



Typo

**The Last American Typesetter, or,
How I Made and Lost 4 Million Dollars
(An Entrepreneur's Education)**

David Silverman

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The hilarious and poignant story of a young man who set out to save a company and a way of life...and got mugged by the realities of global capitalism.

Two months before David Silverman's 32nd birthday, he wired his father's life savings for the purchase of the Clarinda typesetting company in Clarinda, Iowa.

He and his business partner and mentor, Dan Coyne, a late-middle-aged professional manager, planned to turn around the 50-year-old typesetting company, then raise venture capital for a "roll-up" of the then mom-and-pop industry scattered over the farmlands of the Midwest—they would then take the company public and make millions.

It wouldn't be easy. Clarinda had been losing money for years, India-based competition was driving prices lower every day, publishers were merging and needed to cut costs to cover their self-inflicted debts. And morale among the aging workforce in Iowa was at an all-time low.

But David believed in the ideals he had learned from his father, which in turn came from the "old" IBM—the one before layoffs, when it became, as his father said, "just like every other company." He wanted to succeed while respecting the employees.

When David had met Dan, he had found a mentor who sounded like his father, but who knew how to run a business. He had taken three companies public before and espoused "benevolent capitalism." In a year they had doubled the revenue and staff of the company and were well on their way to purchasing two competitors. So could they buck the "offshore" trend, deal honestly and openly with employees and customers, and turn their and their employees dreams into millions?

Absolutely not.

TYPO is an American Dream run aground told with humor and moments of tragedy. The story reveals the impact of losing an entire industry and answers questions about what that means for American business. The reader sees in Clarinda's fate the peril faced by the American Everycompany, and the lessons learned are applicable to anyone who wants to have their own business, to succeed in a large corporation and not to find themselves stranded by the reality of shifting markets, outsourcing, and ultimately, capitalism itself.

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TYPO topics:

- Covers several hot-button topics—outsourcing, technology, globalization—in an accessible, personal narrative. Forrester Research estimates between 3 and 4 million jobs will be outsourced to India in the next ten years.
- While many books discuss the pros and cons of globalization, there are no readable first-person accounts of a small businessman trying to survive these massive dislocations.
- There's a strong fathers-and-sons theme, both in David's relationship to his own father, and in his relationship to his business partner Dan, who is a second father to him — both fathers turn out to be alcoholics
- The subject matter will be particularly recognizable to people in the book business (designers, editors, production managers, printer's reps are all protagonists)
- The book has multiple settings: Iowa, San Antonio TX, Baltimore MD, New York City, and the Philippines

About the Author

David Silverman moved up the ranks from tech geek to owner and president of Clarinda, the largest American owned typesetting and publishing company before it ceased operations due to overseas competition in 2003. He has been captain of his college computer programming team, worked in a deli, written computer manuals for IBM, designed electronic publishing systems in London, and sold "offshore" keyboarding services—he thinks he liked the deli best.

He has spent a decade and a half working with the Philippines, India and China, and has a B.A. in Mathematics and Computer Science with a minor in writing from Drew University. He has published articles on technology and publishing in industry publications, including *Wired* magazine and *Publishers Weekly*. In addition, he has been a consultant in the industry, a frequent speaker at publishing conferences, a member of international publishing technical committees, and been a guest lecturer on the typesetting industry at New York University's master's in publishing program.

David has studied writing with William Zinsser, Bill Roorbach, and Susan Shapiro, attended non-fiction writing workshops at Goucher, Marymount, and Manhattanville Colleges, and performed a one-person show entitled "American Loser." He currently works as an executive at Citigroup where he is responsible for, what else, disaster recovery.

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Q&A with David Silverman, author of TYPO

1) What made you want to own your own business?

I had worked for too many jerks—that's really it. I was sick of watching incompetent management ruin their company's chances and demoralize employees by making selfish or stupid decisions.

I had grown up being taught by my father that IBM was a great company because of its "respect for the individual." Remember that this was the IBM of the 1960s and early 1970s that he was referring to: they had an ethics manual that every employee really believed in. Our copy, with its blue spine, sat on the bookshelf in our living room. It was, figuratively and literally, our family bible.

2) What single piece of advice would you offer other start up entrepreneurs?

A company is not made out of new product ideas or business plans or even financial statements. It's made of employees and serves customers. The company succeeds if the people inside and outside are getting what they want. Companies live or die by the ability of management to figure out what that is, give it to them, and collect the cash. Mess up any one and you fail.

I call this "alignment," and it's the central idea in my business therapy business.

I've had lots of people tell me that the most important thing for a company is to satisfy its customers and make employees happy—and that is pure bullshit. You need to listen and react to employees' actual hopes and dreams—which may be to "make the company a big success and get promoted to VP" or may be to "go home at five to my family"—and focus on customers' real desires—which may be "the lowest price" or may be "to not look stupid at my job after buying your product, so I can keep going home at five to my family." If you don't, you're not in alignment, and you're dead.

3) Did you suffer much culture shock taking over a solidly midwestern company?

It was a "rural v. city" culture shock that derailed me the most. I wanted Clarinda to be my big chance for making millions and building a company like the IBM my father had worked for, one that respected employees. But I only understood the concept of wanting to get ahead in my career and make more money. My rude awakening was learning that not everyone wants that. Some people want to be able to get to the barber every Wednesday for their regular haircut—even if customers are waiting for orders.

My business partner Dan used to say that there are two kinds of people: those looking to get promoted and those looking to keep their jobs. The Clarinda Co. was stocked with the later. And now here I was trying to get them to go from being grandmothers doing page layout to computer programmers and innovators. It was never going to work, and it just made them not trust me when I told them anything else—like the idea that I respected them and had their best interests at heart, or that they had to change the way they worked or they would lose their jobs in competition with India.

Alignment relies on trust to work and it also fosters trust. Trust and alignment, alignment and trust. The two are either side of the same coin.

4) How would you describe your relationship with your father during this tumultuous time?

Most entrepreneurs are going to have to borrow from family. What bothered me was that my father had promised me money when he was sober. I needed it when he, after the death of my mother, had become a drunk. As a child, he'd been the best father imaginable. He spared no expense on education, and taught me through endless lecturing in front of the fireplace. He wanted me to understand whatever I had done wrong. He wanted me to be as dependable and conscientious of others as he was.

And that was the big problem for me. As Clarinda was going wrong, so was he. All the lessons he taught me about being careful to pay all the bills on time, make sure the family is okay, he stopped doing when he was drunk. And so here I am thinking, "My father taught me the only way I know to live and now

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I find out that it leads directly to crawling around that living room floor to get to the next whiskey. I am on the wrong goddamned train!"

Again—alignment and trust. You can borrow from family if they are aligned with your goals as an entrepreneur. When my father pledged me the money, his goal was the same as when he bought me a science book (although a couple of hundred thousand dollars more). He wanted me to succeed and therefore losing the money would have been OK.

But when he was drunk, we fell out of alignment. I worried that he would need that money to live in a home or be hospitalized, and it was also my sister's inheritance. I found myself wishing I had not taken the money.

So I say, go ahead and borrow your family's money. But know that it will be the biggest burden of all.

5) How serious is the threat of outsourcing to the American businessman?

Which of the *Alien* movies is it where the marine shouts, "Game over, man, game over"? Doesn't matter. It is game over. We invented the Internet and instantaneous, inexpensive global communication of voice, data, and video. And now that wonderful invention makes it possible to do any job as easily in Peoria as the Punjab.

But outsourcing has been with us forever. Clarinda itself was located where it was in rural Iowa because the publishers in Chicago and New York wanted cheaper labor than their local markets for doing typesetting. The same thing is true of printing companies. In the early part of the 20th century the Union Square area of New York was filled with printers and typesetters. There is always going to be somewhere with lower labor costs and a therefore a reason to go there. If we don't accept the outsourcing and find a way to keep growing despite it, the US economy will stagnate. Any US business that bases its future on the assumption that they can provide a service or product without serious competition from overseas is out of their minds.

6) Do you see any new trends on this issue?

I see two trends: the financial folks pushing more companies to outsource more and more, and the end users of those outsourced services becoming very frustrated with the quality of support they are getting.

When I had my credit card stolen, the service person in India kept trying to sell me new banking products rather than understanding my questions about identity theft. I tried to explain, "I work for Citibank, just like you. You don't have to sell me." I thought about complaining, but I realized that even if I had been Chuck Prince, I would have gotten the same terrible service.

The result is the same thing that happened when my mother decided to give me cabbage juice for my stomach pain as a child. It was neon green, disgusting, and I had to put an ice cube on my tongue to dull my taste buds. Did it cure stomach pains? I have no idea. But the thought of it shut me up.

So it goes with outsourcing. Why are companies seeing such big gains? Because customers are just giving up. And that makes a gap in the market. American firms can still compete if they make a better service desk. And that means that outsourcing can be good for us, if we use it as an impetus to improve, or we can be like the car companies, and just keep trying to do the same old thing when faced with serious competition.

7) When did the idea of doing a book about your experience come to you?

I was having dinner with a friend and telling her about how, as the company was going into a terminal dive, the receptionist at our Iowa headquarters was refusing to answer the phone "Hello, may I help you." She wanted to say, "Hello, Clarinda Company, may I help you."

The problem was, I had a customer who was subcontracting to us, and their customer was going to call

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me, and I had to pretend we were just a branch office of the customer. So I have this receptionist telling me it's a violation of her Christian ethics to answer, "Hello" without saying the company name, and I end up sitting there at the front desk taking the calls to ease her mind, and to keep the company alive for another few months.

My friend said, "You should write a book." And, so I did.

And it was terrible. It was angry, and full of stories about how the customers, employees, and Indian competitors ruined my company. All the stories were true, but what was missing, and what I learned over the course of three years of rewriting, was how my own development from naïve entrepreneur to experienced manager came too late to save the company.

8) Would you ever start up another company again?

Do I want to start a hotdog stand or invent a new Internet service? No. I know the 24-7 effort that takes and it is something to pursue only if you really love the product or service.

I think about it this way: I lost \$4 million, my father's inheritance, and the lives of two people closest to me. I think it's fair to say I learned a lot more in the two years as my company went down, then I did in the fifteen prior years of my successful career.

What I want to do is share my very hard won knowledge with the people who are trying to start their chain of hotdog stands. I call my idea "business therapy," and it's about helping entrepreneurs and executives move their companies forward. We all need someone to talk to about our business plans, and the entrepreneur and executive is often without a mentor. I provide them with both a good sounding board and ideas from experience.

I'm not a "business coach" per se, because I'm not focused on the person's career. Instead I focus on solving the daily and strategic business problems, like increasing sales, improving customer alignment, operations and employee management, and so on.

The book, Typo, is my set of lessons in novel form. If you like it, you should consider hiring me.

It took a few years and a few million dollars for David to learn some key business lessons. But if he ever tries his hand again, he won't be making the same mistakes:

David Silverman's:
10 Things I'd Do Differently Next Time

1) Alignment

To succeed, you have to be in alignment with your employees, customers, and most of all, your business partner. Being nice to people is easy; actually listening to what they want and figuring out how to give it to them is hard. Constant attention to fostering alignment brings customers, keeps employees motivated, and builds trust and respect.

2) Trust

Without trust, there can be no alignment. Doubt is okay—but use the natural process of doubt in creating a business to *build* trust, not destroy it.

3) Sell, Sell, Sell

Financial statements are nice and you need to know how to read them. Efficient operations are nice, and they should be strived for. But without sales, there are no beans to count and no employees to make efficient. The first job of any company is to sell.

4) Money

Business is about making money. It is amazing how often people forget that or dismiss it as obvious. But it means being sure to charge enough to make a profit and not being ashamed to cut costs and fire employees. If you aren't making money, you're a charity.

5) Unique Advantage

Success requires a unique competitive advantage, but do not be unique in the marketplace. That is, serve the fastest hamburger because you know people want that. Don't be the only one selling hamburgers. Without a market to define the excellence of your service or product against, people will not understand their need to buy.

"I think about it this way: some people spend \$100,000 to get an MBA. I lost \$4 million, my father's inheritance, and the lives of two people closest to me. I think it's fair to say I learned a lot more in the two years as my company went down, then I did in the fifteen prior years of my successful career." – D.S.

6) Competition

Competition is good, not bad. Without competition, there would be no place for a new product or service to break into the market.

7) Know Your Employees

There are two kinds of people: those striving to get ahead and those striving to hang onto what they have. Identify each kind if you want to be able to align with them. Otherwise you will be selling customers products they don't want and motivating employees with rewards they consider useless.

8) Culture of Change

You have to change to survive against competitors. Reward people for embracing change. And if you

have an employee or manager who constantly fights change, they have to be fired. If not, they will undermine the alignment and trust you have built up in the organization.

9) Watch for Bad Customers

There are bad customers. They can be identified as those customers that are pulling in a different direction from the company's goals. That is, they are out of alignment.

10) Less Emotion

Never act in the heat of it. You will only regret it.