SUMMARY
BY ALYSSA BURNETTE

Business Adventures
BY JOHN BROOKS

Summary of Business Adventures by John Brooks

Written by Alyssa Burnette

Compelling business case studies that can change the way we view startups.

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Introduction

You might not be familiar with the companies mentioned in these case studies. Maybe they're out of business now; maybe you think they're just plain irrelevant. But John Brooks begs to differ with you. And over the course of this summary, he'll show you why everyone can learn from the businesses referenced in this book. In fact, their lessons might change your life-- and your company's!

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Why Bill Gates Loves This Book

In an installment of his blog, GatesNotes, Bill Gates tells the story of his favorite book. (Spoiler alert: it's *Business Adventures!* That's right-- you're literally reading Bill Gates' favorite book!) You might be surprised to learn that this text is also Warren Buffet's favorite book too! Gates described his discovery of this book in the following manner:

"Not long after I first met Warren Buffett back in 1991, I asked him to recommend his favorite book about business. He didn't miss a beat: "It's Business Adventures, by John Brooks," he said. "I'll send you my copy." I was intrigued: I had never heard of Business Adventures or John Brooks.

Today, more than two decades after Warren lent it to me—and more than four decades after it was first published—Business Adventures remains the best business book I've ever read. John Brooks is still my favorite business writer. (And Warren, if you're reading this, I still have your copy.)

A skeptic might wonder how this out-of-print collection of New Yorker articles from the 1960s could have anything to say about business today. After all, in 1966, when Brooks profiled Xerox, the company's top-of-the-line copier weighed 650 pounds, cost $27,500, required a full-time operator, and came with a fire extinguisher because of its tendency to overheat. A lot has changed since then.

It's certainly true that many of the particulars of business have changed. But the fundamentals have not. Brooks's deeper insights about business are just as relevant today as they were back then. In terms of its longevity, Business Adventures stands alongside Benjamin Graham's The Intelligent Investor, the 1949 book that Warren says is the best book on investing that he has ever read.

Brooks grew up in New Jersey during the Depression, attended Princeton University (where he roomed with future Secretary of State George Shultz), and, after serving in World War II, turned to journalism with dreams of becoming a novelist. In addition to his magazine work, he published a handful of books, only some of which are still in print. He died in 1993.

As the journalist Michael Lewis wrote in his foreword to Brooks's book The Go-Go Years, even when Brooks got things wrong, "at least he got them wrong in an interesting way." Unlike a lot of today's business writers, Brooks didn't boil his work down into pat how-to lessons or simplistic explanations for success. (How many times have you read that some company is taking off because they give their employees free lunch?) You won't find any listicles in his work. Brooks wrote long articles that frame an issue, explore it in depth, introduce a few compelling characters, and show how things went for them.

In one called "The Impacted Philosophers," he uses a case of price-fixing at General Electric to explore miscommunication—sometimes intentional miscommunication—up and down the corporate ladder. It was, he writes, "a breakdown in intramural communication so drastic as to make the building of the Tower of Babel seem a triumph of organizational rapport."

In "The Fate of the Edsel," he refutes the popular explanations for why Ford's flagship car was such a historic flop. It wasn't because the car was overly poll-tested; it was because Ford's executives only pretended to be acting on what the polls said. "Although the Edsel was supposed to be advertised, and otherwise promoted, strictly on the basis of preferences expressed in polls, some old-fashioned snake-oil selling methods, intuitive rather than scientific, crept in." It certainly didn't help that the first Edsels "were delivered with oil leaks, sticking hoods, trunks that wouldn't open, and push buttons that…couldn't be budged with a hammer."

One of Brooks's most instructive stories is "Xerox Xerox Xerox Xerox." (The headline alone belongs in the Journalism Hall of Fame.) The example of Xerox is one that everyone in the tech industry should study. Starting in the early '70s, the company funded a huge amount of R&D that wasn't directly related to copiers, including research that led to Ethernet networks and the first graphical user interface (the look you know today as Windows or OS X).

But because Xerox executives didn't think these ideas fit their core business, they chose not to turn them into marketable products. Others stepped in and went to market with products based on the research that Xerox had done. Both Apple and Microsoft, for example, drew on Xerox's work on graphical user interfaces.

I know I'm not alone in seeing this decision as a mistake on Xerox's part. I was certainly determined to avoid it at Microsoft. I pushed hard to make sure that we kept thinking big about the opportunities created by our research in areas like computer vision and speech recognition. Many other journalists have written about Xerox, but Brooks's article tells an important part of the company's early story. He shows how it was built on original, outside-the-box thinking, which makes it all the more surprising that as Xerox matured, it would miss out on unconventional ideas developed by its own researchers.

Brooks was also a masterful storyteller. He could craft a page-turner like "The Last Great Corner," about the man who founded the Piggly Wiggly grocery chain and his attempt to foil investors intent on shorting his company's stock. I couldn't wait to see how things turned out for him. (Here's a spoiler: Not well.) Other times you can almost hear Brooks chuckling as he tells some absurd story. There's a passage in "The Fate of the Edsel" in which a PR man for Ford organizes a fashion show for the wives of newspaper reporters. The host of the fashion show turns out to be a female impersonator, which might seem edgy today but would have been scandalous for a major American corporation in 1957. Brooks notes that the reporters' wives "were able to give their husbands an extra paragraph or two for their stories."

Brooks's work is a great reminder that the rules for running a strong business and creating value haven't changed. For one thing, there's an essential human factor in every business endeavor. It doesn't matter if you have a perfect product, production plan, and marketing pitch; you'll still need the right people to lead and implement those plans.

That is a lesson you learn quickly in business, and I've been reminded of it at every step of my career, first at Microsoft and now at the foundation. Which people are you going to back? Do their roles fit their abilities? Do they have both the IQ and EQ to succeed? Warren is famous for this approach at Berkshire Hathaway, where he buys great businesses run by wonderful managers and then gets out of the way.

Business Adventures is as much about the strengths and weaknesses of leaders in challenging circumstances as it is about the particulars of one business or another. In that sense, it is still relevant not despite its age but because of it. John Brooks's work is really about human nature, which is why it has stood the test of time."

Now, ordinarily, when you're beginning the summary of a book, you probably wouldn't open with a review by someone else. But because *Business Adventures* was written so long ago, many modern readers might--understandably-- be quick to dismiss the lessons it offers. But after a stellar book review by Bill Gates himself… how could you not be excited for this book?!

So, brace yourself, and let's dive in! You're about to discover the book that taught Bill Gates and Warren Buffett some of their most important business lessons.

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Xerox, Xerox, Xerox, Xerox

Today, we don't really think twice about printing. Printers are a common fixture in most households and if you don't have one at home, you almost certainly have access to a printer at school, at work, or at your local library. There's no doubt about it: printers are a completely routine facet of our daily lives now. In fact, as the world shifts toward complete digitization, one might say that printers are even in danger of becoming obsolete.

But in the early 1960s, nothing could be further from the truth. At that time, Xerox had just made history as the developer of America's first automatic copy machine. Xerox in the 60s was every new business owner's dream. Copiers were flying off the shelves left and right; everybody wanted one for their business and Xerox was only too happy to supply them.

In fact, they were such an overnight success that you can understand why they thought they totally had it made. So, how did they manage to go from instant fame to an equally instantaneous downfall? Let's take a look at the business case study that Bill Gates found so important.

The author has divided the Xerox story into three clear and identifiable stages that can help us learn more about Xerox's successes and failures. The first stage was their initial success. Anyone who starts a new business typically has one hope: they want that business to succeed.

However, it can be very difficult to get past the startup phase and into a position where you're actively making a profit. The sheer difficulty of this often kills many new startups before they ever get off the ground. So, if you want to avoid this common mistake, there are a few key things that every startup must do.

For example, it's important to have a solid business plan, to have enough startup capital to get by, and to have a vision that will sustain you when you encounter opposition. These ingredients are crucial for every startup and

Xerox had all of those things. But sometimes you encounter issues that are more substantial than the traditional problems faced by your average startup.

And that's exactly what happened to Xerox. You see, as new technology evolves through the years, we often forget that the advances we take for granted today were once revolutionary. And although printing and copying are run-of-the-mill tasks for us today, in the 1960s, the ability to copy material was a great source of concern.

It seems silly when you think about it now but at the time, the copier was truly a piece of brand new and shocking technology. And whenever new technology is introduced into our society, people become concerned about the impact that new advancements can have on our lives and morality.

So, when the copier first came out, many people were suspicious and felt that copying material was a lot like plagiarizing material. Especially in educational spheres, people were concerned that having the ability to copy content was essentially normalized plagiarism. Educators questioned the ethics of this new copying technology and asked how they could explain to their students that plagiarism was wrong when so many businesses and individuals had the ability to make copies of anything they wanted.

So, as you can imagine, this was very different from the typical setbacks that most new startups face. It's one thing to struggle to launch your new business, but it's a lot harder when you have to fight moral opposition along the way!

It didn't help that the new copier was very expensive, both to buy and to operate. So, given the amount of opposition they were up against, the founders of Xerox were more than a little bit concerned. They began to wonder if they had made a mistake. They feared their company might go under.

In fact, they were so concerned about this that they even told their friends and family not to invest in Xerox stock for fear that they would all lose their money! Fortunately, however, Xerox managed to overcome these struggles and encourage the public to connect with their invention.

And once they managed to get past that hurdle, it was mostly smooth sailing! They encountered a greater demand for their product than they had anticipated and they were thrilled at the response they received from their customers. It wasn't long before the copier caught on!

So, as they became more successful, the founders of Xerox immediately began looking to the future. And that's when they entered the second stage of their business' life cycle. They wanted to give back to the community and to invest in causes that mattered to them. Now that they had the money and success they'd dreamed of, they wanted to cultivate an attitude of gratitude and thank the people who had helped them.

This is certainly an admirable goal and something every newly successful business should aspire to! However, it's important to make sure that you don't jump the gun and get ahead of yourself by donating money you either don't have or might not have for very long.

And that's kind of what happened to Xerox. Shortly after they became so invested in philanthropy, they discovered that their business was in trouble. Their stocks were plummeting again and they feared that they might soon go out of business. This occurred because of a problem that often happens to successful businesses.

When you "build a better mousetrap," so to speak, it doesn't take long before other people want to hop on your gravy train. (That's a lot of mixed metaphors, but you get the idea!) After the initial period of suspicion, other businesses soon realized that Xerox had created a truly profitable product. And that's when all the copycat products began to come out of the woodwork.

Almost overnight, the market was saturated with a host of cheaper, imitation-Xerox copiers. Even though they were poorly made, they were cheaper, and the price motivated many of Xerox's customers to jump ship, abandoning Xerox for their knock-off competitors.

So, as they were faced with this new concern, the founders of Xerox quickly learned that they needed to adapt to keep up with the times and to cut back on their philanthropy. Their desire to be charitable had not changed but their circumstances had. And so, they began to cut costs and look for new ways to preserve their business.

Fortunately, Xerox was able to overcome this hurdle as well, but their story serves as an important lesson for all new entrepreneurs. From Xerox's story, we can see that evolution is critical for survival and that every new startup will encounter obstacles. You just have to find creative solutions to overcome them!

And it's always a good idea to give back to the community-- just make sure you're realistic about it and that you know when to cut expenses and save your company. You can always continue donating later when your business is profitable again!

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Final Summary

Business Adventures was written a long time ago, so it's easy to assume that the advice contained within its pages has become obsolete. But titans of industry such as Bill Gates and Warren Buffett know that the wisdom of these stories is timeless. We can learn a lot by studying the successes and failures of the people and companies who have come before us.

The Xerox case study found in this summary is only one example; if you want to learn more about the 11 other stories John Brooks analyzes, you'll have to check out the full, unabridged version of this book! But we can learn a great deal from the Xerox story and the setbacks Xerox's founders encountered.

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