



# ***New Business***

ENTREPRENEURIAL PURSUITS AT HARVARD BUSINESS SCHOOL

---

## **One Student's Odyssey**

Having signed up for Professor Georges Doriot's Manufacturing course because of a genuine interest in manufacturing, John Diebold (MBA '51) was surprised and motivated by the professor's offbeat lectures. He was particularly inspired by one of the course's central components, the team report. Diebold realized it gave him the chance to follow up on his ideas about "automatic factories" that he had developed as a midshipman in the Merchant Marine during World War II. His ship's anti-aircraft fire control mechanisms employed crude self-correcting devices. "I kept thinking," he recalls, "if we can build tools and if we have automatic anti-aircraft fire control, why can't we have an automatic factory?"

Doriot suggested that Diebold create (on paper) a factory that would build a specific product. In their report, "Making the Automatic Factory a Reality," Diebold and his team of classmates explored how new and growing technologies could help (or hinder) the mechanization of industrial functions. They even proposed that a central computer could control all of the automatic machines.

Diebold began using a word that captured his central concepts: "automation." "People say I coined this word," he says, "but I don't claim to have invented the word, just the use of it."

After graduation, Diebold took a job with a major New York-based management consulting firm. He devoted much of his energy to persuading clients to computerize. "I was too early," he says. "It was before the first computer was installed for business use." The firm fired him twice, ordering him to give up on his obsession with computers and automation. He didn't. When he was fired a third time, he decided to strike out on his own.

Diebold's book, *Automation*, was published in 1952. (It was dedicated to Georges Doriot.) Besides shedding light on the computer revolution, then barely out of its infancy, the book addressed the problems of integrating computers into nearly all aspects of a business. An enormously influential work, *Automation* was reissued as a "management classic" on its 30th anniversary, and celebrated again on its 40th.

General Electric booted up the first full-scale computer system for a business in April 1954—the same month that Diebold founded his own consulting firm, John Diebold & Associates, in his hometown of Weehawken, New Jersey. Although the firm's first jobs concerned automatic machine tool control, the number of clients stumped by computer applications in business began to rise swiftly. Diebold was the industry expert in a brand-new industry.

In the nearly 50 years since then, Diebold has consulted for companies such as AT&T, IBM, and Xerox; for cities such as Chicago and New York; and for countries such as Venezuela and Jordan. In 1967, he started John Diebold Inc., an investment firm that backed a number of ventures, including a computer leasing company and an enterprise that distributed software across Europe.

Diebold has always admired the dogged pursuit of a new idea. "You encounter roadblocks," he admits, "and you simply have to have a very hard skin—you have to keep doing it." And he doesn't much mind being

thought of as a "rock-throwing, bomb-throwing revolutionary" by colleagues and competitors alike. "You know," he concludes, "you get shot at, running revolutions."

*Excerpted from The Rule Breakers by Jeffrey L. Cruikshank, scheduled for publication in 2002; with permission of the author.*