

Gates Is No Edison

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William H. Gates, like John D. Rockefeller in his time, has an overwhelming market share, scads of angry competitors, and a federal antitrust case pending against him. Gates is known to hate the comparison. He's right, and not just about kerosene isn't kilobytes. He has much more in common with another historic American industrialist.

No, not Thomas Edison, Gates's own apparent choice. Edison is a great role model in his tireless collaboration with dozens of talented researchers. But he was an inventor, not a businessman, 'at heart. As a content provider, in today's jargon, he lost his grip on the nascent film industry he did so much to create. That's why there is no Edison Center in Manhattan, and why the best-known Thomas Edison Foundation is an industrial development agency created by the state of New Jersey in the mid-1980s.

Not fiery Ford, either, though comparison with Ford is closer. Like Gates, he was an international superstar of innovation. Even Lenin admired him. *Especially* Lenin: Ford-style mass production became the key to the Soviets' plans for transforming the Russian economy. Ford, like Gates, was a master organizer of incentive-driven production. Though Ford regarded most workers as expensive inconveniences, he proved that unskilled personnel could quickly become competent assemblers; Gates showed that young technical stars could harness hacker macho into disciplined teamwork, given flexible hours, free soda and (not least) a share of enormous profits. Ford assembly workers dreaded halting the line; Microsoft programmers fear "breaking the build."

Yet neither Edison nor Ford dominated his market as fully as Gates. John H. Patterson (1844-1922) of National Cash Register did. Just as Gates did not invent the personal computer, the disk operating system or BASIC programming language, Patterson did not design the first cash register. What he did create was the world's first information-technology fighting machine, a corps of well-paid, technically informed salesmen trained to circumvent suspicious clerks and persuade 'skeptical small businessmen that the' expensive hardware would simplify bookkeeping and stop skimming. Behind the marketing was formidable research, a stack of patents and legendary zeal in litigating them and challenging others.

Patterson, like Gates after him, valued workers' morale and offered superior benefits and opportunities. The NCR plant in Dayton, Ohio, was celebrated for unprecedented sunlight and fresh air, as the Microsoft headquarters building in Redmond, Wash., is admired for its amenities today.

NCR's elan permitted increasingly complex, yet reliable equipment, but it had its underside. Market dominance was not enough; competitors didn't deserve to exist. NCR manufactured workalikes of competitors' machines, much as Microsoft duplicated the functionality of Netscape in its Explorer product. It offered generous trade-in concessions, just as Microsoft built market share with upgrade pricing.

Gates has kept a cadre of gifted lieutenants. Patterson also hired astutely, but he dismissed impulsively. One vengeful former executive helped clinch the antitrust case against him filed in 1911. But if caprice was Patterson's weakness, elitism is Gates's. Microsoft's division into "vested" gentry, ambitious probationers and second-class, term-contract workers mirrors the academic hierarchy of tenured professors, junior faculty and temporary instructors, without higher education's budgetary excuses. Earlier this year, the Supreme Court refused to hear an appeal of lower-court rulings in favor of more equal treatment for Microsoft's contingent employees.

The Core Memory Project

NCR lost its historic case under the Sherman Antitrust Act in 1913, won anew trial on appeal, and signed a consent decree in 1916—lifted by the Justice Department only in 1986. In his recent book "Before the Computer," James W. Cortada suggests that the government's case was weak, that NCR's transgressions were relatively isolated, that its main competitor originally just wanted to be bought out, and that NCR had earned its 95-percent market share the hard way. Why then the initial judgment, including prison sentences for Patterson and Thomas J. Watson (NCR's super-salesman and master of anti-competitive tactics who would later go on to found IBM)? It might have had something to do with Patterson's disdain for public officials as meddlers in his business, and from the false security of his position as economic hero: an outcome for Gates to ponder.