

# PHOTOGRAPHIC MEMORIES

Presented by James S. Tomes

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## Photographic Memories

This is the story, or rather a few of the stories, about a fifteen year period during which I was a participant and witness to many significant events in the photographic industry. Principally from the point of view of Bell & Howell Company (B&H), and including Polaroid, Canon, Kodak, Xerox, Apple, and others. It is not an official history, but it is the true story of my direct personal experiences with some of the industry leaders, and the effect their personalities and skills had on the companies they led.

The character, commitment and skills of business leaders have a profound and often immediate effect on their businesses. The stories of the people discussed in this paper will, I believe, illustrate this theme. Most of the major characters in these stories have either died or long since retired. Technologies have changed radically and some of the companies became bankrupt many years ago and only survive as shadows of their former selves.

First, a brief preface about my life before B&H. This discussion of my personal history is relevant to the stories in this paper because of the connection between Bell & Howell (B&H) and Chicago-Kent (Kent) law school, none of which I knew before joining B&H.

I joined the Army in 1944 at age 17. I served mostly in Germany with the 82nd Airborne Division until my regiment returned to Fort Bragg in 1946. To my surprise and appreciation I had the GI Bill and was able to start at Northwestern University in 1947. When the Korean War started in 1950 I was called to active duty from the Air Force Reserve which I had joined in 1948 and served as a flight engineer flying on B-25s and C-47s in the United States Training Command until 1953. I graduated from Northwestern University with a Bachelor of Science in 1952 while still in the Air Force.

I started law school at Chicago-Kent (Kent) in 1953, graduated and was admitted to the Illinois Bar in 1957 after completing a four year night school program. During law school I worked full time for two years with the Harris Trust Bank and then two years as the law clerk for the trial law firm of Berchem, Schwantes and Thuma. I practiced law for three years with the small general practice firm of Petit, Olin, Overmeyer and Fazio. Both Petit and Schwantes were practicing lawyers and also officers of Kent; Schwantes as President and Petit as Treasurer. I was a good law student so I had been recommended by Kent to these law firms.

Josie Raymaley and I were married in June of 1954 in the Howes Memorial Chapel at Northwestern University where we had met in 1949.

I decided in 1960 that I needed to leave the Petit firm, mainly for economic reasons since Josie had told me we were expecting our first child. I did not have many paying law clients of my own, my activities with the Chicago Bar committee for the defense of indigent prisoners, and the ACLU was all pro bono, and my prospects at the Petit firm seemed a long way off. I therefore contacted the lawyer placement office at the Chicago Bar and found that there was an opening for a lawyers at Bell & Howell Company. I applied, was interviewed and offered the job. I decided on B&H because of Chuck Percy's reputation as being a young, public spirited CEO of a rapidly growing company. I started as an Assistant Counsel at B&H in June of 1960.

What I didn't know before I came to B&H was that Chuck Percy, the president and CEO of B&H had been a night law student at Kent until he was named president of B&H in 1949. And that Ed McDermott, the senior and founding lawyer of McDermott, Will and Emery, was a director and outside law counsel for B&H. My law office at the Petit, Olin firm was also in the Harris Trust building where I knew many of the McDermott, Will lawyers. These serendipitous connections soon came to bear on the fortuitous decision I made to join B&H.

All seemed well and good, but after a few months I had to conclude that the existing B&H General Counsel was not a very professional lawyer. So, I prepared a proposal to him to form a law department with specific job descriptions of responsibilities for the General Counsel and the two Assistant Counsels; myself and another lawyer at B&H's west coast subsidiary. I really did this for defensive reasons to protect against the problems posed by the existing General Counsel.

These contingent events soon put me in direct touch with Chuck Percy who called me into his office one day to tell me that he had terminated the existing General Counsel and was now seeking to replace him with a senior lawyer. I responded by saying what seemed obvious to me, that I could do the job, and gave Chuck a copy of what I had proposed for a law department. It was then that the Chicago-Kent connections would work in my favor. Since Chuck had been a student at Kent he checked me out there. Ed McDermott checked with his partners at McDermott, Will. A meeting was arranged between Ed and me during which he asked me a number of questions about corporate law. About a week later Chuck called me back to his office to say that he had decided to name me as the B&H General Counsel.

I was 33 years old, a good, but still young trial and corporate lawyer, now General Counsel for a large, international company. All after one contingency upon another. Just plain good luck, and a fair amount of hard work.

1960 was a propitious year to become Bell & Howell's Counsel. The company's growth was continuing well. The company had merged with Consolidated Electrodynamics Corp of Pasadena (CEC), California in January of 1960, doubling its sales and earnings from \$61million/ \$3.5 million in 1959 to \$114million/ \$5.1 million in 1960. And Chuck Percy had been named Chairman of the Republican Party's Platform Committee.

The company had changed considerably under Chuck's leadership. It had become publicly owned in 1945, and, while Chuck had a large stock option he was not the controlling shareholder that its previous President, Joseph McNabb, had been. He was more collaborative and more interested in presenting a public face for the company, which soon made him a favorite of President Eisenhower. He was offered and declined full-time government positions, but did undertake various part-time government assignments from Eisenhower, first as Vice-Chair of the Republican Finance Committee, than as Chairman of the Platform Committee.

In 1958 Percy's Assistant and B&H's Personnel Director at the time was Charley Gray, a University of Chicago PhD candidate. Charley was very bright and a hard worker whose politics suited Percy's Progressive Republican point of view. Shortly after I joined B&H Charley contacted me, learned about my ACLU background and asked that I take on an extracurricular political task for Percy. The task was to prepare and submit a draft of a Republican Party Civil Rights plank for the Republican Party Platform. I got right on it, contacted colleagues at the ACLU, Roy Wilkins at the NAACP, and others, and drafted a comprehensive plank. It covered equal employment, fair housing, voting rights, women's rights, etc.

Charley Gray collated the various draft "planks" and invited us all to join Percy at the Blackstone Hotel during the Republican Convention held that year in Chicago. But when we arrived that morning we learned that Percy had been summarily replaced by Mel Laird, then a Wisconsin Representative, to head up a much more conservative Republican Platform. Percy had been caught up in the early days of the continuing war between the so-called conservatives and progressives in the Republican Party. Percy was a "Rockefeller Republican", sponsored by President Dwight Eisenhower. As such he never became a politically powerful Republican.

Percy's family had been members of the Christian Science Church in Wilmette, Illinois. It was there in the 1930's that he first met Joseph McNabb, who was his Sunday school teacher, and also the president of Bell & Howell Company. Chuck was a good student at New Trier High School, obtained a 50% scholarship at the University of Chicago, kept working on many part-time entrepreneurial jobs, and also worked summers at Bell & Howell. Thus, Chuck's long association with B&H began with a strong connection to McNabb.

I learned a lot of this history from Grace Lloyd who had been McNabb's secretary beginning in 1926, was still at the company when I joined it in 1960, and was assigned to me as my secretary. By then she was not a very productive secretary (she retired in 1963) but had many stories to tell. She told me how Donald Bell and Albert Howell had founded the Bell & Howell Company in 1907, and that they hired McNabb as a business manager in 1917. Donald Bell and Albert Howell had originally met when Bell was a movie projectionist and Howell was an engineer at the Essanay Film Manufacturing Company on the north side of Chicago, sometimes called "Hollywood on the Lake".

After a while, Bell fired both Howell and McNabb because he thought they had disobeyed him. McNabb and Howell met that night and confronted Bell the next day with their ultimatum - that they would buy him out or they would compete with him. Bell accepted their offer and McNabb's father-in-law, Rufus Kittridge became president, with McNabb as business manager. Kittridge had financed the purchase of Bell's stock. McNabb later became president in 1931. Howell had a practical genius for designing reliable, cost-efficient movie cameras and projectors that were better than anything else on the market. He also led the way to standardize the motion picture technology of those days. He stayed active at B&H until 1939, retired from the board of directors in 1947 and died in 1950.

Another vivid story Grace told me was that McNabb learned he had an incurable cancer in 1947 and placed a sealed letter in the company's safe to be opened only when he died. He died in January of 1949 and the board of directors followed his recommendation that Chuck Percy be named president of Bell & Howell, at age 29.

B&H grew dramatically under Percy's leadership, from sales in 1949 of \$13 million to sales of \$114 million in 1960. Over half of this growth in sales and earnings had come from acquisitions, most recently from CEC in California. Other significant acquisitions were in the business equipment field, some of which thrived for many years and sustained the company during its later difficult years. This early period of acquisitions was mainly the result of Percy's strategic vision. Percy was very much involved in the marketing and management of the photographic products business at the beginning, then the architect and leader of the diversification strategy. Percy transformed B&H from a small privately owned photoproducts company to a much larger publicly owned, diversified business equipment and high tech electronics company in just a few years.

All in, Chuck Percy had a profound and positive effect on Bell & Howell. He was an ethical and charismatic business leader. As my B&H friend John Rosenheim remembers, "He had an amazing ability to draw out the best in others and make people feel valued. He seemed to know everybody in the factory by their first names, and knew their families as well."

When he ran for Governor of Illinois in 1963 he turned over the office of CEO of B&H to his Executive VP, Peter G. Peterson. Thus Chuck moved quickly into the public and political world and became a part-time leader of the company. He was committed personally to the affairs of the company, but he was no longer committed full-time as CEO. This choice had long term negative consequences for the company.

Chuck's involvement in politics took him increasingly away from the company. One dramatic example also involved his assistant, Charley Gray. Charley's PhD work at the University of Chicago was industrial relations so he was happy to accept Governor Otto Kerner's appointment as the Chairman of the State of Illinois' first Fair Employment Commission (FEPC). Percy had long been outspoken advocate of equal employment opportunity, and he practiced it at B&H. So, after Percy lost the Governorship election to Otto Kerner, it was a bi-partisan gesture for Kerner to suggest Charley Gray and for Chuck to approve his appointment. It suited both men politically and Charley was a well qualified candidate. Although the FEPC law received bipartisan support in the Illinois legislature, the appointment of the commissioners was not without difficulty.

One of the Commission nominees was a successful African-American lawyer and businessman, Earl B. Dickerson, an amazing man. Earl had been born in the segregated State of Mississippi in 1891 and was stowed away by his family on an Illinois Central train to come to Chicago in 1907. With his mother's and a white Mississippi teacher's help he attended The University of Chicago's Lab School. From there he attended Northwestern University, graduated from the University of Illinois in 1913, and started law school at the University of Chicago. He enlisted in the segregated U.S. Army in 1917, was commissioned and served as an infantry company commander in combat in France, returned home and graduated from the U. of C. law school in 1920, the first African-American to do so. He was admitted to the Illinois Bar in 1920. He practiced law on his own in Chicago after being recommended by the law school to large Chicago law firms, but turned down specifically because of his race. He was the first African-American to serve as an Alderman on the Chicago City Council. He also became president of the Supreme Liberty Life Insurance Company which financed the purchase of Carl Hansberry's house in Woodlawn. That purchase agreement had a racially restrictive covenant which Dickerson successfully argued against in the U.S. Supreme Court in the case of *Hansberry vs. Lee*. Hansberry's daughter was Lorraine Hansberry, the author of the great play "Raisin in the Sun", inspired by the facts of that case.

Dickerson also led the fight to integrate the Chicago Bar Association and the American Bar Association. Incredible as it may seem today, both bar associations discriminated against African-American until after World War II, in 1946 and 1947. Dickerson was the first president of the integrated National Lawyers Guild that was attacked by Joseph McCarthy, and labelled subversive by Herbert Brownell, without a hearing, in 1953. It was not until years later, after a long deferred hearing that Brownell dismissed the charges and found the Guild not subversive. Dickerson was the first African-American alderman in the Chicago City Council and also a leader in the formation of the Chicago Urban League, an interracial organization dedicated to interracial understanding and keeping the peace in Chicago. Dickerson died in 1986.

I have commented at length on the remarkable life and accomplishments of Earl Dickerson because of what happened after his nomination by Kerner as one of the Commissioners for the Illinois FEPC in 1961. There was a huge public outcry, first from the Chicago Tribune, and then by various members of the Republican Party, claiming that Dickerson was a subversive and not fit to serve as a Commissioner. Charley Gray's reaction, when interviewed by the Tribune was to label these unfounded attacks on Dickerson as "a travesty of justice".

For this Charley was also castigated and threatened with removal as Chairman of the FEPC. Dickerson then voluntarily removed his name from nomination and the Commission was formed, but the political memories of this confrontation persisted and erupted again when Charley and the commissioners came up for reconfirmation at the end of their first term in 1965.

As General Counsel for B&H I was asked by Pete Peterson to assist Charley in preparing for the hearings and to accompany him to Springfield. Charley Gray and his wife Mary and I flew to Springfield on Gov. Kerner's plane and we attended the hearing in the Illinois Senate. The Senate Judiciary Committee was a majority of Republicans. Mary and I heard the Senators castigate Charley and vote against his reappointment.

At that point Chuck Percy showed up at the hearing and sat in the empty seat next to me, saying, "I'm here to speak on behalf of Charley". I told him that it was too late because the voting was already a majority against Charley. Then Chuck wrote a note on a piece of paper and handed it to me, asking me to hand it to Charley who was sitting at a live microphone in front of the Senate Committee. I took the note, read it, and walked slowly up behind Charley. Knowing Charley to be capable of spontaneous reactions, I covered the microphone with one hand and handed Charley the note with the other, telling him not to react because it wouldn't make any difference. Charley read the note, kept quiet and I returned to my seat.

The vote proceeded until the end, Charley's reappointment was voted down and the meeting adjourned. At that point Charley got out of his chair and embraced his wife who was now quite upset. Chuck Percy then tried to shake his hand, but Charley said loudly to him "There's your Republican Party", which the Tribune reporter duly reported, and left with Mary. The ACLU gave Charley its 1965 Leadership Award.

Chuck Percy did try to publicly help Charley Gray, against the will of the Illinois Republicans. It was just too little and too late. This was simply another dramatic example of the gap between Chuck Percy's position as a progressive, moderate Republican and the reality of the so-called conservatives.

Percy decided to run for the United States Senate in 1966, resigning first as Chairman of B&H. He ran against Charles Carpentier, Illinois Secretary of State, who died during the primary, and then ultimately defeated Senator Paul Douglas. During the Senate campaign the Percy family suffered the awful tragedy of their daughter's murder. Douglas immediately volunteered to suspend electioneering, which Chuck of course agreed and then, after three weeks, resumed the campaign with five weeks to go before November. Chuck was elected to the U.S. Senate, the first of three successive terms. Continuing his attempt to define a progressive Republican Party, Chuck introduced a fair housing bill in the Senate during his first term, and other progressive bills in later terms. They mostly failed; once again showing Chuck as outside the Republican Party tent. But he was re-elected twice and served the public honorably during his three terms. Chuck Percy died in 2011.

The long-term negative consequences of Chuck's leaving B&H began with his choice of a successor. He picked Pete Peterson because it was perceived, based on a consultant's study, that B&H was weak in marketing. Pete's background looked very good on paper. He was a summa cum laude graduate of Northwestern University, had an MBA from the University of Chicago, had been the president of Market Facts, a Chicago market research company, and was the Chicago vice president of McCann Erickson in charge of the B&H advertising account. He also lived near Chuck Percy in Kenilworth and was a frequent tennis partner. But he did not have any experience managing a large diversified, manufacturing conglomerate.

My close contact with Pete over the following fourteen years also told me that he was a very different man than Chuck Percy. They were both very ambitious men, but while Chuck was driven mainly by his sense of duty, to B&H and to public service, Pete was much more driven by personal ambition. Chuck's ambition was usually related to some other goal than just himself. Pete was, in my judgement, literally consumed by personal ambition. Pete was clearly a very bright guy, articulate, had a good sense of humor, and highly skilled at making speaking presentations.



He could also be quite unstructured, even chaotic, in his thinking and behavior. He seemed driven by the need to constantly present himself to new audiences. He prided himself on his “analytic” and “multi-tasking” skills, but what many of us perceived over time was that he was essentially a wordsmith. He was not a systematic business manager. He was the consummate advertising man and the product was always, directly or indirectly, himself. And, once the ad was written, he was on to the next thing. But his behavior was not an act, it was simply who he was.

He could also be, however, a personally humane man. He loved his parents and his second wife Sally and their five children. He and Sally suffered the tragedy of having a mentally disabled child and did all they could to help him. My wife and I intuitively liked Pete and Sally very much, but I was later dismayed by his personal ambition and lack of commitment to B&H. Where I am critical of Pete in this paper it is out of sadness, that such great opportunities were squandered to his personal ambition. The premature illness and ultimate death of B&H was like the loss of a good friend who had great promise, but whose life was cut short.

Pete’s autobiography, “The Education of an American Dreamer”, with the subtitle, “How a Son of Greek Immigrants Learned His Way from a Nebraska Diner to Washington, Wall Street, and Beyond”, is an extraordinary combination of confessions of some of his faults, the story of his touching early struggles as a young Greek boy working in his father’s diner in Kearney, Nebraska, and a long recitation of his successes in market research, advertising, Bell & Howell, Washington, DC and Wall Street. His attempt to justify his leaving B&H in 1970 as a call to public service, is more an admission of his “boredom” and “dread” of the “dreary” business of managing B&H, and his “love of public policy” and fervent desire for “something larger, the macro, the big abstract picture where conceptual change took place.” It shows a remarkable lack of awareness of what many others perceived him to be. He was, and still is, a very complex man. Many of my comments about Pete’s complexity are confirmed by direct quotes from his own autobiography. I have tried to let Pete speak for himself.

His college career began at MIT, from which he was expelled in the fall of 1944 for plagiarizing a paper written by the subsequently infamous Roy Cohn, which he confesses and explains in detail in his book. To avoid telling his parents of this disgrace he stayed at his MIT fraternity house and got a job with the MIT Radiation Lab which lasted until 1945. In the meantime he applied to Northwestern University which accepted him on the strength of a recommendation from his father’s friend, Dr. Herbert Cushing, President of Nebraska State Teacher’s College in Kearney.

Pete was enrolled at Northwestern in what was then called the Commerce School. Pete waited tables in a sorority house to supplement his parent's paying for his education, was active in his fraternity and other extra-curricular activities and, as he explains in detail in his book, he learned how to "read people", namely his professors, and focussed on getting high grades by playing to his professor's interests.

He discusses this strategy quite openly in his book. Not so much learning the subjects as getting a good grade. Some would call it "gaming the system". But Pete was certainly a very bright young man, and a prodigious student, and he did get very good grades and graduated in 1947 summa cum laude.

Pete's life and mine do share one common experience. We both attended and graduated from Northwestern University, joined fraternities and waited table at sorority houses, but we did not know each other there. Our lives were otherwise quite different. Although Pete is a year older, he did not enter military service during either WW II or the Korean War. Pete was in the Commerce School and I was in Tech School, studying engineering and science, plus liberal arts.

His autobiographical recollections of his boyhood tell of humiliation as a boy dressed as a Greek child, his feelings of being an outsider, and his intense desire to "be an American". These strong feelings probably explain why he even inflates his job as an unwitting courier of classified documents for the MIT Lab in 1945, and then his time in Washington, DC working for Nixon as "public service". Both were, admitted by him, intended to serve Pete's personal interest.

Pete's first post-college job was an entry level job in a Portland, Oregon department store, which he soon tired of and left to return to Evanston living with some college classmates. He then enrolled in the U. of Chicago night school MBA program and took a starter job with a small Chicago market research firm named Market Facts. He interviewed consumers doing what was then called motivational research. This job perfectly suited Pete's talents and personality.

Reminiscing about his days as a graduate student in his book Pete says:

“I think one reason the (U. of Chicago) Graduate School of Business approached me (for a faculty position), beyond my thesis and good grades - one B, the rest A's - was that my work had started to gain attention outside Market Facts. I wasn't content to simply know what I knew, or thought I knew. I wanted to write about it, speak about it, even teach others. Although I was only in my mid-twenties, I had begun to accumulate a dossier of contacts with corporate practitioners of market research that would widen my world beyond a small Chicago market research firm. I kept these contacts on cards in a growing, if small, Rolodex”. Pete's Rolodex comes up again and again in his book.

Pete, and Chuck Percy before him, both began their young lives working hard in families of modest circumstances. But both became beneficiaries of corporate luxury and largesse when they became CEO's of Bell & Howell. They were thus vaulted into a highly compensated and very privileged world while still young executives. These privileges were intended to provide the CEO with more time to work on building Bell & Howell, financial security and incentives, and freedom from the normal mundane chores of transportation and home ownership. But in fact, it made them both independently rich young men, and opened the door wide for them to pursue interests outside of the company's business. For Chuck it was politics, for which he resigned from B&H; and for Pete it was to expand his networking, building his Rolodex and seeking other new and large personal opportunities, while continuing as CEO of B&H.

One of my first projects as General Counsel in 1961 was to increase B&H's ownership of Japan Cine Equipment Mfg. Co. (JCEM) which was then still majority owned by Osawa Shokai, the pre-war partner of B&H, controlled by the Osawa family. The patriarch of this well established Japanese family was Yoshio Osawa, a friend of Chuck Percy's, with whom he had agreed to allow B&H to acquire the majority ownership of JCEM.

My project was simply to effect the transaction. I first requested Tom Blakemore, B&H's lawyer resident in Tokyo, to advise us how to accomplish this, but all I got back was a law review article that talked in generalities. I then sought Japanese law advice in Chicago, to no avail. So, I arranged with Blakemore to visit Tokyo to work in his law firm with his Japanese law associates. This first visit to Japan was a revelation to me.

What I discovered in the Japan of 1961, contrary to its well-known WWII cruelties, was a growing economy with a complex culture, and the skills, artistry and dedication of some of its remarkable people. I also learned quickly that acquiring a majority interest in a Japanese company was not strictly a legal problem, but a business, banking and government approval problem. I therefore turned to Yoshio Osawa who was most gracious in guiding me through the process. We met with MITI and JETRO and the Dai Ichi Kangyo bank and, after consuming copious quantities of green tea and exchanging many business cards we completed the transaction.

Our majority ownership provided the basis for substantially increasing our investment in JCEM, acquiring land and staffing a large modern photographic equipment manufacturing facility in the Tokyo suburb of Higashi Muriyama. It was during this visit that I also met Nagakazu ("Nabe") Shimizu, the assistant manager of JCEM who reported to the American manager from Chicago, George Stryker. Nabe ultimately became a life-long friend and a very capable manager when it came time for George's retirement in 1969. Nabe was married to Etsuko Osawa so was truly a member of the Osawa family. He had been the first post-war Japanese Rotary Club student who attended and graduated from Cornell University in New York, where his mother had graduated before WWII. He spoke English fluently and had a basic understanding of the American culture.

Another significant project in 1962 was documenting the agreement for B&H to become the exclusive distributor in the United States and Canada for the Canon Camera Company. Everett Wagner, an engineer and veteran (since 1944) B&H employee and then Vice President for B&H's International business, had established an excellent working relationship with Dr. Mitarai, the CEO and founder of Canon.

This arrangement proved very beneficial to both Canon and B&H until 1972 when Donald Frey became the CEO of B&H and, as Everett told me, "said all the wrong things" in his first meetings with Canon. It was after these meetings that Canon decided to not renew its relationship with B&H. Everett also developed a draft proposal with Canon that B&H acquire a 25% ownership interest in Canon, which Frey turned down, thus missing a truly great opportunity.

When Pete Peterson became president of B&H in 1961 he began to develop a relationship with Dr. Edwin Land, the Founder and CEO of Polaroid, the instant picture company. Since Polaroid did not manufacture its cameras and B&H had excess manufacturing capacity it made commercial sense for Pete to propose and negotiate a contract for B&H to manufacture the new low priced "Swinger" Polaroid instant picture camera. Pete managed the negotiation in 1964 with significant help from the B&H staff under the leadership of David Craigmile, B&H's V.P. Manufacturing, who ultimately managed the very profitable project. After literally working through the night to write the contract I flew to Cambridge with Pete to meet again with Land and the contract was signed..

Although making millions of Swinger cameras for Polaroid was not advancing B&H's proprietary position the contract did provide B&H with significant profit and manufacturing overhead absorption. It was, however, a distraction from B&H's basic challenges, and would prove to be even more distracting in the future.

When Pete returned from one of his many private meetings with Dr. Land he called me into his office and told me they had agreed to form a new joint venture between B&H and Polaroid and he wanted me to prepare the organizing contract. He explained that the ownership would be 49% Polaroid, 49% B&H, and 2% Pete Peterson. I immediately told Pete that I could not do that because it would involve an obvious conflict of interest between him and B&H.

He expressed surprise and asked why and I explained that he would automatically have a different interest than B&H and that would violate his fiduciary obligations as President and CEO. He disputed my conclusion and seemed clearly puzzled by it. He said I would simply represent him and B&H, to which I replied that as General Counsel my "client" was B&H and I could not also represent him personally where his and B&H's interests were not the same. I don't think he was trying to do anything illegal, but just behaving in his "multitasking" and self-centered way. He simply didn't see any conflict in doing what he wanted to do.

Pete made some television advertising history by sponsoring some public television, "Close Up", aired by CBS, for a very favorable advertising rate. Because of the controversial nature of some of the shows B&H made an advertising theme of the fact that it had no editorial control of their content.

But when CBS jacked up the price for a renewal Pete was able to make a similar and favorable deal with ABC for its public service shows. One of these was called "Walk In My Shoes" , documenting the experience of an African-American living in New Orleans. It was a critical success, it also led immediately to the Louisiana State Legislature passing a law to boycott all B&H products in the state. This of course caused quite a ruckus at B&H, but Pete prevailed by showing with advertising research that the notoriety was a net plus. He was the essential advertising man.

One aftermath of this experience was that Pete was called to testify before the F.C.C. at the Federal courthouse in Foley Square in New York City on the question of sponsor control of television program content. Pete's testimony was obviously to show at least one sponsor who did not exercise control of content. I was present at Pete's counsel and watched the previous testimony of Proctor & Gambel, the world's largest soap manufacturer, testify about their detailed control of every aspect of the content of their soap operas. P&G's advertising budget was twice as large as B&H's total sales. But there was Pete on the national stage, larger than life.

In 1965 Pete asked me consider moving from the law to the management side of B&H. By then I was involved in many of B&H's businesses which I enjoyed and so I agreed to make the switch. In my new assignment I would report to Everett Wagner whom I admired, with a brief to organize and staff a product management system for the Photo Products Group's diverse product lines. These consisted of the Consumer and Audio-Visual photo products, Canon 35mm Cameras, the Professional Motion Picture Printer products, Military and Special products, and Market Research.

Larry Howe, a partner at Vedder. Price and Kaufman, replaced me as general Counsel. He left B&H in 1972 and we remain friends today.

Pete then arranged for Everett and me to visit a man named Donald Frey who was then vice president for product development of Ford Motor Company which had recently introduced the Ford Mustang car and used a product management system for their diverse product line.

So Everett and I visited Detroit and met Frey where we learned that the product manager for the Mustang was actually John Nevin, who we also met. Lee Iacocca, Ford's President, was then credited with conceiving and championing the Mustang concept. Frey had the engineering responsibility as chief engineer. The engineering was quite straight forward since the original Mustang was built on the same frame and used the same engine as the existing Ford Falcon, a six cylinder, short wheelbase car. The design for the Mustang body was done by John Ferzely and Philip Clark, well-known Ford car designers.

I learned many years later, directly from Bob Eggert, who had then been Ford's director of market research, that the name "Mustang" actually came from Bob who owned a string of Mustang ponies at his ranch in Arizona. He said his wife suggested he add the name to a list for review by market research focus groups who picked "Mustang" by a wide margin. Eggert expressed disdain for Frey and confirmed his minor Mustang role. Published Ford histories say the same. Thus, although Frey repeatedly claimed credit for the Mustang during his years at B&H, he was actually simply the engineer in charge of mounting the new Mustang body on the existing Ford Falcon frame and a choice of existing Ford six or eight cylinder engines. Frey's subsequent frequent claims as the Mustang creator were only the first of his many exaggerated stories.

It wasn't too long after we met Frey in Detroit that Iacocca abruptly terminated him. He was unemployed for quite a while, and later became president of General Cable Co. John Nevin left Ford later with Iacocca's support to become CEO of Zenith television and then CEO of Firestone tire company, both of which he served well.

So, in 1965 I organized a product manager system for the B&H Photoproducts Group. Each of the product lines was being produced in the large, centralized manufacturing facility in Lincolnwood, Illinois, which also housed the B&H corporate management. We filled the product manager jobs with very good young people, some already B&H employees and some new hires from outside the company. One of the best of these was Bill Montgomery, a recent graduate of the Harvard Business School. Bill was of course very intelligent, but unlike some other MBA's was also willing to the grunt work necessary to succeed in business. Bill subsequently had a successful career as an executive in the oil industry and in charitable works. He and his wife Anne are our good friends.

Our product management system provided the basis for taking control of B&H's marketing and product development of each of its product lines which soon led to improvements across the board. We had our hands full, but with good people we helped B&H grow in each of the product areas.

Then one day Pete took me aside and told me he wanted to talk with me about Market Research.. He explained that his experience at Market Facts taught him "the only way to make money in market research was to know the outcome of the research before you got the research contract."! So, he said that "you just go out and personally interview people in your target market and ask them what they think. Sort of an informal focus group. It doesn't take long for an insightful person to earn what the market research will show." Pete again "gaming the system".

However, I disregarded his gaming advice and set up a market research project that was designed to objectively answer the most serious problem facing the consumer 8mm movie system product line. The problem, simply put, was why there was over 100% saturation of still cameras in the eighty million American households, but only 15% saturation for 8mm movie cameras and projectors. The common wisdom of the industry was that the movie technology was the problem, with brights lights, noisy cameras, and no sound; and only four minutes to a 50 foot reel, and setting up a projector; movies were just too difficult to take.



So, we arranged with a local film developer to spend a few days looking at how real people used their movie cameras. We signed off on the confidentiality and liability indemnity agreements and began to watch other people's movies. It was quite revealing and showed us some disturbing things we did not expect.

The movie "problem" was partly technical, but mostly human nature. Ordinary people simply don't know what to do when you point a movie camera at them. They have no script so they feel awkward and embarrassed, sometimes make an insulting gesture, but mostly act foolish, or turn away. It is very different from the still camera experience where everybody knows what to do - they just smile and wait for the picture to be taken. If an alien from outer space surveyed all the photo albums on earth he would conclude that we are a uniformly happy species. But with movies the conclusion would be the opposite.

It was also an unhappy experience for the person taking the movie. He or she usually quickly retreated to taking movies of defenseless, innocent objects, like babies, or children, or pets, athletic events, or even taking inventory of inanimate objects. We saw "movies" of houses and automobiles - from the front, the rear, with the doors open and closed, and interiors! And we saw movies taken of long vacation trips, with a few frames taken of each stop on the way - a dizzying kaleidoscopic series of flash images of a trip from Chicago to Washington, DC and back!

It was therefore not technology as much as it was human nature that was inhibiting the 8mm movie market. The main lesson we got was that we could probably not increase the movie market very much by just improving the product. We could marginally improve the products, but we could not change human nature. This significant market research information would bear heavily on the strategic plan we would develop later for the total B&H company.

It was during this time, because of my involvement with the education market for educational products that Pete called me one Friday night and asked that I meet him the next morning at O'Hare airport for a "one-day-turn-around trip" to Washington, DC to help him with a speech he was scheduled to give that evening to the mayors of the fifteen hundred largest cities in America.

Saturday was a typical Chicago winter day with iced over runways at O'Hare causing a long delay in taking off, but we did, and Pete started handing me pages from a stack of triple spaced draft version of the talk he would give that evening. He was scribbling changes and making deletions on each page and asking me for comments. I made some suggestions and then as we neared Washington I asked what the "punch line" was for the speech. He replied that he didn't know because he wasn't there yet! He finally decided to call it "1984"

When we got to the Shoreham Hotel in DC Pete told me to get a room and order some hamburgers while he told the speakers table that we had been delayed. Pete came to the room, finished making notes on the draft speech and asked me to sit at the back of the vast dining hall and let him know how the speech was received. It was then that I witnessed Pete's amazing ability to make a speech presentation that was smooth, vaguely informative, humorous and delivered with apparently complete self-confidence. His performance was masterful. And all from scribbled, interlined and deleted notes. No hesitation. Thus I witnessed at close hand the creative energies of this frustrating, "multi-tasking" man who had enough chutzpah to write and deliver a big speech at the last minute. Call it reckless, it worked that evening.

The crowd gave him a standing ovation and he said a hurried goodbye to me because he was off to New York to give another speech on Sunday. When Pete returned to Chicago the following week he showed me a "revised" copy of the "1984" speech which he was sending to each of the members of the Shoreham audience, "at their request". It was all a very interesting experience to watch Pete presenting himself successfully to a large public audience. The only problem was that it had everything to with Pete, but nothing to do with solving B&H's core business problems.

And, during the following three years, as recounted in Pete's own autobiography, he became a director of The Brookings Institute ( a moderate Washington, DC political think tank), a spokesman and member of the Chicago Leadership Council (concerned with racial discrimination ), the chairman of the "Peterson Commission" ( a Rockefeller family initiated lobbying group designed to head off restrictive legislation aimed at large charitable organizations), and a member of the Arms Control and Disarmament Commission ( chaired by John McCloy, a leading Wall Street establishment lawyer and government official )

Although Pete probably believed in the worth of advocating these public issues, each of these time-consuming extracurricular activities were characterized by Pete's trademark process of publicly announcing their activities with full page ads placed in the New York Times and prominently featuring his own leadership role.

During this same time B&H acquired DeVry Tech, and Charles Merrill Publishing plus a variety of intentionally "experimental" small acquisitions, such as Wilding Films, a small industrial film producer, etc., most of which were closed down or sold off in short order. In 1967-68 a man named Bob Charpie was named as President and COO of B&H, to manage this array of unrelated businesses, but he left after a year. The ultimate sale of Merrill in 1988 helped B&H's takeover investors to pay off their buyout debts.

And Pete also negotiated another manufacturing contract with Polaroid to produce Dr. Land's instant film movie camera and projector, a complicated consumer product, labelled "Project X", at B&H. Most B&H people saw this project as questionable from the start, but accepted the revenue and manufacturing overhead absorption as short-term financial help. Under Frey's mis-management in 1974 this project would become a serious liability.

Pete's autobiography frequently expresses his own "boredom" with B&H's business affairs in 1969-70 and "the dreary matters at B&H having to do with budgets". He also notes that one of the benefits of serving on the Arms Control Commission was getting to know Douglas Dillon who "would add significantly to his Rolodex" and Pat Moynihan who has "added to his roster of important connections". The pattern is all too clear - Pete was becoming admittedly bored and constrained by what saw as the narrow confines of doing his job at B&H, and attracted more and more by the exciting and larger scope of dealing with public issues that unfortunately had nothing to do with the needs of B&H.

In 1969 before leaving B&H in 1970 however Pete asked me to be President of a new International Group for B&H, continuing to report to Everett Wagner. This job would be responsible for managing all of B&H's manufacturing and marketing business outside of the United States. The prospects were very interesting so I accepted the assignment with enthusiasm. I will always appreciate Pete's willingness and confidence to provide me with interesting opportunities.

I already knew and had worked with most of the people in our international operations, and I had as my right hand man and Vice President, Dick Higgins, a B&H veteran since 1949, who was an extraordinary person of integrity and experience, and by then a good friend. Dick had been a World War II Navy carrier fighter pilot so he was clearly cool under stress, an independent thinker, and remarkably modest and unselfish for a businessman. Dick Higgins ultimately retired from B&H after 38 years of service. We remained very good friends, seeing each frequently, until he sadly passed away in November, 2013 at age 92. We travelled many miles together for B&H sharing many memorable experiences and doing B&H business in London, Europe, and Asia. Way too many stories to tell here.

But one unique experience in Hong Kong was meeting Sir Douglas Clague, the Tai Pan (CEO) of Hutchison's, the largest Hong Kong trading company. He had been an extraordinary hero during WW II, escaping from a Japanese prisoner of war camp and returning with British Forces in 1945 to liberate Hong Kong. Sir Douglas learned that Dick and I were dealing with Hutchison's photographic subsidiary and introduced himself to us on a Friday afternoon to say that one of my ancestors had been a founder of what had become Hutchison's. I explained that I didn't know my ancestry at the time, but we accepted his invitation his invitation to have lunch at his estate, "Fan Ling" the next day.

The lunch was memorable, in part because Fan Ling was memorable, but mainly because during the lunch Sir Douglas was informed by an aid of some bad news. He tried to sooth the news by drinking too much champagne, but ultimately excused himself and his wife from the elegant luncheon table, in tears. We learned the next day that we were present at his hearing the news of the collapse of Hutchison's recently Japanese electronics company. The event led to his resigning from Hutchison's, which was later acquired by a Chinese group and is now called Hutchison's Whampoa.

I learned many years later that one of my ancestors, Alexander Tomes, was, in fact, the one of the founders and Tai Pan of Shewan Tomes in Hong Kong in the 19th century. Alexander also gave the Royal Hong Kong Yacht Club "The Tomes Cup" which is still awarded each year for yacht racing.

Dick and I also had the experience of making B&H one of the first American companies to sell high tech products to the Peoples Republic of China. It was a very large order for three B&H Professional Motion Picture Printers, for which we had obtained a U.S. State Department Export License. We tried to get visas to enter the “off limits” mainland China, but could only get one for our installation engineer. Dick and I were denied visas because we were “capitalist managers”, still then anathema to China. How things have changed.

We also spent considerable time at JCEM with Nabe Shimizu who I appointed as its first Japanese president in 1969. I remember vividly that when Nabe and I discussed the many problems we had to deal with, he told me not to worry, because he said “Jim, I would die for JCEM!”. No question there about commitment.

One amusing experience at JCEM occurred in 1970 when we arranged an “appreciation dinner” with its 60 supervisors. I asked Nabe to transcribe from English to phonetic Japanese a short speech of appreciation for me to give. Nabe transcribed my talk and I gave the speech. Many of the supervisors had served in the Japanese military so there was much drinking and singing during dinner. At the conclusion of my speech I was shocked when the supervisors stood up and in loud unison gave me three rousing “BANZAIS”!. I thought I had truly succeeded, but when Nabe came up to shake my hand he brought me back to earth saying, “Jim, it was a great speech, I understood almost half of what you said!” So much for my Japanese language skills.

Years later Nabe was devastated when B&H sold off JCEM in 1979, but he continued working as a manufacturing manager in a successful electrical equipment company. He died in 2010 at age 84.

One of the projects we undertook in 1970 was the development of a strategic plan for B&H’s international businesses. Since we had responsibility for all of B&H’s businesses; Photoproducts, Business Equipment, and Electronics, our strategic plan would be the basis for the strategic plan for the whole of B&H. We used the Boston Consulting Group (BCG) strategic planning model which I had learned about in Japan from Jim Abegglen, BCG’s partner resident in Tokyo and one of its founding partners.

Their strategic planning model was a very practical, quantified assessment of the market position of each of a diversified company's product lines, in relation to the growth, competition and size of their relevant markets. The plan also related the company's financial and operating needs, since "growth costs cash" and "dividends are a cost" to its operations.

We performed the requisite analyses and learned what later seemed obvious: the 8mm movie business was marginally profitable and very small ; Canon cameras were quite profitable and growing, but not proprietary; the audio visual business was also quite profitable but slow growth and threatened by new technology; the electronics instrumentation business was profitable but required substantial R&D investment and was heavily government supported; business equipment was quite profitable and growing. So the investment strategy was also obvious. Strictly limit investment in 8mm movies; strengthen the Canon relationship; invest in new audio visual technology; invest in electronics instruments business equipment. We communicated this strategy and its detailed basis to B&H corporate management, which agreed, and we proceeded accordingly. We set about executing our strategic plan, building an inserting and mailing equipment factory near Freiberg, Germany; adding audio-visual products to JCEM, consolidating electronics instrumentation in Europe; developing video product relationships in Europe and Japan; and strengthening our relationship with Canon. It worked well. We had good growth and profit during 1970-71-72.

But Pete kept developing his outside interests and in 1970, at the suggestion of George Shultz, then President Nixon's head of the Office of Management and Budget, he was invited to meet with Nixon to consider serving as a Counselor to the President for International Economics. Pete jumped at the chance and did best to negotiate a larger brief than originally offered. His autobiography tells the tale and also tells the story of of his moves into international economics and other Nixon initiatives. Pete's comments on his time in Washington, culminating in his appointment for one year as Secretary of Commerce, are worth reading as commentary on the ill-fated Nixon administration, but not relevant here.

Pete's own autobiography tells the state of his mind when offered his first job in Washington; "The truth was, I didn't have to think very long. I was hardly out of the Oval Office before I found myself dreading the endless and debilitating budget reviews - and inevitable budget cuts -at Bell & Howell. I had many friends and a long history there, and I felt a burden of responsibility at the company I had come to love. But I didn't love the repetition of the tasks, those concrete, incremental jobs that it takes to run a business well and competitively day in and out, and I did love my forays into public policy. I wanted something larger, the macro, the big abstract picture where conceptual change took place. But truth to tell, I knew the time had come for me to move on. And aside from my own wishes, I had the best motivator in the world - a request to serve the country from the most powerful man in the world." (page 137)

Pete's comment were intended, I suppose, as justification, but in fact they are an extraordinary admission. Pete "dreaded the endless and debilitating budget reviews" and "didn't love those concrete incremental tasks that it takes to run a business well", as CEO of B&H. It was, of course, the job for which he was paid handsomely and from which he was taking substantial time off to pursue his passionate interests in public policy, mesmerized by the attraction of power and fame. He eagerly wanted to leave B&H, but he cast his decision to leave B&H as a "call to public service by the President of the United States" that would require significant financial sacrifice on his part. Thus cast, he proceeded to negotiate a "golden parachute" for himself with B&H to accommodate his "family responsibilities" and "public service". In short, he walked out, and got paid extra.

Pete's own assessment of his tenure at B&H was that he should be graded with an overall "B", based on an "A" for his "relentless drive to reduce costs and by introducing new products", but only a "C for steering the company toward the future". He struggles at length in his book to explain his failure to lead B&H into the digital age, with transparent excuses, overlooking the fact that many other companies did make the successful transition.

The assessment of those of us who served under his leadership was less enthusiastic than Pete's. I would personally grade him a "C" for short term fixes, a "D" for failing to address the need for executing a strategic plan, and an "F" for spending an inordinate amount of company paid time developing his personal Rolodex by presenting himself to political and public policy audiences. As for his "relentless drive to reduce costs and introducing new products", all most of us saw was his relentless drive to reduce other manager's expenses while wasting a lot of money on so-called "experiments", and no significant new B&H products.

In 1970, before leaving, Pete nominated Frey to be a member of the B&H Board of Directors, and in 1971 Frey was named Chairman and CEO.

The most fateful thing Pete did was designate Donald N. Frey as his successor. In my long and varied business experience Frey was the worst businessman I have ever met. I will specify some of his most damaging effects on B&H shortly, but suffice it to say here that the problems created by Pete did by pursuing his own personal interests were only compounded by Frey's active involvement in attempting to manage the company. He literally wrecked the company during the years from 1971 to 1988 when he was finally terminated by the Bass investors who acquired control and took over B&H. Amazing it took so long.

However, before getting to the Frey story, it is important to briefly tell the history of photographic technology, changing from "wet" chemistry to "dry" electronics.

The idea of photography actually begins with the Camera Obscura ( "dark room") which was discovered in ancient times and even recorded by Aristotle when he noticed how light passing through a small hole in the wall of a darkened room can produce an inverted image on the wall opposite. Many others observed the same natural optical phenomena through the ages: some great artists such as Leonardo DaVinci, Caravaggio and Vermeer, among others, used the camera obscura to sketch their paintings; and in Victorian times it became a popular entertainment device. But the problem was that the images were only optical projections and were not permanent. Not until the early to mid 19th century did some inventors develop chemical systems to "fix" the images they projected.



First Niepce and then Daguerre in France, in the 1820's and 30's, and William Fox-Talbot and John Herschel in England developed "wet" systems that developed permanent images made with various photosensitive chemicals after long exposures. Thus, the idea of modern photography was born. Then, in America in the 1880's George Eastman developed the 35mm "roll film" camera that made photography available to the consumer public. Eastman went on to develop color film and over the years made the Kodak company the world's dominant producer of film for still and movie cameras. All these chemical systems were based upon the use of photosensitive chemicals that reacted to light in a way that allowed the image to be "developed" by other "fixing" chemicals. They were essentially all "wet" systems.

Another Frenchman, Lumiere, in the 1890's is credited with inventing the first practical movie cameras, along with Thomas Edison's laboratory employees' "Kinetoscope", following the discoveries by American photographer Edward Muybridge in making multiple series of still pictures capable of simulating motion. Professional motion picture producers were soon operating theaters all over Europe and America. Eastman later produced 16mm motion picture film in the 1930's which was followed by 8mm film, and soon many companies, B&H included, entered the consumer and audio-visual movie products business.

Then, in 1960, Xerox made its entry into electrostatic photocopying with its #914 copier, using "xerography" which had been invented by Chester Carlson, who licensed it to the Battelle Memorial Institute in Ohio, to market it. Battelle tried to relicense the Carlson patents to all the companies in the business equipment field, including IBM, NCR, Bell & Howell, Honeywell, and others, but none would take the chance on this new technology. However, Joe Wilson, the forward thinking CEO of the Haloid Company, a \$17 million architectural, silver-halide film company, did take the chance and "bet the company" on developing xerography into a viable product. Xerography used Selenium oxide as the photosensitive chemical plus a rotating drum carrying an electrostatic charge to create the image which was then printed with a carbon "toner" in a dry process using plain paper. This was the first "dry" photocopying process. It was a significant improvement over Mimeograph, Thermofax and Ditto, which had been acquired by B&H in 1969 and later divested as uncompetitive.

Sol Linowitz, who was then Joe Wilson's lawyer in Rochester, New York, negotiated Haloid's original license of xerography from Battelle. Linowitz later became Haloid's General Counsel and created a system of "grant-back" sub-licenses of xerography to the same companies who had turned down the original licenses. B&H was one of those companies receiving a grant-back license for micro imaging. The grant-backs provided Haloid (now Xerox) with its licensee's new developments to xerography. As a B&H's General Counsel I had occasion to report to Linowitz on B&H's micro imaging developments. He was always a most cordial and well informed person.

Linowitz served as Xerox's Chairman from 1960 to 1966 when President Lyndon Johnson appointed him America's Ambassador to the Organization of American States. By 1966 Xerox's explosive sales growth had made it one of America's highest valued businesses. Later, Linowitz became President Carter's representative to negotiate the Panama Canal treaty. He died in 2005 at age 91. He was certainly an exemplar of how a good lawyer could help a business grow.

Other electronic technology was, however, soon to have a more profound effect on the chemically based film and equipment business. In 1945 Harold Shockley, an irascible researcher at Bell Labs in America, invented the "transistor", a solid state device capable of replacing the vacuum tube, until then the only means of modifying electric current via amplification, resistance or capacitance. The transistor revolutionized electronics, soon morphing into "integrated circuits" and ultimately "microprocessors", produced by Intel. These new products provided much lower cost, miniaturized, and more reliable means of incorporating electronics into other products.

Most importantly for the photographic industry the transistor has revolutionized the chemically based film business into the digital electronics business. In the digital world the photosensitive element is a solid-state device called an image sensor. On the surface of these very small, finger-nail size silicon chips are millions of photosensitive diodes, each of which captures a single pixel in the photograph. Indirectly related, but soon also important to photography, was the development of the Internet by two engineers in Palo Alto, California, Vinton Cerf and Bob Kahn, in 1972.

All this was going on during the post World War II period, from 1945 until today. Companies that were alert to these changes benefitted and those that were not were caught flat-footed. In fact, a Kodak engineer named Steven Sasson was tasked to develop a digital camera, which he did in 1974. Kodak literally suppressed and delayed its further development because of its very rational fear that digital photography would negatively impact its film business, which it ultimately did.

To the contrary, Fuji Film embraced this new technology, along with many other Japanese and Korean photographic product companies such as Canon, Olympus, Nikon, Ricoh, Samsung, etc. The chief executives of these companies were alert to these new developments and led their companies into the future. Bell & Howell's CEO's did not.

Another result of these electronic technologies was the personal computer business. IBM was challenged by Apple, the upstart California based company founded by two college drop-outs, Steve Wozniak and Steve Jobs. Wozniak invented the Apple I in 1974, on his own. After a dramatic start-up Jobs was kicked out of Apple because of his dysfunctional management and life style, but he returned with his Next Computer a few years later and brought Apple back from the brink of bankruptcy. Part of that revitalization was caused by visit he made to the Xerox research facility in Palo Alto, California.

In 1969 Xerox had acquired Scientific Data Systems (SDS), founded by Max Palevsky of the U. of Chicago, an advanced computer company focussed on the scientific market. They had trouble integrating it with Xerox so they set up an independent research lab which they called PARC named for its Palo Alto Research Center.

Steve Jobs heard about some of things they were doing at PARC and talked his way into seeing their advanced work. What he found was an icon based software system and a device they called a "mouse", used to control the cursor on a computer screen. PARC granted Jobs the rights to this technology so he immediately returned to Apple and incorporated it into what became the MacIntosh, Apple's very successful, user friendly personal computer.

All of Apple's products were by then using solid-state integrated circuits and microprocessors. The ultimate development of the iPhone and iTunes products, which now make up most of Apple's sales and earnings, are direct results of Jobs' uncanny, if unconventional, product developments. As weird as Jobs could be, he was always 100% committed to product development.

The iPhone, and other "smart phones" are now, as everyone here knows, the world's most ubiquitous combination digital movie and still cameras. And, with the internet you can send these images all over the world or print them with the push of a button or the tap of a screen.

When Donald Frey became CEO of B&H in 1970 he involved himself directly in the engineering of consumer photographic products. In a way he tried to emulate Dr. Land or Steve Jobs, but he simply didn't have the talent.

Personally, he was a very insecure man who expressed himself with an outsized ego and a hot temper that erupted frequently in tantrums and precipitous decisions. He was a loner and not a collaborative manager. He was also prone to visiting B&H's local operations in Chicago and around the world, ordering the local managers to make specific changes in their operations or products without consulting or even telling the manager's supervisor. He played with B&H as if it was a giant toy. This obviously left a wake of confusion behind him. It was sad and very frustrating to see what damage an egocentric and obviously troubled man could do to a business as CEO.

His first effort was to try to "expand the 8mm movie market" with new product development and substantially increased advertising. This, in spite of the agreed B&H strategic plan which indicated clearly that the 8mm product line was the least viable investment opportunity among B&H's very diverse product lines. One result of Frey's effort was what came to be known as the "Hurricane" 8mm projector. It certainly became a true hurricane by 1972 because the re-engineering led by Frey produced a product that didn't work right. It had "flicker", projecting an unacceptable intermittent flash of light that made it unsaleable. The Frey engineering project undid the reliability and precision that Albert Howell had so carefully made into B&H's reputation.

Frey also named a new man as President and Chief Operating Officer who was primarily a hard driving salesman. He lasted two years. The previous man had only lasted a year under Frey. He had invested heavily in advertising the consumer movie products, with no tangible results, and generally disrupted the existing management team. So, by 1972 the Photoproducts Group was losing a lot of money, had new but unsaleable products, had lost the Canon camera product line, and had a management team with very low morale.

At this point Frey, along with his then new wife, surprised me with a visit to the Evanston Hospital room where I was recovering from an emergency appendectomy. Standing at the foot of my bed he told me he was reassigning me from the International Group to head up the Photoproducts Group. I told him I didn't want the assignment because the Photoproducts Group had been run into the ground, but he told me it was either Photoproducts or "out". I therefore had no choice and undertook this new assignment.

My first stop was the B&H Quality Control manager, Arnie Zentz whom I had know for many years as a very competent man of integrity. He explained that the Hurricane projector had to be re-engineered and remanufactured before it could be released for sale. I reported this to Frey who ordered me to release the product anyway, which I refused because I said it did not pass quality control.

After some further argument Frey had to concede because the damn product simply didn't work. So our engineering and manufacturing people had to start a hugely expensive re-design and re-manufacturing project to fix the 18,000 faulty projectors now piled up against our factory walls.

Next, I met with our B&H veteran Photoproducts Sales and Marketing Vice President, George Simkowski. George was good friend whom I knew was up to any challenge. He was a very hardworking and enthusiastic sales and marketing manager. George set up a "Barnstormer" trip around the United States for us to meet with as many of our four thousand dealers who would play golf and/or have dinner with us at fifteen of the best golf courses in America. We met with thousands of our dealers, listening to their complaints and promising better times. We at least stopped the dramatic decline in our sales by simply showing up and taking the heat.

And then I was ordered by Frey to try to find another camera company to replace the lost Canon product line. I visited Japan six times that year, meeting with Nikon, Olympus, Sankyo, Ricoh, etc, and unsuccessfully tried to answer the question of why Canon cancelled our distribution. I finally made a deal with Mamiya Camera which was partially owned by the Osawa Company with whom we had done business for years. Mamiya had a basically large format camera line with some some new 35 mm cameras, but was not really a good substitute for Canon. It was, however, our only alternative.

I was next assigned the additional responsibility for managing Project X, the Polaroid Instant Movie film camera and projector. Everett Wagner introduced me to Dr. Land with whom he had a good relationship. We met Land at his "Skunk Works" lab, housed in Cambridge in a warehouse where he and his technical people worked. Land and his people had invented an amazing array of products, from Polarized sunglasses and auto headlights, the U2 Spyplane camera, to two-color television. I got up to speed on Project X and found it to be proceeding on plan. Although it was obviously coming into a very difficult market it was a profitable project for B&H so I was committed to it.

That spring of 1974, when I was in London, England on B&H business, I received a call at Dukes Hotel from Dr. Land who was staying nearby at the Dorchester Hotel. He said he would like to meet me the following morning at his hotel for us to take a walk and discuss Project X. I said of course and met him on a pleasant, sunny day for a walk in Hyde Park. Land had presented a technical paper the previous day before the Royal Society (to which he was admitted a year later) so I naturally complimented him on his paper.

After we walked and talked cordially for a while Dr. Land startled me by saying that he "wanted to enter a conspiracy with me". I thought to myself that this was unusual, but I asked him "what about?" He said that he wanted us to agree to always be optimistic about the future success of Project X, and never let any doubts we might have flag our energy to make it succeed," I said, "Of course, as the leader I will always show optimism and do everything I can to make it succeed. Don't worry, I am committed to making Project X succeed".

But then I continued to tell him about B&H's 8mm market research and my experience in the international markets where the JVC video tape recorder was having success and that I knew lower cost color video cameras were under development. I said that under these conditions it might make sense for us to have a joint alternative program for a consumer video camera program. With video you get sound recording and instant replay on your television set.

Land was quiet for a few moments and then he said in measured tones that if he had listened to gain-sayers when he was creating Polaroid there would never have been a Polaroid. He said Kodak fought him at every turn, but he prevailed. He insisted that Project X continue as planned without any alternative program. I protested mildly saying that I was not indicating any lack of commitment, but simply talking about the existing market and changing technology. It was however, made abundantly clear to me that Dr. Land was a true believer in his own system and that even any suggestion of developing an alternative system was unacceptable. Our walk continued amicably, but cooler than before. I learned a few years later that Land's two top operations executives, Bill McCune and Tom Wyman, had both tried unsuccessfully to dissuade him from proceeding with Project X.

Sadly, for Polaroid and Dr. Land, as future events would unfold, Dr. Land's obsessively true belief in his system would ultimately become the demise of Polaroid.

There was, however, an intervening event caused by the impetuous, reckless, behavior of Donald Frey, who had unilaterally ordered Everett Wagner to call Land and cancel our contract for Project X. Frey did this without talking with any of us managing the project. When Polaroid was informed of the cancellation it publicly announced the news, as required by the NYSE, and also asserted a substantial claim against B&H for "repudiating" its contract. We learned about the cancellation from the news. It was this public news that caused Chuck Percy to call me. On Sunday night, July 14, 1974 I received a call at home from Senator Chuck Percy who wanted to talk about the now public problem caused by Frey's precipitous cancellation. I explained to Chuck the current situation at B&H in some detail and he asked if I would write him a letter confirming our discussion.

I personally typed a letter and mailed it to Chuck on Saturday, July 20th and he wrote me an appreciative reply on Senate stationery on July 25th. I was surprised to find in preparing this talk that I still have copies of both these letters in my old files.

In essence my letter told of Frey's terrible management which had caused many very expensive business problems for B&H, and many executive firings and resignations of good people. His failure to implement the agreed strategy for B&H as a diverse conglomerate, and his recent appointment of another, clearly unqualified, tough talking yes-man to be the next President of the company, who actually lasted less than a year, did not bode well for the future.

I also referred to the fact that the company's stock price had recently fallen from 53 in July of 1970, to 13 with a PE of 3 in 1974, making the stock market value of \$74 million compared to the net book value of \$176 million, a perfect takeover target.

Chuck Percy then got in touch with Frey and had a number of meetings with him, causing Frey to realize that he had made a mistake, which he then tried to have us rectify. Frey asked Wagner and me to contact Land and attempt to repair the breach. Land wouldn't talk with us and referred us to his executive Vice President, Tom Wyman. We proposed a revised contract with Polaroid, but it was refused. Subsequent events led to B&H shutting down Project X at tremendous cost.

Polaroid ultimately found Eumig, in Vienna, Austria, another 8mm motion picture manufacturer to take over our cancelled contract. Their work proceeded until the product was introduced in 1977 when it failed spectacularly in the market place. Polaroid sued B&H and recovered a substantial settlement for the damages caused by Frey's unilateral cancellation. But the net financial cost of Project X to Polaroid was so great at over \$100 million that it caused Dr. Land to resign in 1980. He died in 1991 at age 82.

Polaroid struggled on after Land left until 1988 when it filed for bankruptcy protection. The very single-mindedness and obsessive commitment to his own remarkable inventiveness that enabled Land to create Polaroid in the first place ended up causing its sad demise. Polaroid later emerged from bankruptcy as a smaller company selling specialized photoproducts.



Ironically, Kodak, which had originally tried to thwart Polaroid's instant film business, tried to enter the instant still camera business itself in 1976. When they did some of us who knew of Polaroid's significant patent protection were puzzled by how they got around the patents. Well, they didn't.

The reorganized Polaroid sued Kodak for patent infringement and in 1991 was awarded what was then a record setting award of \$925 million. So, Dr. Land's inventive genius finally prevailed over Kodak. Poor Kodak, it had enjoyed its near monopoly of the color film market for so long that it thought it was invulnerable. After its failure in the digital camera market, strong competition from Fuji Film, and the steep drop in the film market caused by the digital revolution, Kodak itself filed for bankruptcy in 2012.

Without George Eastman, who was quick to change course when the market or technology changed, the Kodak executives who followed him were inflexible and too wedded to the past to maintain leadership. Kodak has, however, emerged again after ending its bankruptcy in 2013 and is now operating successfully as a much smaller company.

Bell & Howell also struggled on under Frey's management. In 1975 he terminated the tough-talking yes-man he named President in 1974 and became his own President. In 1975 the reality of the market place and the problems created by Frey's mismanagement overwhelmed the company and it suffered a year-to-year drop in sales of over \$50,000,000 and had a loss of almost \$6,000,000. And in 1979 B&H divested itself of its total photographic products business, and its 90% ownership in JCEM, by then a very valuable piece of Japanese real estate. B&H's 1979 sales dropped by \$30,000,000 compared to 1978, and it suffered its greatest loss ever at \$24,850,000, even after getting a very large capital gain for selling JCEM.

Then, in 1981 Frey named a young MBA President who lasted until 1985 when he too was terminated, along with another long-term B&H senior executive. Frey somehow survived these bad results and management turmoil. Testimony to the inadequacy of the B&H board of directors.

Gerry Schultz became President in 1986 and then, finally, in 1987 the Robert M. Bass investment group, together with Schultz and some other B&H executives acquired control of B&H, and Frey was finally terminated. Ironically, Frey benefitted from the takeover stock price, even though he had wrecked the company, and, even more ironically, was appointed to the faculty of the Kellogg School of Management at Northwestern University. Will wonders never cease? Frey died in 2010. His obituary gave him credit for the Mustang.

Following the Bass takeover B&H sold off Merrill Publishing, in order to pay off some of the debt incurred by the buyout. Bass controlled B&H for seven years during which time it reoriented B&H to be a basically business equipment and service business, as the 1972 strategic plan forecast. In the interim Bass took the company private and then turned it back into a publicly owned company. It was subsequently acquired by a German company which filed bankruptcy to reorganize its debt. B&H still exists as a relatively small trademark licensor and information service company. B&H's mailing and inserting machine business, acquired first by Percy, was acquired from bankruptcy by Versa Capital, an equity investor, making it grow again and very proud of its "strong brand name, "Bell & Howell".

Pete Peterson became Secretary of Commerce for his second year under Nixon, because of his "Rockefeller" politics, and his difficulties with Nixon's chief staff men, Haldeman and Erlichman, he was luckily not renominated to Commerce. He was however asked to help the White House in foreign relations contacts which he did by touring the world at U.S. Government expense, and adding more depth to his ever-loving Rolodex. Pete's luck kept him clear of the Nixon-Watergate mess that was yet to come. Pete's book, again, says it best; "The best part of my work in Washington, in addition to the large number of contacts and friends I added to my Rolodex, had been its sheer variety-----"

Pete then became Chairman of Lehman Bros. on Wall Street where he put his Rolodex and his chutzpah to good use. Lehman needed a rain-maker and Pete served that role well. (In 1975, after I left B&H in November, 1974, I told Pete of the B&H take-over opportunity and asked if Lehman, or some other Wall Street equity investors, could help fix the Frey problems. Pete declined any help, saying that he was prohibited by his B&H severance agreement. Another irony. Pete couldn't help fix the B&H problems caused by the man he brought to B&H because of his generous B&H severance agreement.)

Pete's principal partner at Lehman Bros was Lew Glucksman the head trader who was not happy with Pete as a partner. The best source for the story at Lehman Bros. is Ken Auleta's "Greed and Glory on Wall Street" published in 2001. The title says it all. Pete was literally ousted from Lehman by Glucksman and the other partners. Although they acknowledged Pete's help, they backed Glucksman.

Pete left Lehman with another generous severance deal, but made even more money in the end when he helped negotiate the sale of Lehman to Shearson/American Express. The sale made Pete and the Lehman partners very rich and set up Pete, first with Lehman partner Eli Jacobs, then with Steve Schwarzman in a new investment banking firm. That firm soon became The Blackstone Group, with Steve Schwarzman as its unusually canny CEO, and Pete as its very visible Chairman and chief rainmaker. And the rest is history. Blackstone has had extraordinary success as an equity investor, investment banker, and "dealmaker". Their final coup for Pete however was taking Blackstone public making Pete and Schwarzman multi billionaires, after which Pete retired to his estate in the Hamptons with his own nine-hole golf course. The Rolodex certainly worked very well - for Blackstone, and for Pete.

Pete's continued activities with the Concord Coalition and the Peterson Institute, both of which he founded and which publicly address what Pete sees as the existential problem of America's financial deficit, and propose mainly to "reform", ie. reduce the cost and benefits of, Social Security, Medicare, and other so-called "entitlements". Fundamental tenets of Republican politics. Their financial "deficit crisis" premise is vigorously disputed by Nobel Laureates Paul Krugman and Joseph Stiglitz and many other well-known economists.

The Coalition and the Peterson Institute follow the same form as many other of Pete's public service activities. They each express their aims with full-page advertisements in national newspapers and web-sites, and prominently feature Pete's identity.

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The basic lessons of these company stories can be summarized as follows:

Bell & Howell failed because of its CEO's distracting interest in affairs outside of its core businesses, followed by the incompetence of an insecure man whose erratic and autocratic management practices wrecked what had been a promising young company poised to grow in exciting new markets and technologies.

Polaroid failed because the genius and tenacity of its founder became obsessively fixed on a project utilizing outdated technology. However, much of his inventive genius outlived him.

Kodak failed because after the death of George Eastman his successor CEO's did not have the flexibility or foresight to change and build on emerging technologies, but played a very defensive game trying to hold on to their near monopoly of past years.

Xerox succeeded because its CEO had the courage and foresight to "bet the company" on xerography. It also spent huge sums of its subsequently extraordinary profits in an attempt to diversify into computers, but did not succeed. However its principal business was so successful that it prevailed.

Apple and Intel are unique stories in themselves, but it is clear that their continued success is the result of focussed commitment by their CEO's on their core businesses, while adding new related businesses where there was synergy.

Fuji succeeded because its CEO's had the commitment to stay focussed on its primary photographic market and embraced the emerging digital technology, keeping enough of its original film business to continue very successfully.

Canon, Nikon, Olympus and other Japanese and Korean companies similarly kept focussed on their primary business of high quality cameras, also embraced the emerging digital technology, and in addition has made a success of its global copier business.

All businesses change over time, but it is still a matter of commitment and skill and ethical management that makes the difference.

I resigned from B&H in November, 1974 to become the CEO of a consumer group of companies. I subsequently became the CEO of another manufacturing company and for the last fifteen years of my business career I was the CEO of Federal Publications and Capitol Publications, law and education publishers in Washington, DC. I retired in 1997 at age 70. I was fortunate to have a successful business career after the demise of Bell & Howell.

Thirty-five to forty of us surviving Bell & Howell veterans still meet every May at Hackney's on Lake in Glenview for an annual reunion lunch. John Kambanis and Lois Robinson organize the annual reunion. Bill Montgomery, Dave Craigmile, George Simkowski, Larry Howe and John Rosenheim are, among many others, regular attendees. John has been a great help to me in business over the years.

Our most venerable and beloved B&H veteran is Mrs. Geraldine O'Connor who was my secretary for most of the fifteen years I was at B&H. She retired when I left the company in 1974 and my wife and I have stayed in touch with her for all the years since then, and with her daughter Erin, who was also a B&H employee,. Josie and I just celebrated Gerry's 105th birthday with Gerry and Erin this past December. She is understandably a bit frail, but is still sharp as a tack.

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