

Tom Watson Sr.

Essays on Leadership



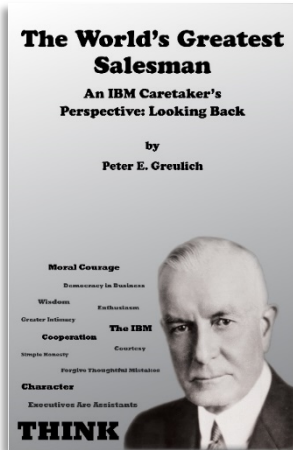
We Are All Assistants
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Annotated by
Peter E. Greulich

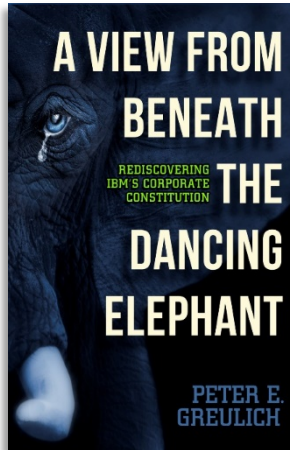
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The World's Greatest
Salesman

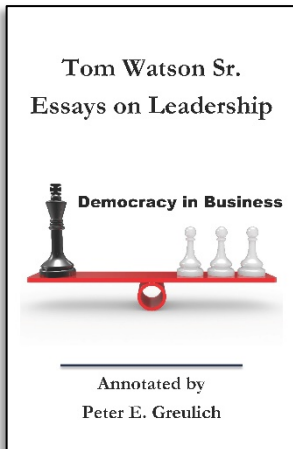


A View from Beneath the
Dancing Elephant

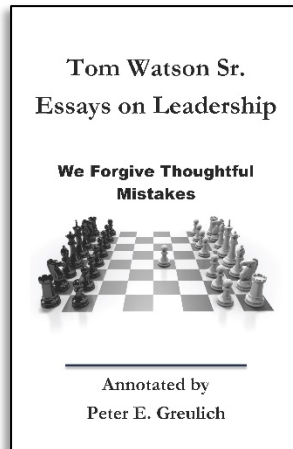


THINK Again

(The following free downloads are available in electronic format only.)



Democracy in Business



We Forgive Thoughtful
Mistakes

Tom Watson Sr.
Essays on Leadership

We Are All Assistants
Volume I: Issue II

Peter E. Greulich
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To
Tom Watson Sr.,
the traditional founder of IBM
and the IBM Basic Beliefs:

Respect

Service

Excellence

Table of Contents

An Employee-Owner's Perspective	8
A Historical Perspective	12
Thomas J. Watson Sr.	13
We Are All Assistants	13
A Practical Business School	15
We Must Do More Each Year	17
Look Your Work Squarely in the Face	20
About Thomas J. Watson Sr.	22
About the Author	23

“When you give men authority
it affects them differently.

Some men think,
‘I have been given authority
to tell these other men what to do.’

Consequently, they are not able
to tell anybody what to do
that will be of any value.

When a man is given a promotion,
his responsibility has been extended and
the first thing for him to do
is to worry a little over it instead of
taking a great deal of pride in his new power.
His first duty is to sit down and to think seriously
about his responsibility
and how he can aid his coworkers”

—

“We Must Do More Each Year”

Thomas J. Watson Sr.

September 1, 1930

An Employee-Owner's Perspective

We are all **assistants**. Such words, without context, could easily be attributed to a spiritual leader. But they were not spiritual dogma; they were a guiding principle from one of America's greatest twentieth-century industrialist. Thomas J. Watson Sr. believed all men should assist each other. Some would consider this concept too sensitive, too touchy-feely or yes, too spiritual.

Tom Watson Sr. considered it good business. These words empowered his corporate family to return to stockholders a compound annual rate of return of over seventeen percent for almost four decades encompassing nine recessions and the Great Depression. Through these times, he balanced his corporation on a tightrope stretched taut between the pillars of idealism and pragmatism:

“We all know that the welfare of the enterprises that we are directing is closely bound up with the welfare of our workers, but in attempting to counsel or advise those whom we employ, we must not adopt a paternal attitude. In these times, when independent thought and action should be the order of the day, employees resent an attitude of paternalism. It is a well-known fact, however, that an employee's efficiency suffers if his mind is ill at ease, and that worry over financial troubles is one of the most powerful sources for the destruction of mental peace.”

His quota was not a revenue or earnings-per-share target; it was building an organization defined by overachievement. If he needed revenue, as he would at the end of 1932, he asked his IBM family to deliver—to assist him. Today every executive, manager, school principal, team lead or motivated

employee—regardless of their position in a hierarchy, their corporate stature or lack thereof—must determine if being an assistant to those around them is idealistic, pragmatic or just good policy. Tom Watson Sr. emphatically expressed his executive view this way:

“When I say that every executive must be an assistant to the man under him, rather than a supervisor or director, I mean just that! What little success we have met within this business up to the present, has been due to the policy of assisting one another.”

At IBM, assisting others was policy.

E **xecutives must be assistants.** This was the message that Thomas J. Watson Sr. sent to all of IBM on September 29th, 1932, as he announced that all Home Office executives were already in the field. They were assisting the sales force. They would not return home until Christmas. The Home Office, emptied of its executives, would be run by the secretaries. The next day, Watson called the secretaries into his personal office. He told them they were about to enter “a practical business school,” a school for which there was no match in any business or educational institution. He, their Chief Executive Officer, would be their assistant, their personal mentor.

Watson took responsibility for the education and training of these men. They were the executives until their bosses returned three months later. This flowed with his nature. He desired to extract each man’s top talent. To be the best salesman, the best engineer, the best foreman or the best executive, he believed they all needed continual education, training, self-study and assistance. As each person reached their singular pinnacle and maintained it, both the individual and IBM won.

Watson disliked power concentrated in the hands of a few. He believed that the day of the section boss “had passed.” Cooperation was the key to growth. The mark of leadership was responsibility. It was a duty to aid your fellow man, and assistance was best delivered at a man’s side. He told his executive team:

“When a man is given a promotion, his responsibility has been extended and the first thing for him to do is to worry a little over it instead of taking a great deal of pride in his new power. His first duty is to sit down and to think seriously about his responsibility and how he can aid his coworkers.”

Watson’s greatest respect and focus though, was reserved for his first-line executives, his sales managers and factory foremen:

“You stand between the management at the top and your men out in the field, and you have to carry water on both shoulders. You have to do what you know is absolutely fair to the stockholders in the business on one side, and you have to do what is absolutely fair to the man out in the field. You have to take a much broader view of every problem that confronts you than anyone else in the business.”

The sales managers had on one shoulder the IBM sales representative trying to close deals. On the other shoulder, they had IBM executives trying to maximize profit. Like the maxim about “oil and water,” these two rarely go well together, but to succeed he needed them to find the balance. For this reason, Watson invested time, money, education and personal effort training his first-line managers. He and his son, Tom Watson Jr., designed a management training system empowered to inspire, train, educate and support that person carrying water for the corporation.

In 1980, serving as an administration operations manager, I felt the pressure; but I also felt the support from the very top of IBM. It was an empowered position. I was empowered to employ, educate, supervise, promote and if necessary discharge men. I was in control, but I was also held accountable, as promotions came by assisting my team. In the Watsons' IBM, you were pushed up from below not pulled up from above.

In the '60s, Tom Watson Jr. finally penned this principle, this policy of assistance. He believed "Managers Must Lead Effectively." With the following words to his executive education team, he set a new standard for corporate management:

"I want them to be educated in IBM management: communications, supreme sales and service efforts, going to a guy's house if his wife is ill and seeing if you can help out, making post-death calls."

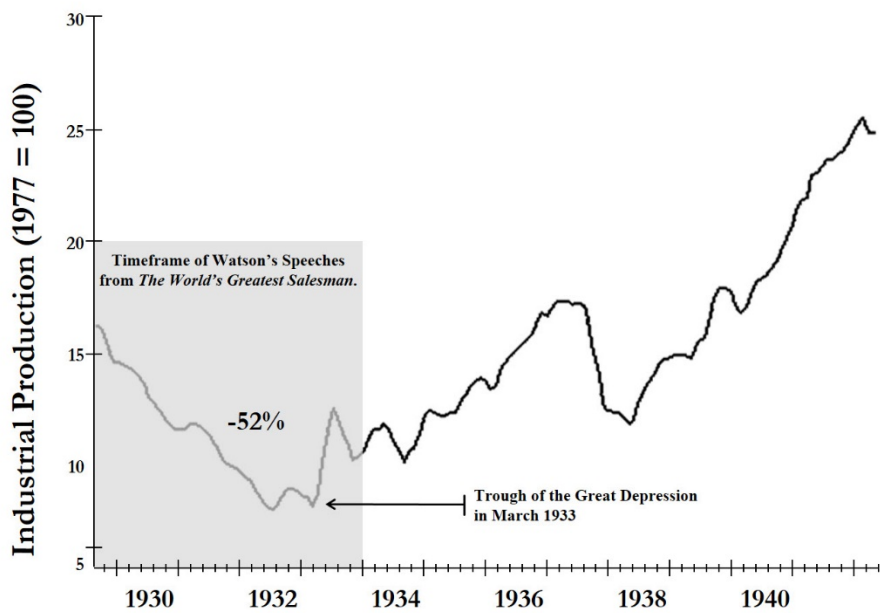
At IBM, the assistance policy did not stop at the corporate door with either the father or the son.

"Assume responsibility for the elimination not of men, but of practices, policies and everything that hinders this business."

A Historical Perspective

This chart frames the context of Thomas J. Watson Sr.'s speeches, writings and interviews during the Great Depression. Industrial production fell 52% between his first speech and, two days before Christmas in 1933, when he declared, “We have seen industry rise from virtual prostration and start forward again.” During this time, Tom Watson Sr. expressed his beliefs in over 200,000 words transcribed from some 200 speeches, interviews and writings.

These are four of his speeches from this time frame.



Source: Frank G. Steindl, Regents Professor of Economics Emeritus at Oklahoma State University, “What Ended the Great Depression?”

Thomas J. Watson Sr.

We Are All Assistants

Editorial Appearing in *Business Machines*

The Company Newsletter

September 29, 1932

We are extending this week the practical application of our policy that there should be no bosses in business—that every manager, assistant manager, department head, foreman, etc., of an organization must be instead a good assistant to and leader for somebody else. Accordingly, all the managers, assistant managers and heads of the various divisions of our sales department have gone out into the field where they will work as assistants to the men under their supervision. The best way to teach a man how to do something is to assist him in doing it and that is what our executives are doing.

While these executives are in the field, their duties at the home office will be taken over by their secretaries to whom I will act as assistant. This program will help our salesmen to do more for themselves and for the company; it will give the young men in the Home Office an opportunity to show what they can do in an executive capacity, and it will enable the executive to learn more about the problems of the salesmen and also of our customers.

The development and progress of our business depend entirely upon our ability to work together, to assist one another in every way possible, and, in doing so, to prepare ourselves individually to assume the greater responsibilities that the growth of IBM will entail. Responsibility is a mark of leadership, and the men who measure up to the greater responsibilities with which they are now entrusted will be assured of leadership in the future.

I am confident, therefore, that every member of our organization will be benefited by the extended application of our “assistant’s policy” and that the business itself will reap the rewards in bigger sales and bigger earnings.

**“The best way to teach a man
is to assist him.”**

A Practical Business School

Meeting of the Home Office Sales Secretaries

Mr. Watson's Office at 270 Broadway

September 30, 1932

We have called this meeting in the absence of your chiefs, who, as you know, are out in the field helping our salesmen to get orders. They are not just telling them what they should do to get orders, but they are out in territories working alongside them.

You men, being in the sales department, know that the securing of orders is the most important thing in this business. Our engineers and factories can produce the most wonderful machines that could be devised, but they are of no value unless we can convince businessmen that they need them. From now until the end of the year, you young men have an unusual opportunity to do executive work, to take on your shoulders certain of the responsibilities that have hitherto been borne by the men with whom you work. Do not be afraid to take these responsibilities! Seize every chance to learn more about our business and prepare yourselves for better jobs.

Executives Really Assistants

Your chiefs have gone out to help the salesmen—not merely to act in a supervisory capacity, but to really assist them. That is something I have always held, that executives should really be assistants. And I want you men to look upon Mr. Braitmayer and me as assistants. We will be glad to help you whenever you feel that you need our aid.

The experience you gain during the next three months will be the equivalent of training that you would receive in an executives' school or school of business administration, except that it will be more practical. You will actually

be doing the work and not just learning theories. Just as self-supervision is the best kind of supervision, self-teaching is the most important kind of education!

One of the important duties of a secretary is to take care of correspondence. You men, who handle the great flow of communications that we receive here at headquarters, must recognize the fact that there is too much letter writing in business today. Too many letters are written, and most of them are too lengthy. Busy executives will not wade through two or three pages of a letter to get information that could be given in a few short paragraphs. Do not let letter writing become a mania.

Simplify your work and eliminate all unnecessary letter writing.

You secretaries are in a position to learn this business in a shorter time and with less effort than men in any other department. You have the opportunity to learn our business from the ground up and you learn phases of the business that you could learn in no other job.

I want to see every one of you young men advance to a higher position in this company, and it is within your power to do so.

**“Self-teaching is the most important
kind of education.”**

We Must Do More Each Year

Convention Opening Address

London, England

September 1-2, 1930

The purpose of my talk this morning is to sell you something—not IBM products, however. I want to sell you the big idea of making this business of ours many times larger than it is today. The owners of the company—our more than 3,500 stockholders—are depending on me as head of this company to make more money for them each year.

You, as individuals, are giving us your time, which is your stock in trade, and we want to help you to make better use of your time and to earn more money for yourselves. That is the only way we can make money for the stockholders.

If every man who attends this convention starts with an open mind and determines that he is going to get something out of it, which will enable him to help every other man in this organization, then the success of this meeting is assured.

We want to be of greater assistance to you and your assistants than we have in the past. That is our real reason for coming over here—not to tell you how we are doing things in America, but to find out from you what we should do that we are not doing in order to help you and the business. We want you to feel that this is your convention, not ours. We want you to tell us honestly what you have on your minds, what you think we ought to know that will aid you and the other people, individually, in this business. That is exactly what we want each one of you to do.

If you do not believe in our policies, we want you to tell us so. Then we shall hold a meeting to determine whether our policy or yours is right; if yours is the better, we shall immediately take steps to adopt it. I want you to follow that rule with me and with others in executive positions with whom you have contact. Only by so doing can we get together and cooperate. If we do not know what you are thinking about, we do not know where to start.

We want you to be frank with us; if you do not agree with our policies, tell us so. Our policies are not my policies. Every decision that has been issued over my signature has been gone over carefully by all of my executive staff in New York. I would not think of arbitrarily telling people in this business that they must do thus and so. That is not the way to build a sound business structure. A one-man policy is like an engine of only one horsepower or one cylinder; one of them does not get you very far. We often bring in our factory foremen and our factory executive staff when we consider changing a policy because those men are engaged in making our products and we, therefore, look to them for valuable information and help in the shaping of our policies.

When you give men authority it affects them differently. Some men think, "I have been given authority to tell these other men what to do." Consequently, they are not able to tell anybody what to do that will be of any value. When a man is given a promotion, his responsibility has been extended and the first thing for him to do is to worry a little over it instead of taking a great deal of pride in his new power. His first duty is to sit down and to think seriously about his responsibility and how he can aid his coworkers who in time to come will be doing bigger things in our business.

It does all of us good to worry a little about how we are going to take care of our jobs. Think over the responsibilities of your new position and then lay out a plan whereby you and the men under your direction will be able to accomplish results.

That is what will build an organization.

“A one-man policy is like an engine of only one horsepower or one cylinder; one of them does not get you very far.”

Look Your Work Squarely in the Face

Interview with President Watson

Forbes Article

April 1, 1930

To establish sales morale, it is essential to start building at the top of the organization. The old idea that those in administrative positions should be autocrats has gone. The day of the section boss in business has passed. Every manager in every department of business, in factory, office or field should remember that his duty is to help the men under his direction.

If cooperation is to exist in any business enterprise, if effort is to be stimulated to produce the results for which the company was organized, the people in it must be given the chance to become acquainted, to exchange views and to understand one another. Nothing is more productive of results than departmental meetings in conjunction with schools for salesmen, foremen and executives.

Efforts should be stimulated occasionally, because it is natural for people to get into ruts or fall into time-wasting habits and very often be unconscious of the fact. To keep up and stimulate the efforts of those under him requires much thought and study on the part of the manager and department head. Arousing the desire to excel is a highly satisfactory method of bringing about this result. Sales contests and published records of quotas and accomplishments are the direct means whereby these ends can be attained.

Sound policy demands that every man in a responsible position have support from his superiors. We must prove our faith by demonstrating the dependence of the business on the men who run it, and, in turn, their dependence on the men who help them carry out their respective operations.

Men at the head of business face the necessity and the opportunity of taking more men into their confidence and showing them the way, realizing that their knowledge will produce dollars in profit.

No one has to be a genius to succeed in business. One does not have to lie awake nights worrying about his job. Men must look their work squarely in the face as if to say, “This is the right thing to do.” If we do what common sense dictates, nine times out of ten it will be the right thing.

I would advise a young man to pick two or three companies in a line of enterprise which appeals to him—companies which show a forward trend of sales and profits. He should make a careful study of at least three such companies. Then he should seek to get a job with one of them, going in prepared to work hard, learn all he possibly can about the business and the objectives of the management. Then he should put himself in the hands of the management, relying on its good judgment and fairness to reward efficiency and merit.

**“Prove our faith by demonstrating the dependence of the business on
the men who run it.”**

About Thomas J. Watson Sr.

The New York Times and Time Magazine called Thomas J. Watson Sr., the founder of IBM, the “World’s Greatest Salesman.” Newsweek wrote that he was a philanthropist, where “none gained more from his beneficence than his own employees.” President Eisenhower said he was a man “marked by a deep-seated concern for people.”

Thomas J. Watson Sr. Essays on Leadership are the individual speeches, interviews and writings by Watson Sr. during the Great Depression. They are extracted from *The World’s Greatest Salesman*, published by MBI Concepts Corporation in 2011. *The World’s Greatest Salesman* is an IBM employee’s perspective of Mr. Watson’s leadership during the Great Depression. The book starts the day after Black Tuesday and ends three days before Christmas 1933, soon after the Great Depression’s trough.

Watson Sr. set an example of great leadership during one of the darkest economic times in world history and led a good company to greatness in the 20th century.

About the Author

Peter E. Greulich spent thirty years serving IBM customers in a variety of roles: administrator, systems engineer, worldwide sales instructor, salesman, and as worldwide brand, product, and market managers. He is a Seeking Alpha contributor and a Bulldog Drummond author who uses Bulldog's Uncommon Sense Principles to pursue corporate truths. In his examination of IBM's century of CEO leadership, he has uncovered an uncommonly simple financial truth: human relationships matter.



Pete retired from IBM in March 2011. Since then he has continued studying the history of IBM, its chief executive officers, customers, employees and shareholders, and their interactions with their surrounding communities. Three books have been published over the course of this six years of research: *The World's Greatest Salesman* (2011), *A View from Beneath the Dancing Elephant* (2014) and *THINK Again: IBM CAN Maximize Shareholder Value* (2017).

Pete started in administration, became a first-line administration manager, and then held multiple sales and technical roles for IBM:

- Worldwide Brand Manager for OS/2 Warp Server
- Worldwide Sales Evangelist for OS/2
- Worldwide Marketing Manager for Tivoli Configuration Manager
- Worldwide Sales Evangelist for Tivoli Configuration Manager
- Worldwide Sales Evangelist for IBM Tivoli Monitoring
- Worldwide Tivoli Top Gun presenter
- Worldwide Product Manager for IBM Tivoli Netcool

Tom Watson Sr.

Essays on Leadership



One thinks ...

... “I have been given authority to tell these other men what to do.”

And another thinks ...

... “I have a responsibility to aid my coworkers.”



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