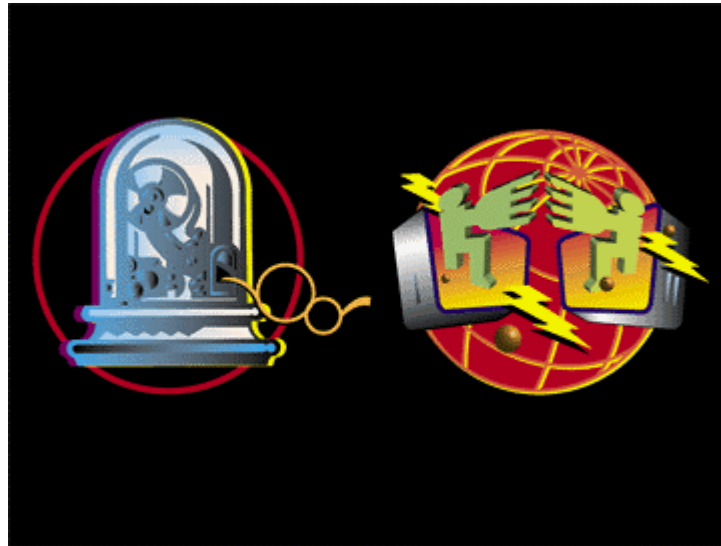


Adventures Of An Entrepreneur
And
Controversial Essays
Second Edition



WAR STORIES FROM AMERICAN INDUSTRY
and
**ESSAYS ABOUT BUSINESS, CULTURE, POLITICS, AND
PEOPLE**

By

Lawrence Kamm

Consultant, entrepreneur, and former President of MOBOT Corporation

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The author, Lawrence Kamm, is an electro-mechanical and mechanical engineering consultant, author, and expert witness. He holds 38 patents and has started four small companies

Introduction

Benjamin Franklin said, "Experience keeps a dear school, but some will learn from no other." Perhaps.

If I had taken an MBA before becoming an entrepreneur I would have done many things better.

But if I had taken an MBA I would have known better than to start my businesses with insufficient capital, no competent team members, and no real understanding of my markets or of marketing.

But if I had taken an MBA my businesses would have made me rich instead of merely comfortable.

But if I had taken an MBA instead of the plunge, and not started unwise businesses, I would have retired on an employed engineer's pension instead of an entrepreneur's capital gains.

This is not an autobiography; there is a mini-resume at the back of the book..

The book is a collection of true anecdotes from industry - "war stories" - and essays, mostly about business. If you are a present or future entrepreneur these stories and essays may amuse you and may also benefit you by helping you to copy - or to avoid - what I did.

Some of these stories describe my experiences in the businesses I started and ran, some describe in-house entrepreneurial projects when an employee, and some tell of businesses which died a-borning. All teach lessons. Some essays derive from my entrepreneurial experiences and may be helpful to you, and some essays are merely proposals which the world will not jump to adopt but which may entertain you or even stimulate your own thoughts.

Essays marked * are reprinted with the permission of Electronic Design Magazine, a Penton Media Inc. publication, where they appeared as my columns in the "Real World Engineering" section, or are adapted from the original columns.

A toast: Here's capital gains to you!

Table of Contents

Part 1. The Adventures

	<u>Page</u>
1. My Public Company	8
2. Safety Shrugged Off - Too Expensive	9
3. Corporate Politics Breaks A Tool.....	10
4. Reverse Persuasion Saves An Eye.....	10
5. Moonlight Recruiting.....	11
6. My First Employee, Hired And Fired!.....	11
7. My Big Loser, And The Court	11
8. Another Loser, And A lesson In Responsibility.....	12
9. Management Discipline	12
10. A Grand Parlay.....	13
11. Beating The Auditors	14
12. Honest Time Keeping	14
13. A Cost Reduction Proposal Bites The Dust.....	15
14. In-House Entrepreneuring	16
15. The Bootleg Convair/Air Force Function Generator Contract.....	16
16. An Accounting Shortcut Kills A Company.....	17
17. The Slave Market	18
18. When People Change, Change The People.....	19
19. Middle Managers: I Blew It Three Times	19
20. My Ideal Customer	20
21. Stupid, Mulish, Or Both?	21
22. The “Decimal Keeper” Slide Rule	22
23. Every Knock Is A Boost.....	23
24. Bean Counters	24
25. A Tragedy Of Righteous Discipline.....	25

26. Business Plans.....	26
27. A Disaster.....	26
28. Quality Control.....	27
29. Saving An Industry.....	28
30. Anticipating Lawsuits.....	28
31. Product Robustness.....	29
32. Ethics: Whistle Blowing.....	29
33. The Ethics Entrepreneurs.....	30
34. Ethics Can Also Be A Winner.....	30
35. An Industry For National Pride.....	31
36. A Non-Starter.....	31
37. Crooks In Public Service.....	32
38. My Best Marketing Lesson.....	32
39. Advertising.....	33
40. The President's Secretary Ploy.....	34
41. Bigger Companies Employ Bigger Crooks.....	34
42. Another Crook Mode.....	35
43. Extortion.....	35
44. Losses In A Storm.....	36
45. Sales Reps: The Good And The Bad.....	36
46. Employed Salesmen: The Good And The Bad.....	37
47. Quality Prospects.....	38
48. Terms & Conditions.....	38
49. The Sneaky Spec.....	38
50. Fun After Acquisition.....	39
51. Sadness After Acquisition.....	39
52. Our Corporate Nut.....	40
53. A Failed Enterprise (not mine!).....	40
54. Convertible Middle Managers.....	40

55. Entrepreneurial Volunteerism.....	41
56. Teaching Planning.....	42
57. Land Mines And Archaeologists.....	42
58. Demining The Third World.	43
59. Big Machines Made By A Small Business.....	44
60. Writing Persuasive English. Ho, Hum.....	44
61. A Crook In The Toy Business.....	45
62. An Industrial Accident.....	46
63. Don't Fake It.....	46
64. Lost Publicity.....	47
65. The Bootleg Heart-Lung Machine.....	47
66. In-House Entrepreneurial Proposal Aborted.....	51
67. My Mentor.....	51
68. Another Entrepreneurial Parlay.....	52
69. Analysts and Synthesists.....	52
70. Detroit Fiascos.....	53
71. Remote Maintenance.....	54
72. Cosmetic Design.....	54
73 Inventing And Entrepreneuring.....	55
74. The Post Office Letter Sorter.....	62
75. Lawyers.....	63
76. Expert Witnesses.....	63
77. Two Abortive Businesses.....	66
78. Conclusions.....	67

Part 2. The Essays

<u>Essay No.</u>	<u>Page</u>
1. Entrepreneuring: Doing It On A Shoestring*	68
2.. Science Fiction vs. Business Facts	71
3. The Rate Of Growth Of A Technology	71
4.. How To Improve Our Universities*	72
5. Treason*	73
6. Whistle Blowing: Should I? And How To Do It Safely*	74
7. A Contrarian View Of The Internet: Newer Tech Is Not Always Better Tech*	75
8. Economics Is A Branch Of Psychology	77
9. Ethics, Morality, And Fairness*	78
10. Energy Without Pollution*	78
11. Motivation and Management	81
12. Truth And Belief	82
13. Mule-isms	82
14. Factions	86
15. English For Nerds	87
16. How To Enforce Government Regulations	88
17. The Consumer's Special Interest Group	88
18. Big Cities Are Obsolete	90
19. Correcting The Capital Gains Tax	91
20 . The Business Cycle Ended By Computer?	93
21. How Congress Can Improve The Economy	93
22. The Errors Of Aristotle In Business Decisions	95
23. Selective Neglect: "To Play Office"	96
24. Engineering And Science	96
25. Easing your Airport Luggage Handling	97
26. Solo Entrepreneurial Businesses	97
28. Persuasion	100

29. The Author's Mini-Resume 101

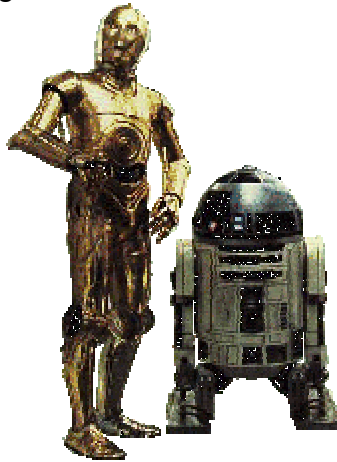
Part 1. The Adventures

1. My Public Company

I started Modular Machine Company with my own money to manufacture and sell, under license, the automatic assembly machines I had invented at Cutler Hammer. It then hit me that my independent assembly machine stations were really robots; I was in the robot business and didn't know it. I changed my sales literature and kept going.

In 1980 I was desperately keeping Modular going on my savings and getting the usual "hmm, very interesting..." from venture capitalists. (I learned that venture capitalists, all using their individual creative initiatives, really run in herds and invest only in silicon, coherent light,

Then, in a single week, Fortune, and Newsweek "**The Robots are** equivalent. Within days bankers I had never with offers to take me know what robots were, suddenly high fashion on wanted in.



companies based on DNA, or Internet.)

The Wall Street Journal, all ran stories headlined "**Coming!**" or the three investment heard of telephoned me public! They did not exactly, but robots were Wall Street so they

The practical problem was my cost. It took about \$100,000 in legal, accounting, printing, appraisal, and other fees to do a public offering, and I did not have it. (It now takes more.)

The investment bankers said it was customary to pay these out of receipts from the public offering. I said, "Great, but I have heard that offerings were sometimes suspended indefinitely at the last minute, and if this happens, I will be sitting with a large debt and no money. I will go with whichever underwriter solves this problem first."

One small underwriter had a very smart lawyer, a serious Swiss, who proposed that if the offering did not go through, the underwriter would buy \$100,000 worth of my stock. The telephone conversation went: "I agree. It's a deal. I shake hands with you over the telephone." "I shake hands with you over the telephone." The deal was made and kept.

The anxieties between that moment and the handing over of the check were too many and too bad to bore you with, but the big day, the "closing," finally came. Imagine a room full of lawyers, accountants, bank officers, secretaries,

papers, and me. Everyone but me knowing what was going on. Every few minutes someone shoves a paper in front of me and says “Sign here,” which I humbly do. I look at one paper and see that it names me as president of a different company. I point this out and that paper disappears with the speed of light.

Out of sheer boredom I ask, “Can we have the money in cruzeiros?” (The newspapers had been full of embezzlers who had escaped to Brazil with whom we had no extradition treaty.) The very smart lawyer was merely annoyed at the interruption and pronounced, “No, it must be in lawful American money.” But the financial vice president of the underwriter swiveled his eyes onto me and never took them off. Finally they handed me a check for \$1,500,000 and said we should all go to lunch while we waited for the local banker, who had made it out, to return from his lunch.

We did, and the financial v.p. kept his eyes on me every second to be sure I did not sneak off with the money. (I did go to the men’s room, past a door open to the street, and enjoyed the opportunity.) Finally we went to the bank and handed the check back, for deposit, to the man who had made it out a few hours before. The financial v.p. heaved an audible sigh of relief and beat it out the door. One should not make jokes about God to a cleric and one should not make jokes about money to one whose God is money.

One of the major brokers employed someone as their robot industry guru. As soon as I had made the verbal deal with my underwriter she heard of it and dangled bigger bucks if I would transfer to her firm. I said “A deal is a deal” and blew yet another opportunity to get rich by being dishonest.

Those newspaper and magazine stories were pure luck, of course, but if I had not been fighting to give luck a chance the luck would have done me no good.

2. Safety Shrugged Off - Too Expensive

At MOBOT Corporation I offered a robot which would unload a plastic molding press automatically without the operator having to reach between the dies. These dies come together with a force of many tons and, as with all presses, the danger is obvious. It is customary to provide a variety of safety gates and interlocks to prevent the press from closing when the operator’s hand is in the way.

The president of a molding press company visited my factory and liked my proposed robot which would do the work of the operator’s hand. He told me of an operator who had devised a way to by-pass *four* concentric safety devices to speed up his work and who lost an arm as a result. (Many industrial accidents result from the best of intentions.) A serious and

conscientious man, the president wanted to equip all his presses with my robots.

He went home and then telephoned me to say the deal was off. His chief engineer and his sales manager told him that their customers would not pay for the robots.

Perhaps, but they had invented a plausible excuse for not accepting a new idea. (I now have a collection of such excuses. A few are listed in Story 73 below.)

3. Corporate Politics Breaks A Tool

When I was employed at Teleregister Corp. they had a large quantity of electro-mechanical number display devices used in their stock quotation boards. They had been designed as disposables but had become quite expensive to replace, and they had worn out. I designed a set of unconventional tools to rebuild them despite their disposable design.

One tool was a delicate cutter and its guide. The cutter was driven by a press. I repeatedly cautioned the factory, and demonstrated, that the cutter must be inserted into the guide *before* it was put into the press or it would break.

There were immediate complaints that the cutter broke. I examined the guide and saw indentations which could only happen if my instructions were reversed; the indentations were like fingerprints identifying a criminal. I will never forget the look of absolute innocence with which the apathetic operator and the smug foreman looked me in the eye, shrugged at the evidence, and insisted that they had followed instructions exactly.

I then learned that there was a feud between their boss, the Manufacturing Manager, and my boss, the Engineering Manager. I reported the facts to my boss and heard no more about the matter.

This was my first experience of bare-faced lying and of company politics. Not my last, even in that company. It is naive of me but I am still shocked when I discover a lie or a conspiracy.

4. Reverse Persuasion Saves An Eye

At Numerical Control Corp., my first company, my machine shop foreman, Scotty, was a man of vast experience, skill, and reliability. He complained to me that his men refused to wear their safety glasses, a common situation. I had an idea and called a general meeting.



I said, "You fellows know all about safety glasses so I won't press you to wear them. Instead I'll make a deal: you provide the eyes and the company will provide the