

The Maverick and His Machine: Thomas Watson, Sr., and the Making of IBM. *By Kevin Maney*. Hoboken, N.J.: John Wiley, 2003. xxv + 485 pp. Illustrations, notes, index. Cloth, \$29.95. ISBN: 0-471-41463-8.

Reviewed by Nathan Ensmenger

In 1935 the Security and Exchange Commission, as part of its New Deal reforms of the corporate sector, for the first time began tracking—and publishing—the incomes of all American corporate executives making more than \$15,000 a year. At the top of the list, higher even than such corporate luminaries as Alfred Sloan, William Chrysler, and Samuel Goldwyn, was the relatively obscure president of a relatively obscure company: Thomas J. Watson Sr. of the International Business Machines (IBM) Company. In *The Maverick and His Machine*, Kevin Maney tells the compelling story of the “Thousand-Dollar-A-Day Man” and his role in the creation of one of the largest and most iconic American corporations of the twentieth century.

Maney moves quickly over Watson’s first four decades of life—his humble origins in rural upstate New York, his early career as a traveling piano salesman and failed butcher-shop owner—lingering only to describe in detail his formative years as sales manager at National Cash Register (NCR). It was at NCR, under the tutelage of its dynamic (and notoriously mercurial) founder James Patterson, that Watson learned how to manage a company. Many of the practices later associated with Watson and his distinctive “IBM Culture” (including strict codes of dress and behavior, the infamous “THINK” slogan, corporate-sponsored country clubs, strict codes of dress and behavior, and a strong commitment to research and development) originated at NCR with Patterson.

Up until 1914, when he was forced out of NCR, Watson was Patterson’s protégé and heir apparent. In 1903 Patterson recruited Watson for an undercover operation aimed at “knocking out” competing firms in the second-hand cash-register market. Watson would move into cities with thriving secondhand markets, establish a dummy firm (funded secretly by NCR headquarters), undercut the competition and reestablish monopoly control, and then turn the profits back over to Patterson. Watson was good at

his job, but it would eventually serve as his undoing: when NCR was convicted of monopolistic restraint of trade practices, Watson was personally disgraced and, ultimately, out of a job.

Although devastated by what seemed like a personal betrayal by his mentor Patterson, Watson soon recovered and moved to New York with his family to assume the presidency of the struggling business-machines manufacturer C-T-R. C-T-R was the ungainly stepchild of legendary trust-builder Charles Ranlett Flint (most famous for establishing the U.S. Rubber Trust). With the goal of gaining control of the growing business-machines industry, C-T-R (for Computing-Tabulating-Recording) sold recording time clocks, computing scales, and, most successfully, the tabulating machines first developed by Herman Hollerith to process data for the 1890 census. It was the tabulating machine, which could be used to sort, count, and record data mechanically, that Watson turned into a successful business. By recruiting good engineers and investing heavily in research, Watson was able to transform C-T-R, by the early 1920s, into a \$14 million company growing at the extraordinary rate of 20 percent per year. In 1924 he effectively abandoned the time clock and computing-scale divisions, consolidated the firm around the profitable tabulating-machine business, and renamed it the International Business Machines Company.

Paradoxically, it was the Great Depression that allowed the newly formed IBM to secure its leadership in the business-machines industry. In a characteristically bold and risky move, Watson actually increased by one-third IBM's manufacturing capability in the years between 1929 and 1932 and invested heavily in research and development throughout the worst years of the depression. His optimism was justified when, on August 14, 1935, President Roosevelt signed into law the Social Security Act, creating with a stroke of a pen a massive new demand for information-processing technologies. IBM, with its large inventories and expanded manufacturing capacity, was well prepared to capitalize on this demand: in 1935 IBM's annual revenues increased from \$19 million to \$21 million; in the next year, it grew to \$25 million; and by 1937 it had grown to \$31 million. For the next forty-five years this growth continued unabated.

Although Maney obviously considers Watson the man and IBM the company to have been inextricably intertwined (a view that Watson himself seems to have shared),

his focus is on Watson, and so his book ends with the death of Watson in 1956, just as IBM is beginning to make its transition from tabulating machines to electronic computers. His discussion of IBM's passage from one machine to another, and from one Watson to another (from Tom Sr. to his son Tom Jr.), provides a useful background for understanding the next several decades of IBM history, however.

Maney was granted privileged access to the IBM archives, and he makes good use of this opportunity, drawing on meeting notes, memoranda, and personal correspondence to paint a more complex and nuanced picture of Watson the man (as opposed to Watson the legend) than has been previously available. We see Watson at his most humorous and charming (particularly with women and reporters) as well as at his most irascible and tedious (as portrayed in his meeting notes and interminable after-dinner speeches). At times Maney's account suffers from a lack of historical context, however. For example, what he interprets as uniquely "Watsonian," such as corporate welfare programs for workers or highly visible public-relations ventures, were more typical than he suggests. And at times he stretches too far in drawing parallels with modern management jargon, as when he writes that Watson described "the flat business organization 75 years before authors and consultants made it popular" (p. 54). Nevertheless, *The Maverick and His Machine* is a well-written and insightful telling of an important story.

*Nathan Ensmenger is assistant professor in the History and Sociology of Science Department at the University of Pennsylvania. He is currently working on a book about the organizational politics of corporate computerization projects.*