The Power of Discipleship

John was the youngest of five children and the only boy. Born on February 17, 1874, he grew up helping his father in the farm and lumber businesses.

John's father did not possess business savvy and was only marginally successful financially, but he passed on a wealth of wisdom to his young son by imparting sound biblical values, such as, persistence and optimism. These values would serve John well all his life.

At age seventeen, John worked as teacher. He lasted one day. Then he attended the Miller School of Commerce. After graduating in 1892, he began his next job—bookkeeping—and that did not work out either. From there, he began selling organs and pianos, which proved to be difficult as his largely agrarian customer base was poor.

Then in 1894, he moved to selling sewing machines for a company named Wheeler and Wilcox. John enjoyed a modicum of success. On one occasion he decided to celebrate a sale at a roadside saloon. He drank too much and stayed too long. When he left the saloon, he discovered his wagon and product samples had vanished. Wheeler and Wilcox fired him and dunned him for the lost property. This experience stung John deeply and redefined his view of drinking, particularly while working.

The story of John's experience at Wheeler and Wilcox spread throughout the community, making it difficult for him to find work. After a year of searching, C. B. Barron hired him to sell investments in Buffalo Building and Loan.

Perhaps the difficulty of finding work after his experience with Wheeler and Wilcox drove John to find an income producing investment. In any case, with the commissions that he was earning from selling investments, he decided to open a butcher shop.

All seemed to go well for a short period of time. Then John discovered that C. B. Barron did share not share John's biblical value system. Barron proved to be a con artist and, in the end, stole John's commissions. This left John broke and unable to support the nascent butcher shop, which was not yet profitable. Hence, John was forced to sell the butcher shop.

While running the butcher shop, John had purchased, on an installment basis, a cash register from a company named Cash. When he sold the butcher shop, he went down to Cash's local office to transfer the obligation for the installment payments to the new owner. John talked with Jack Range, Cash's local manager, and John talked Jack into hiring him.

In 1896, John, at age twenty-two, started his new job selling cash registers. As it turned out, he worked seventeen years for Cash. This experience transformed his life, but not without some bumps along the way.

The first bump came soon after beginning the new job. After a few weeks of work, Jack inquired about John's sales, which to that point were zero. Jack flew into a rage, which scared John to the point that he wanted to quit, but Jack would not allow John an opportunity to talk.

Finally, Jack calmed down and surprisingly changed his tone. Just as John was going to tender his resignation, Jack become avuncular. This caused John to pause. Jack explained to John that he was going to train him and they would make sales calls together. John was stunned and didn't know what to say, but he didn't quit.

Jack and John loaded a cash register on a wagon and went down the main business street in Buffalo, calling on merchants. Before the day was over, they sold the cash register. Jack and John continued to make sales calls. Jack trained John until he understood the process. This experience was arguably one of the most powerful experiences in John's life. He learned the importance of training and having patience in helping people develop.

During the next few years, John built on the training provided by Jack and developed outstanding sales skills. In addition to being very customer-centric, he was tenacious, competitive, and aggressive—essential traits for sales.

In 1900, John's hard work was rewarded. He was promoted and given the Cash agency office in Rochester, New York. For three years he applied himself tirelessly and built this agency with such success that it attracted the attention of Cash's CEO, John Patterson.

Patterson had a new project and needed a strong go-getter to execute the project. As he surveyed his employees, there was no one better than John. In 1903, Patterson summoned John to Cash's corporate headquarters in Dayton, Ohio. John had no idea what the meeting was about, but it would lead to another very powerful experience in his life. And like John's father and Jack Range, John Patterson would become a major influence in John's life.

In 1903, the greatest threat to Cash was the used equipment business. Used equipment companies bought and refurbished cash registers and sold then to merchants at a significant discount to new equipment. These businesses were impairing Cash's ability to grow and develop new products. Patterson concluded that the best scenario for the market (i.e., customers) and Cash was for Cash to have a monopoly.

In those days, a monopoly was viewed in a positive light. A monopoly enabled a company to control a market and therefore charge enough to properly service their products, develop new products, and pay their workers well. A monopoly was called a “trust.”

Patterson wanted to develop a trust in cash registers. To do this, he needed to eliminate his competition. He reasoned that the best way to eliminate competition was to create an environment that encouraged the competition to sell their businesses to Cash. One way to encourage the competition to sell would be to kill the market. Patterson proposed to form a company to compete in the used cash register market. The company would buy used cash registers above the market and sell used cash registers below the market. Of course the company would not be profitable, but it didn't have to be since the company was only a front for Cash's scheme. Its purpose was to make it difficult for used cash register companies to be profitable and therefore to encourage them to sell their businesses to Cash's subsidiary, plus have the sellers sign a non-compete agreement.

To us, Cash's strategy was clandestine, but to Patterson and John it was good business. Creating a trust in the cash register business would produce a stable market—a win-win for everyone. The idea that repressing competition was bad was a foreign concept to them.

From 1903 to 1908, John ran American Second-Hand Cash Register Company for Cash. Of course, few people knew that Cash owned the business. John went from town to town destroying the competition, buying what was left of their companies and getting the sellers to sign the non-compete agreements. Patterson's strategy worked brilliantly and John executed it impeccably. Cash developed a trust in the cash register business.

By 1908, the American Second-Hand Cash Register Company (Cash's subsidiary) effectively eliminated competition. So John rejoined Cash as assistant sales manager. Two years later, he was promoted to sales manager.

John became one of the key leaders of Cash. Patterson was very fond of him and spent personal time with him, training and encouraging his young protégé. Just as John had learned to sell from Jack Range, he learned about business from John Patterson.

Patterson had bought Cash in 1881. At that time Cash was a small company. He built the company based on good engineering and a powerful culture. Patterson was a tyrant and a micromanager who tightly controlled everything. He insisted that salesmen dress professionally in suits and follow the company sales script to the letter—no deviation was allowed.

When John joined Cash in 1896, it was already well on its way to becoming the dominant force in the cash register business. John noted how Patterson took a small company and turned it into a big company based on creating a near monopoly, good engineering, and a rah-rah sales culture. And it did not escape John's notice that Patterson became both wealthy and powerful.

Patterson and John became close. John sought to learn all that he could from Patterson. Patterson taught him how to manage, how to run a company, how to motivate salesmen, how to influence others, how to serve society, how to dress, how to dine well, and so forth. John's background of poverty faded in memory as he embraced the trappings of life afforded a senior executive of a successful company.

To John, Patterson was like a second father. If fact, John's earthly father died a few days after Patterson demonstrated his faith in John by appointing him to run American Second-Hand Cash Register. The death of his earthly father was like the passing of the fatherhood baton to Patterson who, according to some accounts, was the most influential person in John's life.

All was going well for Cash, Patterson, and John until February 22, 1912. On this day a federal criminal indictment was filed against Cash and thirty of its senior leaders. The questionable business practices associated with American Second-Hand Cash Register had caught the attention of federal prosecutors. They charged the company, Patterson, John, and the other twenty-eight executives with violation of the Sherman Antitrust Act, which had to do with suppressing competition.

For more than four years, John had helped Cash surreptitiously eliminate competition. John was naive about his actions; he had not known that his employer's tactics were illegal, but they were.

On February 13, 1913, a jury found all defendants guilty. They were sentenced to one year in prison. While the appeal was in process, the defendants remained free and sought to continue to run Cash.

Sometime later in 1913 and for reasons unknown, Patterson turned on his fellow defendants and decided to eliminate them from Cash. John's termination notice came during a sales meeting in November. While John was leading the meeting, Patterson stood up and interrupted John, took over the meeting, and ignored John. John was humiliated. He knew that he had been effectively fired. He no longer had standing with Patterson; hence, he no longer had any authority in the company. There was nothing else to do but resign.

Another piece to John's developing situation was his marriage at the age of thirty-nine. In April 1913, John married Jeanette Kittredge. Almost immediately she became pregnant.

By the end of 1913, John was approaching forty years of age. Though his history of self-employment was poor, he had spent the past seventeen very good years at Cash. However, now John faced a prison term, had a new wife who was pregnant, had no job, and had very little money. Furthermore, his looming incarceration made him undesirable to lenders and investors. And why would an employer hire someone who has been sentenced to prison? Without access to cash and with no employment options, John was indeed in perilous waters. But what seemed impossible in the natural was no problem for God (Matthew 19:26). Just as God sent His Son to solve the sin issues of the world, God sent a key relationship into John's life—another key father figure to redirect John.

While working in Rochester as a young man, John had become friends with George Todd. George knew financial engineer and trust magnate Charles Ranlett Flint, who was in need of a strong leader to manage one of his troubled trusts. George knew of Flint's need and he knew that John, as Patterson's disciple, had developed into a strong business leader. So George Todd suggested that John and Flint meet, which they did, in the spring of 1914.

Flint was a major supporter of the trust concept. Over thirty years he had assembled twenty-four trusts. Among many others, he had trusts in automatic weighing scales that computed the price of products sold by weight (Scale) and time clocks and recorders for tracking the time of workers (ITR). Both of these trusts were built through acquisitions using debt and investment capital. Typical of many, if not most, financial engineers, Flint was not strong at acquisition integration, so Scales and ITR were burdened with debt and organizational inefficiencies. As a result neither was profitable.

Desperate for a solution, Flint decided to merge Scale and ITR into a new trust focused on business information. To enhance this trust, Flint decided to add a new acquisition—tabulating machines (TM).

TM was established by a Ph.D. engineer, an immigrant from Germany, by the name of Herman Hollerith, who in 1880 was employed by the US Census department.

In accordance with the Constitution, the federal government conducted a census every ten years. In 1880, it took ten years to manually complete the census. Hollerith believed that the process could be substantially shortened through automation and developed a tabulating machine that used punch cards. The new tabulator was used in the 1890 census, which was completed in about one-third the time. Hollerith's machine proved to be a great success, which emboldened him to start his company.

In 1911, Flint acquired Hollerith's company and rolled it into the business information trust that contained Scale and ITR. However, like the individual trusts of Scale and ITR, the newly combined trust was burdened with debt and organizational inefficiency. Furthermore, it was unprofitable. If the nascent business information trust was going to survive, Flint needed to find a strong leader—and fast!

Against this backdrop, George Todd introduced Flint to John. Over several months, Flint and John visited extensively about the business information trust. Though John was a highly successful senior leader at Cash, he had never successfully run a company as the senior leader. The business information trust was in trouble, it needed proven leadership; furthermore Flint's board was not excited at the prospect of hiring someone who was destined for prison. Who would run the business while John was incarcerated? Notwithstanding the objections of all concerned, Flint took a risk—perhaps because he had a bit of a jaded past—and ignored his board and hired John.

In May 1914, John was hired to run the business information trust that Flint called CTR (Computing-Tabulating-Recording Company). CTR was the result of merging ITR, Scale, and TM.

From day one of John's tenure with CTR, the company struggled financially. Their technology was lacking—the tabulating machines did not print the results on paper, while competitors' machines did. Furthermore, product development was weak due to budget constraints, and the company's organization was a mess due to Flint's acquisitions. John worked hard to streamline the company and reduce costs while trying to find R&D money. The company was in decline, but John reached deep down to the biblical values that his father had taught him: persistence, loyalty, and optimism, among others. John projected a positive attitude and asserted that CTR would become a great company. Nevertheless, the company continued to lose money. At one point, CTR was six months behind paying suppliers and most its workers did not understand their new boss's optimism.

In the midst of the struggle, John met George F. Johnson, who would become another father figure in his life. "George F," as he was fondly known by all, was in the shoe business. His plant was located in the same town as CTR's primary facility in upstate New York, which means that CTR and George F competed in the local labor market.

George F was a fascinating man who had built his shoe business over the past quarter-century into one of the largest shoe manufacturing operations in the world. Compared to George F's shoe business, CTR was nothing. Furthermore, George F's treatment of his employees was so

magnanimous that a struggling enterprise like CTR could not effectively compete in the labor market.

At a time when business was very formal, George F introduced the practice of calling people by their first name, which proved to be wildly successful. And he was a pioneer in progressive human resource practices. For example, he:

- eliminated hourly pay in deference to pay for production (piece work);
- developed a profit sharing plan;
- reduced the workday from 9.5 hours to 8 hours;
- constructed homes for employees at cost;
- provided free meals in a company restaurant;
- provided free health care in the company clinic;
- provided free legal aid;
- constructed extravagant parks for workers and the public;
- donated carnival rides on the condition that they would be operated free of charge;
- constructed a golf course for workers; and
- constructed community facilities—swimming pool and a pavilion for events.

George F's treatment of his workers was so good that unions were never able to unionize his company. John took note of George F's success against the unions and knew that he wanted the same success, so George F provided a model for him to emulate, but the cost was high. Fledging CTR would be hard pressed to match George F's practices, much less exceed them.

Soon after joining CTR, John and George F met. At first their relationship was formal because they were competitors in the labor market. But George F was a very gracious man who extended himself in kindness to John. George F's upstart competitor in the labor market would become a close friend. George F taught John love and how to express it in the workplace. This would proved to be a critical lesson and, arguably, the pivotal lesson that John needed to build CTR into the company it became.

In December 1914, John addressed a group of thirty CTR salesmen. Many thought that he was a nut for thinking that he could turn the company around. Furthermore, they expected John to be incarcerated soon. There were no expectations that anything significant would happen at this meeting.

Instead of the typical dictatorial command and control management style of the day, John humbled himself and asked for advice. He said that he knew nothing about business information, but knew the salesmen did. He asked for their input. Stunned, the salesmen began to share. John listened carefully and took notes. There is no doubt that John's handling of this meeting proved to be pivotal in CTR's history. Perhaps this meeting reflected some of the early lessons that John had learned from George F.

John's actions were highly unusual for his day. He practiced servant leadership. He realized that the real role of management was to serve the workers and empower them to serve the customers—an understanding of biblical management that was way ahead of John's time. John began to train his management team to be servant leaders. Slowly CTR began to turn around, but the criminal conviction continued to plague John for most of his first year at CTR.

In March 1915, the appeals court set aside the lower court ruling. Rather than retry the case, the government chose to enter into a settlement with the defendants. All agreed to it, except John. John refused because he believed that he had done nothing wrong. Though the government could have prosecuted John again, they chose not to.

With the anti-trust conviction overturned, John and Flint breathed a sigh of relief and John was named president of CTR (he had been general manager). This experience profoundly impacted John. He was resolute to demonstrate that he was a moral, straight-shooting businessman. And he was determined to prove that John Patterson had been wrong to fire him. John was driven to exceed Patterson in every way.

By 1920, John's leadership enabled CTR to turn the corner. Revenue grew to $14 million with a $2 million profit. The company employed 2,731 workers and was growing at a 20 percent rate. The target for 1921 was $20 million. However, the next two years did not go as expected; revenue dropped 30 percent instead of increasing 40 percent as had been forecast. The recession caught John by surprise and caused him much soul searching. Again CTR was in financial distress; John had to cut salaries 10 percent and lay off people—a painful step for a man who so loved people.

The recession gave John time to carefully study CTR's product offerings. He observed that the scale division was in the worst shape. Eventually he recognized the scale business was not sound and within a few years sold the business. The time-clock business did not seem to have much growth potential; but the tabulating business appeared to be limitless. He concluded the new focus of CTR would be information-recording-and-processing machines for business.

In 1924, the economy came out the recession and CTR's business began to recover. Revenue was $11 million and, with new direction and focus, CTR began to grow again.

John was not happy with the company name CTR. He felt that the company needed a name more fitting the image that he wanted to project. The business had been international for several years with subsidiaries in Canada and Latin America. The international business operated under the name International Business Machines (IBM). In 1924, CTR's domestic operation adopted the name used by the international division. From then on, the company would be known as IBM throughout the world. To Thomas John Watson, Sr., IBM seemed to be a most fitting name for a vibrant company that was destined to change the world.

The journey for Thomas J. Watson, Sr. (TJW) was long and arduous. By 1924, he was fifty years old, already a great success, and would only become more successful over the next thirty years. The preparation for his success was, undoubtedly, the discipleship provided by five men.

From his natural father, TJW learned basic biblical values, such as, a work ethic, excellence, respect for others, dignity for all people, neat personal appearance, cleanliness, forthrightness, optimism, loyalty, and persistence. Though his earthly father was not able to teach him about business, the Lord provided others to fill in the gap. These men were his “spiritual fathers.”

The first of his spiritual fathers was Jack Range, the Buffalo agency manager for Cash (NCR). Jack took on the challenge of training twenty-two-year-old TJW, who had already tried his hand at selling organs and pianos, sewing machines, and investments. TJW's success at selling was not impressive, but Jack personally mentored TJW, taking him on sales calls and demonstrating how to successfully sell. Then Jack observed TJW sell and offered critiques and suggestions. Finally, TJW got it. Jack's training enabled TJW to develop into a master salesman; this became his forté and prepared him for his next spiritual father.

Because of TJW's selling success, he was promoted and continued to excel. HIs prowess came to the attention of NCR's CEO, John Patterson. Patterson moved him to NCR's corporate headquarters and for ten years Patterson worked with TJW; for six of the ten years, they worked together very closely. Patterson taught TJW how to build a little company into a big company, the critical importance of training, how to create a powerful culture to facilitate discipline and results, and how to use business success for the greater good of the community. John Patterson taught TJW how to build a business.

The next spiritual father would come along during a dark time in TJW's life. Charles Flint believed in TJW when no one else did. He gave him the benefit of the doubt and offered him an opportunity when no one else would. Flint even took a risk to hire TJW when his board opposed the hire. Why did Flint take this risk? He must have recognized potential in TJW and sought to draw it out. Granted, Flint expected TJW to help him, but he could not be sure; hence, he had to take a risk. The risk paid off big-time as TJW turned a fledging, nearly bankrupt CTR into IBM—a global powerhouse.

Finally, there was George F. Johnson—CEO of Endicott-Johnson. George taught TJW how to love people in the workplace. TJW was already skilled at working with people but didn't really know how to properly treat them. George F provided a model for TJW to see. George F pioneered worker benefits and so blessed his people that, on occasion, they would spontaneously rally at his home in appreciation for his many kindnesses. Interestingly, when George F and TJW met in 1914, George was already a great success. TJW was running a little company that happened to have a small facility in Endicott, New York, where George's plant was located. There seemed to be no natural reason for George F to take an interest in TJW, but he did. And that interest in TJW would lead to a very warm relationship between the two men, which would teach and train TJW how to truly value and treat people—a skill that would reap huge rewards for IBM.

All of these "fathers" went the extra mile to invest time, talent, and treasure in TJW. Collectively, they released the potential in him because they did what fathers should do—encourage and urge. Note the apostle Paul's comments about the role of fathers (both natural and spiritual) in 1 Thessalonians 2:11–12:

> *For you know that we dealt with each of you as a father deals with his own children, encouraging, comforting and urging you to live lives worthy of God, who calls you into his kingdom and glory.* (NIV)

There are no perfect fathers. The key in learning from fathers is always to learn the good things and discard the bad, which is easier said than done. TJW learned many good traits and skills from his fathers, but he also learned some bad ones. For example, Patterson's management

style could be described as a tyrannical. He managed through fear and intimidation. Clearly, this is not a biblical style of management. Sadly, TJW learned and adopted some of Patterson's style, which would be a detriment to him. But Patterson did teach TJW how to build a culture and motivate a sales force—this lesson would be worth gold in TJW's life.

Adopting bad traits illustrates an important point. Just as the biblical principles that TJW practiced blessed him, the non-biblical principles he practiced hurt him—particularly his management style. As TJW experienced success in running IBM, it seemed to go his head. The Patterson-style tyrant began to emerge. If there was a father on the scene during this time to stop him, TJW did not appear to listen. TJW's ego grew and his sense of self-importance began to drive him.

When a manager begins to function has a tyrant, sons are sacrificed. Sadly, this was the case with TJW. He did little to father others, including his own natural children. The result was unrealized potential for him and others. Character flaws always truncate a person's ability to achieve his or her potential. As successful as he was, there was more for TJW if he had more fully followed biblical principles.

His own children, specifically his oldest son TJW Jr., were testimonies to this reality. TJW Sr. rarely had time for his children; IBM consumed his focus and energy. In many ways, the family was abandoned and the children grew up fatherless. Throughout his life, TJW Jr. suffered depression and conflict with his father. He struggled in school, was constantly in trouble (his nickname was "terrible Tommy Watson"), vowed to never work for IBM, and sought to find meaning in a flying career. Only after a spiritual father, General Follett Bradley, affirmed his destiny to succeed his father at IBM did TJW Jr. understand and accept his calling. As with many earthly fathers, TJW Sr. did not pass on well the blessings that he had received. His success was largely due to the discipleship of the men who functioned as fathers in his life. Sadly, he did not father his own children as well as he had been fathered.

TJW reveals how far one can go in building organizations by following a few biblical principles. Where could one go by following even more biblical principles? Other than Jesus, the person to model the full potential of living a biblical worldview has not appeared—at least I am not aware that the person has appeared. And short of the return of Christ, this person will probably not appear. But our responsibility before God is to keep trying. We are called to live a life worthy of the calling that we have received (Ephesians 4:1). This is a mandate to look, think, and act like Christ in everything that we do. This admonition has application in every area of life. Let us glean lessons from TJW's life. He was a partial success—a man who practiced many biblical principles, but not completely. Then let us resolve to do better.

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Sources: ***The Maverick and His Machine*** by Kevin Maney
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