my experience. So let's talk about it.

Coleman: I think the rules were that if someone who competed directly with a member wanted to join a roundtable, the member had to agree to it and be comfortable with having a competitor in the room. Is that how it played out?

Schoenberg: Ultimately. I don't know if that was an early rule.

Carlson: That was definitely a rule we had and to this day anybody can nix a candidate coming in for competitive reasons. Even if it's a minor competitive reason. There have been several people who wanted to apply and we didn't let them in.

We also decided to broaden the focus beyond software products but that didn't work for us. We added some professional services people sometime in the early '90s, but within two or three years we decided that was not our forte.

Rollins: Any further comments on letting competitors in? I want to talk about that some more.

Brizdle: We, too, had that issue because there were two people who were members of the Consultants' Roundtable who were both selling research services in competitive situations to the industry: Pat Landry and Warren Culpepper of Culpepper Associates. I don't really remember how that was resolved but I remember that it was a *very* difficult situation. Joe, can you help me?

Blumberg: It was resolved in a...

Brizdle: Huff.

Blumberg: Oh, in a real huff, yes. Pat actually walked out of a meeting and said that if Warren was allowed in the group, she would not participate.

Rollins: So what did you do?

Brizdle: Warren resigned.

Blumberg: They were originally in two different businesses. Warren was in the sales compensation business which meant they didn't compete, but then he wound up going into the customer satisfaction business, and he had to resign from the roundtable because he was then competing with Pat.

Schoenberg: I was accused at one time of using the roundtable to make acquisitions, which is untrue, because I never had a conversation about acquiring a company at a roundtable meeting. But the facts are that I bought three companies that were in a roundtable I was in. You talk about a conflict, what do you do when a guy who works for you is in the roundtable?

Rollins: What *did* you do?

Schoenberg: They left the roundtable. One of them, Jay Goldberg, came back after he had left the company a number of years later.

The other thing is that everybody's business evolved. When we started, there was a group of us in what you would today define as identical businesses but we weren't competitive because we were in different locations.

Rollins: You were in different geographic markets, so it was OK.

Schoenberg: And since that time, we've had much more complex issues than those created by competitors. When there's an issue that can't be discussed openly in front of a member, that person simply agrees they will not show up during that discussion. We've had innumerable cases with people who were on the boards of other people's companies where their issue was a problem with the company, and one guy or the other had to leave the room.

Features of Successful Roundtables

Rollins: That's a good segue. I'd like to talk next about what features of a roundtable make it successful. Obviously, one is that you have to be able to talk openly, which means that you can't be competitors as in the example we just talked about with Warren Culpepper and Pat Landry. What other features of a roundtable would make it successful?

Coleman: One of the adjectives we always used is that a person must be "zingable." And that means the ability to have open and prickly discussions.

Unidentified voice: We call it being blunt. *Really* blunt. Candid.

Welke: The other thing we had as an unwritten rule was that, if you get a message from any member, no matter how many other messages you had on your desk, the roundtable member's message came first. We all adhered to that and gave preference to the roundtable members. So it really did get to be a very, very personal relationship that we established.

Blankenship: John, adding on to Larry's comment in the morning session on ADAPSO Conferences, somebody made the point that trust played a very great role.

Rollins: It was key.

Blankenship: And I think that was magnified in the roundtables. I know the group we were part of had a high degree of trust in each other and we spoke with great openness. It was heartwarming. It was a very good experience.

Rollins: Trust and integrity.

Brizdle: But trust was developed. That came from the nature of the conversation.

Schoenberg: It was assumed.

Rollins: And then confirmed.

Coleman: Periodically, we would reinforce—particularly when there was a new member—that what is said in this room goes nowhere. And you honored that. For about five years, I kept track of tips that I could have acted on and didn't. And if I had, I would have lost my shirt on them. [*Laughter*] The good news is that I couldn't do it because of the confidentiality. But whether it was personal or business, you just didn't talk about it outside of the meeting.

Rollins: In the roundtable I'm in now, we have several public companies and when they get into areas which are not disclosed publicly, we all have to make note of that fact because we simply cannot act on the information they are providing to us.

Carlson: One of the other things that happened with this particular group, too, is that we started to bring our spouses with us to our getaways in the winter time to the Caribbean or Hawaii or Mexico or wherever we were. We also had a fall meeting, and after five or six years, the

spouses had become such good friends that they wanted to be part of the fall meeting, too. So it expanded to become a social event beyond the business function. Some of the roundtable members, like John, have sold their companies and they're retired, but they're still part of the roundtable because of the social aspect.

Rollins: We have four or five of our dozen members who have sold their businesses and are doing other things. They're involved in new startups; they're consulting, or whatever. Just to finish, though, on what makes a successful roundtable, are there other things that are necessary ingredients?

Schoenberg: It's not just what makes it successful but what keeps it going and I think that last comment that the introduction of spouses made it practical to continue was an important one because without that you couldn't really do it. But another important factor was a decision made by at least several roundtables that if you didn't show up a couple of times in a row you were out.

Rollins: Right.

Schoenberg: It didn't matter whether you would really be thrown out or not. It sent a very clear message that it was highly insulting not to come and that you could not carry on a conversation where you had lost the train of thought. After all, seeing someone twice a year is not a lot. So if you miss one time, you are really out of the flow. I think creating a perception that you would be dropped from the roundtable if you missed a couple of times was an important element in maintaining the continuity of the roundtable, whether or not it was enforced.

Roundtable Agendas

Rollins: What about preparing for roundtable meetings? Did you often have emails going around or, in the old days, snail mail, where you'd ask for input from the different roundtable members on topics to be discussed? Gil Mintz, in the notes he wrote up, refers to a grid that would be filled out ahead of time asking certain standard questions about roundtable members' businesses so comparisons could be done during the roundtable meetings. Was preparation important?

Blumberg: We had a pretty set agenda. There were certain things that took place in the morning of the session but if we had something that we wanted to get input on from the rest of the group, we put ourselves on the agenda to present something in more detail, and got a specific slot in the afternoon to deal with it. Most of the time, it was a strategic issue or a problem that you were dealing with that you wanted extra input on.

Blankenship: Joe, we did the same thing. It was an organized thing in the sense that we treated the roundtable as an unofficial board of directors. Someone would present a business

problem that he had to this group and seek advice from the other members. I presented a case at one meeting and the conclusion of my "board members" was that I really needed a high-powered marketing guy. My company was OK but we were in a sort of a limbo. So I approached one of our roundtable members, Lou Pfeiffer of A. O. Smith Corporation, and he joined my company as our marketing guy. That was one way you'd lose roundtable members. You hire them.

Rollins: I've made that exact comparison so many times when people have asked me about the roundtable meetings. I describe it as being an informal board of directors just as you did, Buck. It's more than a board of directors, though, because these are all CEOs who have walked in the same shoes. In many cases they've made some of the same decisions, whether good or bad, that you're trying to make and so you can go to them with your problems. I've never had a case where there weren't people at the roundtable who had experience with the particular issue or decision that I was trying to make. Whereas, if I took it to my AZTECH board of directors, they wouldn't have anywhere near the amount of experience with that particular issue. So it's a supercharged board of directors.

Carlson: We have different formats for our winter and fall meetings. Our format for our February meeting is Wednesday through Sunday. We come in on Wednesday and get together with a cocktail reception with dinner after that. We meet in the mornings and we play golf in the afternoon and we'll all be together in the evening.

Our fall meeting is a little more condensed. We come in on Thursday night, and meet just Friday morning and play golf Friday afternoon. Or we'll meet all Friday and half of Saturday and play golf the rest of the day and then leave on Sunday.

We also have a general format that we've used for over ten years. We go through all twelve company updates, where everybody gives a presentation on what's happened in the last six months. And then we submit issues that members want to get on the agenda for that last day. That last day is where we deal with specific things, out of the ordinary course of business.   Those are submitted ahead of time and distributed to the group a week or so before the meeting. You can add one at the last minute but, obviously, nobody's going to have thought about it without advance notice.

Rollins: What we're hearing is that the roundtables served a real function and some have continued to this day without support or endorsement from ITAA. They just live on and on because they're doing something useful for all the members. I'd like to explore how many roundtables are still in existence.

Welke: In our meetings there was usually a certain amount of time that was allotted to the discussion of what the hell was going on in ITAA. Or ADAPSO. And what do we want to do about it. Sometimes we wanted to do something about it and other times we said, screw it, it's not worth the effort. If they want to shoot themselves in the foot, let them go ahead and do it.

Carlson: I want to add another thing that's happened with our group. Members of the roundtable are now members of the real boards of directors of the companies in multiple cases. Two of the roundtable members are on the boards of companies that I happen to own. Several others are on the boards of other members' companies. It just kind of blossomed as a by-product of that trust.

Rollins: To Larry's point about discussing ITAA issues, that would come up periodically in roundtables I was in but we would usually say, "Geez, this is not our problem, we want to talk about roundtable issues." And so we wouldn't spend much time on it. Even though we would worry about it, we would rationally move on to what we felt, correctly, were more important issues for us.

Carlson: Isn't that a factor of the times, though? Maybe the ones that you were on in the '80s spent more time on it than the ones you were part of in the '90s.

Rollins: Well, we talked about it in the '90s at a couple of meetings, too, but we quickly dispensed with it and said, "Let's not spend any more time on that."

Schoenberg: One of the reasons why that changed over time is the stage of life that people were in. Our roundtables tended to move from basic core business issues to broad-based business issues to personal issues, to family issues, to retirement issues, to investment issues. I have to believe that these are the patterns that occur in every group.

Rollins: Exactly.

Schoenberg: But there's one other thing that I think made the group that Larry's talking about a little bit more focused on ADAPSO issues because there was an unusually high percentage of people in the roundtable who had been Chairman of ADAPSO. This makes a big difference. Since so many had been the Chairman of ADAPSO, it's not shocking that they were a little bit more involved and concerned about what was going on.

Rollins: Good point.

Schoenberg: I'm intrigued by the fact that the roundtables had similar formats. That wasn't an obvious decision but we had the same thing: one long meeting which was social, one short meeting which was business. But I wonder if we're not reflecting some broader social/cultural issues here. The need for these kind of groups which seems to be *so* prevalent and they're always justified the same way—that this is the only place we have peers to relate to. Yet, in fact, they seem to go so far beyond that. Everybody seems to have some need for this kind of social interaction.

I'm also intrigued by the fact that most of the people were not socially involved with each other except in the roundtables. They're involved enough to be able to respond and yet removed enough that they don't have a direct personal involvement. It's easy talking about someone's problem or someone's personal life when you're not a part of it. It doesn't matter because you don't see the other people who are involved. So I think there are some very broad issues and I would be interested in knowing what happens in other industries. We can't be alone. That's why I'm intrigued by Gil's comment. He presented it as an issue for all business. I wonder if it was.

Ensmenger: This is interesting to historians because we recognize that if we want to understand all of your companies, we have to understand how people are networking, how they're hiring people, how they're making decisions and learning. These kinds of practices, I believe, go on in all industries. But those interactions disappear from the historical records. So this will be probably the only documented evidence of the existence of these groups. And the question is can we begin to preserve this even more? Are there notes from sessions? If you're writing your memoirs, make sure to include these.

Brizdle: No, no, no, you wouldn't want to. You might note who was there and what the topics were.

Ensmenger: Which is the problem that historians have. A lot of the records that survive—annual reports, marketing brochures, milestones, product releases—don't talk about the three versions that didn't get released because they failed. And, for most historians, those are much more important and yet they're not kept.

Coleman: By the trust bond that we have and what's talked about, the difficulty is you just can't do that.

Brizdle: Have you been able to identify all of the individual groups?

Rollins: I think as best we can. What do you think?

Durbin: There was a CFO roundtable.

Schoenberg: There were many others.

Carlson: A lot of them were started and died along the way. I don't think there are many others still going.

Rollins: Let's try and figure out which ones are still in existence. Larry, you're on one.

Schoenberg: I'm on two.

Brizdle: OK, so there are those two, plus the consultants' roundtable, and the one that Bart and John are on.

Rollins: That are still in existence?

Brizdle: Yes, well, I don't know if the consultants' one is still in existence. We're having a meeting tonight, does that count?

Rollins: Sure, absolutely.

Characteristics of the Roundtable Members

Yost: I was thinking about what Nathan said on recollections and I think that it might be possible to write a little about the types of issues that came up that might give historians a better sense of the range of issues, without identifying specific companies or problems   Another question I have is: Was there a great difference in the size of companies and as there a sense of the roundtables as a means to help smaller companies build capabilities or managerial knowledge through a type of mentorship?

Carlson: The makeup of ours is that it started out primarily entrepreneurial and, over time, professional managers joined.   There is, in my observation, a difference between these two types, in background and how one approaches problems, if nothing else. Not to say that there aren't tons and tons of things in common but there are some differences. The age range is fairly close, within ten years from the lowest to the highest, with one exception. That one person, in his late 40s, is maybe fifteen years out of the age range. Everybody else is in their mid-50s to early 60s. So there's homogeneity in age.

Rollins: That's the age today. This roundtable has been going on for 10 years, so the range was 10 years younger when it got started.

Carlson: And in recent years there's quite a range in revenues. There wasn't that big a difference when we started but it has changed dramatically, as much as a hundred times difference in size.

Rollins: Jeff, to answer your question, I believe there needs to be a fair amount of commonality and companies of roughly the same scale or at least similar sophistication of management style. And you have to have some similar interests—golf is a common thread among many of the roundtables as you've probably noted—or an interest in going somewhere with spouses to a nice resort—someplace warm in the winter time, like the Caribbean, Mexico, or Puerto Rico. That sort of thing. That's what makes a roundtable succeed over many years.

Yeaton: And stay together.

Brizdle: I think it could be quite the opposite. Because, as these companies have evolved, some of them are far more successful than others, for one reason or another, and therefore some members would be interested in taking their spouses to an exotic place while others might not have the wherewithal to do that or are focused on their business. So it would seem to me that it could be divisive within a roundtable.

Carlson: I guess there's a certain level of success in our roundtable so that a trip is not an issue. The differences come out not on spending a few thousand dollars for a trip but on spending a few million or tens of millions on investments. Those kinds of differences are certainly there but the wherewithal to take a trip, at least in our case, is not an issue for anybody.

Schoenberg: One intriguing thing that no one has mentioned is what happened to women? Why haven't they been more involved in roundtables? One of our roundtables has had three women in it, I think.

Coleman: Yes, three.

Carlson: We've had one in the history of our roundtable.

Schoenberg: Well, I remember the first time that the software roundtable invited a woman; she turned us down because she said she didn't think she could learn much from us. I remember it well because it was Mr. Welke who did the inviting. We could never decide what she was telling us because Larry was the interpreter of it.

Welke: I don't know if she didn't like the group or she didn't like me.

Schoenberg: What about this issue of differences in size? Because we had this issue.

Welke: But when we started, there wasn't a single member that exceeded $2 million in sales. If somebody even approached $2 million, you thought they were pretty damn big. At the end some were ten times, a hundred times, that size and there were some companies that had not grown at all. They just were stuck for some reason.

Factors in the Success of Roundtables

Brizdle: I remember being part of one that was not successful and I wonder why it is that some of them were not successful. My sense is that it was a very disparate group that had come together without a core group, so nothing kept it together. I wonder whether some of the roundtables that did work had a core group of people committed to the roundtable, as opposed to

that one which was five strangers thrown together and didn't last at all. At least some of those people, including Mike Blair of Cyborg, are in the roundtable you're in, John.

Rollins: The core group of my current roundtable first met in August of 1990. So it's been going for 13 years as of the moment. To support what you said, Barbara, the third of my four roundtables had only one meeting. And it was a very disparate group. Lot of different backgrounds: processing services, software, and consulting. We had one meeting in Miami and talked at the conclusion of that meeting about having our next meeting in Mexico. But it never happened. There wasn't a core leadership group, which is what you are talking about.

Brizdle: Either a core leadership group or...

Coleman: A leader.

Brizdle: Someone who was willing to make the phone calls to make it happen.

Blankenship: There may be another force at work here in whether these roundtables survived or even formed effectively. Looking at the list of the members of the first roundtable, all of these people were good friends before the idea of a roundtable even surfaced. We all knew each other and had seen each other at ADAPSO for years.   Judging from some comments I've heard from those roundtables that are yet surviving, they represent people who are just good friends apart from their professional relationship. So my suspicion is that that is a factor of some importance in their forming and their surviving.

Benefits of Roundtable Meetings

Rollins: I'd like to respond to our historians across the table by asking if people have specific recollections to submit, in generic terms, of issues that may have been resolved at roundtable meetings. I've got one that stands out in my memory when AZTECH was going through a transition. We went through so many evolutions from punched cards on main frames to timesharing to turnkey systems to DOS to Windows to the Internet. The industry was changing so rapidly, it was such a dynamic environment that there were no models for where you were going.

So you'd go to the roundtable meeting and try to ferret out some ideas on a revenue model or a business model. When I was moving from processing services into selling software, I was very uncomfortable because I'd built the processing services business around recurring revenues where you could bill every customer every month for all the stuff you did for him. AZTECH was very solid and stable and grew at a nice 20-30% annual rate. And in software, it looked like it was all this choppy water. I took this issue to the roundtable and came out with a support program that we christened AZTECH-Care. We included lots of support, free software backup, free newsletters, free membership in the users group, telephone hotline access, fax line access, online modem support,

etc. We started charging 1.5% a month, which meant that 18% of what they had paid for the software, we'd get back each year in support revenues. Because it was so feature-rich, it succeeded beyond my expectations. It was ideas that came out of a roundtable session that enabled me to do that. My revenue base solidified and, with that 18% per year add-on revenue from all the software sales, I was able to keep building the base until eventually it got to the point where over 80% of all the revenue was from AZTECH-Care. In fact, later on we came out with AZTECH-Care Plus and added more services and raised the price to 24% per year. And that was purely a roundtable idea.

Brizdle: What year?

Rollins: I don't remember what year that roundtable meeting was but it must have been in the early '80s. Any other ideas for our historians who are looking for specifics about something you may have learned at a roundtable?

Schoenberg: Well, I can think of a lot of things but the problem is I don't have permission to repeat the stories. But I can tell you one that I will always remember in which the person didn't take the advice. We had someone in the roundtable who got involved in a lawsuit and both parties' positions were very understandable. It dealt with royalty payments for software and the man who was making the presentation said, "We're thinking of settling this case if they will agree to pay us $5 million." And Jay Goldberg, who is a member of the group, said, "How about paying them the $5 million instead?"

It was such a shocking idea, but you cannot imagine how right it was. In fact, both companies went out of business because they ended up in a legal action that produced no money for anybody and put two companies out of business. So in this case, the advice was not followed, but it's the kind of extraordinary advice you could get from this group that you wouldn't get from your regular board of directors. Who would ever think of advising somebody to pay the money rather than take the money? I don't know how serious Jay was, literally, but his point was right. This is not a winner. Get out.

And I think as often as not, the really best advice has been: don't go into that business, don't touch it, keep away from that approach. One of the issues I remember constantly discussing was the issue of a COO, a No. 2 guy. Should you hire a COO? I seem to recall that Bruce was part of that discussion.

Coleman: Yes, it came up because I was one once and I'd never do that again. I said, "You know, the COO is only a Band-Aid that won't work. The bleeding is at the top and you're putting the Band-Aid around the neck." [*Laughter*]

Carlson: I think that some of the best advice I've gotten out of the roundtable has been what not to do. I did that, it didn't work; if you do it, you're probably going to throw away money. Also ways to resolve the big business issues like how to handle compensation and what works best with sales commissions. But it was also a bunch of little things like: What are the tools that you use to run the business? What are you using to keep track of support calls?

Rollins: What are your metrics?

Carlson: What are you using to do this or that? We'd poll the group and we'd have three people using that and two people using the other. So it's probably safe to use one of those two, as opposed to trying something that hasn't been tried before. So there was a lot of that kind of stuff that just came as a by-product besides the big issues. And very, very valuable.

I believe the value is cumulative and it's a function of time, because as people get to know you, as well as your business, better, then the advice becomes better. They've seen your track record and know what you've done with the advice you were given before.

Rollins: Very good. Other examples of benefits from the roundtable meetings?

Blumberg: One of the things I can relate that was important to our roundtable was the fact that as consultants to the industry we weren't very good at marketing ourselves.

Brizdle: We did it in the halls of ADAPSO conferences.

Blumberg: Yes, so the roundtable spent time on some of those issues and there was a lot of advice and a lot of counsel given on how to do things. I think it's probably safe to say that there were frequent occasions when that advice was not followed. The group tended to be somewhat hostile when that happened and it got to the point where you were embarrassed to report back that you had not followed the advice and counsel of the group. So that prompted some of us to do things in quite a different way. We were committed to having taken some steps in the right direction if we were going to show up at the next meeting.

Rollins: A little peer pressure. It works.

Schoenberg: How many people obtained professional help through their roundtable? For example, it could have been an investment banker, it could have been a lawyer, it could have been whatever. There must have been a lot of that.

Brizdle: Outside expertise, you mean?

Schoenberg: Yes, outside expertise. It would be the most natural thing in the world. I don't remember it happening.

Rollins: You mean having a professional attend the roundtable?

Schoenberg: No. Someone says, "I have this problem, who do I hire?"

Carlson: We've done a lot of that: Here are the two people in the world you ought to talk to about that problem, here are their names, here are their addresses.

Rollins: Investment bankers, head hunters

Brizdle: I thought you were talking about something else. I thought you were talking about asking somebody with specific knowledge to come and make a presentation.

Schoenberg: Well, that's a good question, too.

Yeaton: Larry, didn't we have two sessions on topics that weren't industry-oriented? Didn't we have two sessions where we had someone come in for part of one of the three workdays?

Schoenberg: You're right.

Yeaton: Estate planning was one of them.

Carlson: I know we've talked about it over the years and I think we've had someone in once or twice. I can't even remember who it was and we certainly didn't do it as much as we could have.

Rollins: It's not part of the model that survived.

Yeaton: We had one guy talk about estate planning, which shows how our group is aging, but what made it really interesting was that at the next meeting people got to share what components they had already put in place of the things that were mentioned. That was very helpful. Because then you find out what they had learned and they may be able to give you some advice.

Managing Roundtable Membership

Schoenberg: I have another question. I think one of the most difficult problems that I ever dealt with in the roundtable was not at the roundtable itself. It was the process for adding people.

And the process for people leaving. I'd like to hear what people did about this sort of thing because everybody must have had it. It was not a good feeling.

Yeaton: Well, in the case of the last two or three times we added people, there were recommendations made and sent out ahead of the meeting. So if you had concerns, you had a chance to discuss it then.

Schoenberg: But what about the other way, Jack?

Yeaton: When they're leaving?

Schoenberg: Yeah. I'm certainly aware of people who were encouraged to leave and it's not a good feeling. Also, when you want to bring someone in, people always say they'd like to meet them first. Well, what do you do? You invite them and then *don't* invite them again? It's very difficult.

Rollins: We've dealt with this over a period of years in our roundtable and I can tell you how we finally decided to handle it. I think it works pretty well. If you want to bring someone new in to replace someone who has left for some reason, we distribute the information ahead of time like Jack's roundtable does. So everybody has a chance to read it and make sure there's not a competitive situation because we want to avoid that for the reasons we discussed earlier. But we also invite the new person, once there's consensus that we should, to one meeting so that they can "try us out." Now, who's trying who out? It's a two-way tryout, really.

Schoenberg: Have you ever turned anyone down after doing that? If not, you don't have a process.

Carlson: We have. And we've also had the case where we had people on the roundtable and we had to go have a little private discussion that they were not invited back. It's no different from terminating any kind of relationship. Two of us had that conversation with a couple of different people who were not invited back. There was nothing in writing--nothing whatever--it was just a private little meeting. It was not fun, by any means.

Schoenberg: And what were the reasons for not wanting the person to stay?

Carlson: There were two situations that I'm familiar with. One was that the person had an incompatible business model and there was just a total disconnect within the meeting. In the other case, the person was a jerk. To be honest.

Rollins: And they were counseled out and successfully so. We have two new members that we have just invited to attend our fall meeting, so we're going to be trying it again. They are

younger CEOs of software companies, one from North Carolina and one from this area. They're invited to our fall meeting so they can try us out. We'll see how it goes.

Blumberg: The process that we used was that information about a new candidate for the roundtable was circulated to the group. Then we were asked to try to get an opportunity to meet with that person at a conference or elsewhere, and get some idea informally as to whether they would or wouldn't fit in.   And then a decision would be made at the next meeting as to whether or not we would invite them to attend one of our meetings. In a couple of cases, after they were invited to attend a meeting, they stayed and we found that they fit in with the group. Then in other cases, the person just wasn't invited back. In one case, the issue was one of honesty. We just weren't sure that the information we were getting was the straight information. And that just didn't fit with the group. In another case, it was a personality that didn't mesh.

Schoenberg: I have another kind of question that intrigues me about the roundtables that I've been involved in. That one that Bruce is in is a particularly ornery group. He used the word "zingable". What intrigues me is that those of you who have been around ADAPSO a long time would be amazed to hear some of the people in that group described as zingable.

So my question is this: Did you find that people adapt to the ethos of the group? My answer is, "Yes, they do." It's amazing. People I thought would never talk about themselves opened up. We have one guy in our group who is the last guy you would expect to talk about himself and he told us about his sex life after a prostate operation. I mean, this is a pretty extreme change of personality. [*Laughter*] I think somehow the context made it comfortable.

Yost: Was there ever a situation where, because of mergers or acquisitions, a company in the group became a competitor and one person had to go for that reason?

Welke: They didn't necessarily have to go if they became a competitor.

Schoenberg: I acquired several companies that were in the roundtable and they all left. Although as I said before, one of them rejoined the roundtable several years later after he left the company.

Rollins: Nathan, do you have any questions you'd like to toss out?

Ensmenger: I realize that we're approaching the end of our time so I'll hold for now. I should say that this is exactly the kind of thing that we wanted to get out of these workshops from our perspective.

Rollins: Great!

Additional Roundtables

Blumberg: One thing that should be something chronicled somewhere is what happened with the Human Resources Roundtable. It was seven companies that were all in the IT services world and the reason we got together was to share compensation information. Milt Wessel was paranoid about what we were going to do and how it was going to be done. The people who were there from GE were paranoid that there was a tape going someplace and that these conversations were being recorded. But we did meet and agreed to share compensation information confidentially.

Then we agreed to have a third-party firm collect this information and feed it back to us. And after we had done this for about two years, ADAPSO understood that this wasn't a bad thing, this was actually a good thing, and they adopted it as their own compensation survey and took over the responsibility for running it. The roundtable that the seven of us started became the Computer Services Personnel Association in 1979 and eventually had a membership upwards of 100 companies. I think it's still operating today.

Rollins: Were there any other roundtables besides the CFO and Presidents' roundtables?

Blumberg: There was a marketing roundtable.

Brizdle: There was an aborted effort to start a marketing roundtable but it didn't fly.

Rollins: No meetings?

Brizdle: We had one or two meetings at ADAPSO conferences but the members were all independents so it was very, very difficult to get the funding to travel. I don't believe we met more than two or three times.

Rollins: We're out of time. Anybody want to make a final comment for the tape? Something you want to say that you haven't had an opportunity to say?

Terrific. Thank you all very much for participating.

[*Chorus of thank yous and applause*]