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the EXTENSION

A Technical Supplement to control NETWORK

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Interview With Renaissance Man Jim Pinto



Jim Pinto is one of the most vocal personalities in the controls business today. At age 64, Jim is eager, curious and energetic as ever. Several times each month Jim sends out "E-News," one of the industry's most popular newsletters, and writes for dozens of other publications, both industry trade journals and national magazines. Perry Marshall caught up with Jim and the two of them discussed his

30+ years as an entrepreneur, the direction of the industrial controls business, future technologies that will make our lives better, and where he thinks our world is headed in the 21st century.

I understand you grew up in India. How did that shape your view of the world, not only as a kid but today?

Yes, I did my Masters degree in Physics in my hometown, Bangalore, India. I worked for just a year there, and then went to England for about ten years, where I worked as an electronic engineer. I started a company with a friend when I was about 24. We ran it for about three to four years and ran into the usual kind of financial troubles, so we sold it and I decided to move to the USA.

Tell me your story of coming to the US...and a Reader's Digest version of your career.

After my initial experience as an entrepreneur, I knew I wanted to do it again, but I needed experience—marketing, sales, and business. I joined Burroughs (computers and disk-drives) in Los Angeles, California (CA) for about a year, to get my feet wet; and then a smaller company called Bissett-Berman where I gained more business experience, and they moved me to San Diego (smaller city, beautiful weather).

Tell us about your family... what are your kids doing?

My eldest son (36) was born in England, worked at Action in California for a while, and then moved to England and Australia, before he settled in Santa Barbara, CA. Interestingly, he met and married a girl from my home town, Bangalore, in India, and they just had a baby boy, my first grandson. My next son (28) worked at Action, as well, in graphics, where he did logos and advertising, and then went off to the Academy of Arts in San Francisco, where he is just completing his Masters in Digital Animation. My daughter (22) just graduated from Berkeley, and is in the Peter Stark Program for TV & Film Production at USC—she wants to produce movies. So, my wife and I are empty nesters. After all the traveling we did while I was still at Action Instruments, we now stay close to home in San Diego to enjoy this little piece of paradise.

Talk to me about the story of Action Instruments. How did you begin? What was your vision?

After moving to San Diego, I decided this was home and incubated for a while, thinking about the founding culture of my own next startup. I visited many of the best known companies that had been founded by engineers like myself, to meet and talk with the founders - I went to HP to meet Bill Hewlett and Dave Packard, DEC to meet Ken Olsen, Fluke to meet John Fluke. My first startup was accidental. I was determined to be more successful this time around. I founded Action in 1972, with a plan and a shoestring. The original product was Action Pak—plug-in building blocks that did all kinds of measurement and control functions— signal-conditioners, controls, limit-alarms, displays, etc. We sold about 2 million modules, with an installed base of over \$100 million over our years in business. At last count, there are about 6 "clones"—US, European and Japanese.

Action Instruments was formed with a large degree of participative management and employee-ownership. People stayed to get involved. Action

was featured prominently in Joel Kotkin's book entitled "California Inc." and was mentioned in Naisbitt's book entitled "Re-inventing the Corporation" as pioneers in participative management. In July '93, Action was named by INC magazine as one of the employers of the Year—Workplaces Employees Love! I'm proud of that!

How did you feel about Invensys' acquisition of Action Instruments—both at the time and some time later?

It was my plan to retire at 60—Action would be about 30 years old. I looked for the right partner, and chose Eurotherm in England, the largest temperature controller company in the world. I had known the founders since my days in England, and the people-culture was very similar. Eurotherm was a \$350 million publicly held company, and Action (at about \$20 million) was their largest acquisition. I had intended to remain with Eurotherm, to help plan continued strategic growth. About six months after we were acquired, Invensys (then about \$6 billion, called Siebe) acquired Eurotherm at a high price. I decided not to be involved—too large and structured for my own tastes.

Tell us how you really feel about Invensys.

Siebe was a conglomeration of acquired companies like Foxboro and Robertshaw—later acquired Wonderware and APV. A company like that, with an accountant in charge, is based on financial re-structuring and little else. When Siebe got into trouble, they merged with another similar group called BTR, and the combination was called Invensys. The company started to crater, and is still in the throes of a downward spiral. You can read the whole story on my website:

The decline of Invensys:

<http://www.jimpinto.com/commentary/invensysdecline.html>

During your career, what was your greatest victory? Your biggest mistake?

My greatest victory was the people culture of Action Instruments, the building of a significant team. Frank Williams, who joined Action as a technician just after he left the Navy, was VP of Marketing, and then became President of Action Instruments. Rob Henley got his first job at Action at age 19, as a technician. He was VP of Sales when I left. We had a whole bunch of long-term employee-owners who made a significant contribution to a significant company.

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My biggest mistakes were also people—the people I hired to expand Action to the next level. We invested a lot of money and time on hiring people for Action UK, France and Germany, and they fizzled. The people we hired were good, but they didn't really understand the Action employee-ownership attitudes. I guess you can't win "em all..."

You've "retired" but obviously you're very actively involved in the automation business. What is it about this business that you love the most?

Actually, I don't "love" the automation business. It's just that I've been in it for a long time, and know a lot of people, and a lot of the history. As an "angel" investor, I avoid investing in industrial automation, simply because it is too slow to move, and too conservative—and is in a serious state of decline at the present time. My investments are all technology-related—wireless, networking-infrastructure, biotech. My primary interests are technology trends and futures.

Your e-mail newsletter has evolved from being a conduit for "Poetry by Jim" to being a widely circulated insider's chronicle of the automation business, a trumpet for new technologies and your vision for future technology. Can you talk about what this means to you personally? You obviously spend a lot of time on it. What is your personal reward for this effort?

My new writing and speaking interests were in the directions I was being pulled - biosciences, genomics¹, proteomics², high-bandwidth networking, next-generation Internet. My website was started primarily as a vehicle for my writings, articles, poetry. When people asked for copies, I'd simply point them to the website.

However, because of my background, I was constantly pulled back into industrial automation. I get involved in strategic planning with companies and people I like, and help with mergers and acquisitions, etc. Somehow, JimPinto.com E-News quickly got pulled into the "politics" of the instrumentation business. The controls magazines and journals do very little reporting beyond parroting the press releases of the major companies (who are their advertisers). With the recent business decline came layoffs and re-structuring. No one was "telling it like it is."

Since I am not affiliated with any particular company I have no "hidden agenda"—which my reporting reflects. While the shuffles go on at the

top of the major companies, I get a lot of the hidden truths from the worker bees who feel they have no one who tells them what's really going on. And so I've come up with a lot of predictions and prognostications that seem to have hit the right chords. JimPinto.com E-News started reporting the "hidden stories" and it escalated—I guess I hit a niche, and a nerve—because E-News is growing fast—almost too fast.

New signups come in at about 10 to 20 per day, and circulation is growing to 5000, with twice that number circulated through e-mail forwarding. I'm not quite sure yet what the "business model" is, or where I'm going with this. But, JimPinto.com will continue as long as it's fun—which it is, right now!

My primary interests continue to be technology trends, "angel" investing, and the stock market (ouch!). I still do a lot of writing, some poetry, and speaking on a variety of topics (used to be mainly business, now increasingly technology futures and social trends). And I do some guest lecturing at the local colleges and universities.

What are your core beliefs about technology? Where is it taking us? Do you believe in Utopia? Or Armageddon? Or both? Where is the human race headed?

You'll have to go to my website for that—lots of technology predictions and prognostications: Here is the byline - go take a look...Pinto Predictions & Possibilities. What's out there in the new century? The future is closer than you think. Technology acceleration is causing changes—physical, philosophical, psychological, political. JimPinto.com will challenge you with predictions and possibilities. And, we'll provide links to forecasts and predictions by respected names, to help you think about the uncertain but exciting time ahead.

<http://www.jimpinto.com/futures.html>

What do you believe about the future of the automation business? What do you see 10 to 15 years out?

Industrial automation is transitioning from distributed control systems (DCSs), programmable logic controllers (PLCs), and industrial PCs to a new, connected environment of industrial appliances.

Today, new technology moves too fast—the rate of change of performance increases too rapidly—to

play by the old rules. So, new products and equipment must be small, cheap, reliable, flexible, expandable, and disposable. Operation must be intuitive; training quick and effective.

Again, I've written a lot of ISA and InTech articles, which can be read on my website: What's Hot for Industrial Automation:

<http://www.jimpinto.com/writings/whatshot2001.html>

Industrial Automation Outlook:

The industrial automation business is under pressure—growth and profit are elusive, most products are commodities, global competition is reducing prices and margins, innovation is scarce in an overcrowded market.

Large companies seem unable to generate organic growth, leading to mergers and acquisitions in related areas with accompanying divestiture or elimination of duplication. I have already forecasted that the industry's Big-10 will reduce to the Big-5—this is the year in which that prediction will be realized.

See <http://www.jimpinto.com/writings/outlook2001.html>

Go take a look. InTech July 2002 has my back page article on this topic too—take a look.

What predictions do you have about the US economy, and the global economy? What's your perspective on the globalization of business and manufacturing? Of careers in US manufacturing?

Hmmmm. I believe that a new society is emerging—new demographics, institutions, ideologies and problems. Things will be quite different from the society of the late 20th century and different from what most people expect. Much of it will be unprecedented. Most of it is already here, or is rapidly emerging. Go to the website—21st century prognostications:

<http://www.jimpinto.com/writings/newsociety.html>

And today, traditional tests of knowledge and intelligence are obsolete. Just as an inexpensive calculator endows a middle-school junior with the math capability of a savant, an Internet connection represents an extension of human capabilities that provides vast power and knowledge to the user.

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Evolution has taken a step forward. Intelligence in a new age:

<http://www.jimpinto.com/writings/newageintelligence.html>

and more/

What words of advice would you have for a twenty-something college grad with a technical degree and a belly full of ambition?

If you're interested in industrial automation, don't get bogged down with the past. Don't simply become an employee with a large company—most of them are simply stuck in old technology, with an outdated installed base. Join a small company, where you can personally make an impact, and be paid based on your own performance. Try to get as much equity—stock— as you can, so you think, act and behave like an owner, not just another employee! There are amazing opportunities for growth and success in this new century—waiting for YOUR leadership! Please feel free to contact me— e-mail is probably best:

jim@jimpinto.com

Cheers:

Jim

¹ Genomics: The study of all of the nucleotide sequences, including structural genes, regulatory sequences, and noncoding DNA segments, in the chromosomes of an organism.

² Proteomics: Providing, for each known protein, a wealth of information that include the description of its function, its domain structure, subcellular location, post-translational modifications, variants, similarities to other proteins, etc.



Perry Marshall, Contributing Editor

From time to time Perry Marshall will be featured as a contributing editor for The Extension. Perry made a career change when he resigned from Synergetic as their National Sales Manager last year. He maintains a busy schedule with his own consulting practice

called Perry S. Marshall & Associates; primarily marketing and communications work for companies in the controls industry and the audio industry. Perry also sells a system that teaches sales and marketing people his methodology, which is best described by visiting his website—www.perrymarshall.com.

Perry met his niche by being a communications consultant and communication is all about people. And to him nothing is ever interesting until you get to the part that involves people. He feels that the purpose of a business is to get and keep customers. To him, that's the fun part and he stresses that to his clients.

He is the author of the book entitled "Industrial Ethernet Pocket Guide," and the audiobook "Guerilla Marketing for Hi-Tech Sales People," both available at his website.

Watch for more of Perry's articles in future Extension supplements.