

# How They Sell

## Ex-CIA Man Gathers Market Intelligence for Westinghouse Air Brake

### 'Agents' Pick Top Prospects For an Off-Highway Truck, Check on Rivals' Activities

### Former Ike Aide Shuns Spies

CPYRGHT By FREDERICK C. KLEIN  
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PITTSBURGH — When Edward J. Green came to Westinghouse Air Brake Co. in 1953, fresh from a top job in the Central Intelligence Agency, he was dismayed by something a budding sales boss with a more conventional background might never have thought of. "I was shocked at how little was understood about getting and processing information," he says. "We got reports from salesmen and read the trade journals and that sort of thing, but what we learned wasn't being put together in an organized way in time to aid decisions."

So Ed Green began organizing a sort of business CIA at "Wabco," and intensified his efforts when he became marketing vice president in 1959. Using market researchers, salesmen and engineers as "agents," the company today spends about \$1 million a year collecting information on customers and competitors. And its approach, though far removed from anything the layman might think of as "salesmanship," has paid off in results any sales boss of the glad-hander school might envy. Reversing a previous slump, Wabco's sales of air brakes, signaling devices, road graders, off-highway trucks and other railroad, construction and industrial equipment have spurred almost 42% in the last two years, to a 1963 record of \$241 million.

No cloak-and-dagger work has gone into producing these results. Ed Green firmly declares he is "opposed to industrial spying in any form." Indeed, he thinks actual espionage is overrated even in gathering political intelligence. He had little contact with it himself; his jobs with the CIA and its predecessor, the wartime Office of Strategic Services, were all administrative. Even so, he says, he discovered that 80% of the information collected by the CIA came from "overtly obtainable sources."

**Attuned to the Field**  
But tapping those "overtly obtainable sources," Ed thinks, is as important in sales as in diplomatic planning—and especially in Wabco's capital-goods field. The company, he says, averages about five years to think up a new product, design it, produce it and begin selling it—and "that's too long to waste on a piece of equipment" that won't sell. Moreover, many of Wabco's customers, which include railroad, construction, mining and oil firms, have been largely a "company business" in

recent years, and are tending to base their purchases on cost analyses, rather than friendship with suppliers or the showmanship of sales presentations.

As a result, says Ed, now a big-framed 55 "the days of the back-slapping salesman are a thing of the past with us. The only way to make a sale today is to convince the customer that the equipment you will make will do a job cheaper and better than what the competition has to offer"—and for this, he's convinced, complete, accurate information is the major "must."

To get that information, Ed has organized a system whose thoroughness reflects not only his intelligence training but his personality. "Ed Green is the most organized person I've known," says a Wabco colleague. "When he was a baby, I'll bet he told his mother where to stack the diapers."

**Researching the Reds**  
"Applying this talent to Wabco, Ed Green today has employes reading and analyzing dozens of technical and trade journals, poring over U.S. Census Bureau equipment shipment reports, and scrutinizing research reports such as those prepared by the Stanford University Research Institute. To get ideas for product designers and engineers, Wabco even keeps tabs on Communist research, by looking through the CIA's Consolidated Translation Survey reports on technological developments in Red countries.

And that's only the beginning. To guide salesmen, the company compiles exhaustive dossiers on customers and prospective customers. Currently it's highly interested in selling automated transit gear to subway and elevated train operators. So a shelf at Wabco's Switch & Signal division headquarters in Swissvale, Pa., near Pittsburgh, bulges with blue-covered, loose-leaf volumes detailing the plans of every major city in the U.S. that's considering new facilities or major service expansions. They include even the nickname of every member of every major transit authority in the country.

In the field, the salesmen themselves constantly roam through customers' plants and offices, quizzing production men and purchasers on company activities, plans and needs, and filing regular reports, many on forms Wabco supplies, on any data they pick up.

"I see Wabco people frequently, and they're in constant touch with our operating people," reports John W. Bartiger, president of the Pittsburgh & Lake Erie Railroad, a long-time Wabco customer. "They ride our trains and talk to our foremen. They know our brake needs as well as we do."

Competitors get an equally thorough check. Wabco engineers, on orders from headquarters, regularly attend technical talks given by engineers of competing firms. "Knowing what theories the competition is interested in can give you a clue to what kind of (product) applications they have in mind," says Mr. Green. Wabco also keeps files on all executives of competing companies. When a rival firm names a new sales boss, it can tell its salesmen immediately what he did in his previous job, and thus how tough a competitor he can be expected to be.

The system is still being refined, too. Early this year, Ed began requiring salesmen to fill out a "sales budget" form. It lists the customer, helps out Wabco on a contract worth

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\$10,000 or more. The salesman must compare Wabco's bid with competitors' bids on such things as price and delivery time, interviewing the buyer for details if the bidding wasn't public. Then he must summarize why he thinks Wabco lost—and he's encouraged not to spare himself if the fault was his own.

Ed Green's experts—one to three full-time intelligence analysts at each of the seven Wabco divisions, plus a central staff of three market researchers—analyze such reports for clues as to how selling tactics can be made more effective. Recently a salesman reported that he hadn't called on a railroad often enough to discover that it was about to let an equipment contract earlier than scheduled, and a rival got the award before Wabco could submit a bid. Instead of chewing him out, Wabco took this as a clue to how that railroad is likely to operate on contracts of the type involved, and now schedules regular sales calls to guard against future surprises.

#### An Embarrassing Earful

This was neither the first nor the most striking case in which the information turned up by Wabco's elaborate intelligence network proved to be embarrassingly simple—though vital. In 1961, Wabco sent researchers to ask road builders and municipal highway departments why they weren't buying its road graders. They got an earful of things that might seem obvious, but yet had been overlooked. Among other things, the customers complained that Wabco's three-model line included neither the high-performance machines that contractors need to shape roadbeds, nor the low-cost, low-horsepower models cities use to maintain road shoulders. And they objected that the placement of controls was too different from the road graders their drivers were accustomed to operating.

So Wabco expanded its line to include both high-performance graders and a low-cost stripped-down model for municipalities, and adjusted the placement of controls. Sales rose 14% in 1962, 13% in 1963, and so far this year are up 20%. And Wabco claims to have boosted its share of the grader market 21% between 1960 and 1963, running a stronger third to Caterpillar Tractor Co. and Jeffrey-Gallion Manufacturing Co.

At other times, the payoff from Wabco's intelligence work has come in accurate selection of sales targets for a new product. Between 1957 and 1960 the company was field-testing prototypes of an off-highway truck, called the Haulpak, featuring a new suspension system that allowed the lumbering vehicle to haul a bigger load on a lighter body, increasing speed and reducing its turning radius. While doing so, it set its researchers to surveying potential markets.

#### Tracking Down the Quarries

Using sources such as Pit & Quarry Magazine, Wabco drew up a list of all 2,200-odd stone quarrying operations in the U.S. It then sent men to interview many of these operators, analyze their jobs to see if they were large enough to use a high-priced Haulpak (they cost as much as \$130,000 each), and seek information on their equipment buying plans. It thus selected the 350 best immediate prospects, and armed salesmen with brochures, flip-charts and job analysis figures tailored specifically to each quarry on which the salesmen would call.

Similar investigations targeted coal and ore mining and road building prospects, and Wabco hit them all with immense success. Sales of the Haulpak in 1961 leaped 183% over the introductory year of 1960, and have doubled since, Wabco says. Industry sources say the company, on the strength of the Haulpak's success, is challenging the long-standing leadership of General Motors Corp.'s Euclid division in the \$60-million-a-year off-highway truck market.

"Wabco stole a march on the industry with the Haulpak," says R. G. Rhett, purchasing director of Kennecott Copper Corp. "When they showed us we could move more ore at less cost on our particular jobs, we bought them." Kennecott since early 1962 has bought 66 of the 65-ton-load Haulpaks, for an average of about \$100,000 each.

#### A Transit Coup?

Advance intelligence on customers' needs further has enabled Wabco to design new products, or product adaptations, for specific markets, and to pick out the best features of its products to emphasize in sales presentations. Late last year Wabco salesmen and engineers assigned to prepare bids for equipment to be used on a test track on which the San Francisco Bay Area Rapid Transit District will try out various kinds of transit gear picked up a tidbit of news from district engineers. They learned, and reported to Wabco headquarters, that the district was seeking an alternative to the cast-iron truck suspension gear long used in transit vehicles, such as subway and elevated-railway cars.

Wabco immediately went to work adapting its Hydrair off-highway truck suspension system—the one that made the Haulpak possible—to transit cars, a totally new use. Already, it has won a \$284,000 contract to test the system on the Bay Area's 4.4-mile track. If successful, the system could win a \$2 million contract from the Bay Area Transit District, and possibly still more lucrative contracts in other areas of the country. The Bay Area test track has been planned as something of an industry showcase for advanced new equipment, and transit officials all over the U.S. will be watching its operations with intense interest.

#### Enter the "Pregnant Whale"

In a different field, Wabco's Air Brake division in 1959 was awaiting the outcome of railroad tests of a combination of a new type of brake rigging and brake shoe it had developed largely to make railroad-car brakes work more efficiently. But it knew the new gear also would enable a manufacturer to make railroad cars bigger without making them heavier—and its salesmen reported that car makers just then were putting on their drafting boards designs for railroad cars bigger than any that had been seen. So "we switched our sales approach to emphasize the weight reduction angle," says William Ayres, Air Brake division product sales manager.

This rapidly proved to be the right pitch. "The fact that Wabco had such a rigging available," and made its virtues known, "was one reason we decided to go ahead with our big 'pregnant whale' tank cars," says Stuart Moyes, chief engineer at General American Transportation Co.'s tank car division at Sharon, Pa. The "pregnant whale," completed in 1961, is 65 feet long, and carries a 32,800-gallon load. Before it appeared, General American's largest tank car was 55 feet long and carried 20,000 gallons.

Wabco is particularly well situated to pick up such reports from railroads, because it has been closely linked to their fortunes from its corporate birth. George Westinghouse founded Wabco in 1869 to market the original air brake he had invented two years earlier, and the company began acquiring then a familiarity with railroad operations that has helped sales ever since. (In 1886 George Westinghouse also founded Westinghouse Electric Corp., and he headed both companies until 1911. But there was no other connection between the two companies then, and there is none at all now except public confusion; the two Westinghouses are headquartered in the same Pittsburgh building, and their executives confess they wish mightily they could get the public to tell them apart.)

#### Insurance, Politics and Intelligence

Still, customers say Wabco some years ago wasn't doing a very good job of anticipating customers' needs even on the railroads, let alone in the other industries it sells to. "Wabco until recently was a pretty stuffy outfit," says one veteran railroad man. "For a long time they got by on their reputation for reliability. It's only lately that they've realized the railroads are getting more progressive—more receptive to new ways to cut costs and improve service. Wabco perked up just in time."

That "perking up," most observers agree, can in large part be traced to Ed Green and the fresh viewpoint he brought to the company. Ed's career started conventionally enough for a sales executive; his first job after being graduated in 1930 from little Bethany College, Bethany, W. Va., was selling insurance. Even then he began developing the sales approach he was to institute at Wabco. "Before Ed would make a call, he'd find out all he could about the prospect," recalls Harry T. Ice, an Indianapolis lawyer and friend of Ed's for over 30 years. "He never believed in the hit-or-miss approach."

In 1940, however, Ed's career took a detour into politics; he was elected a Republican state senator from an Indianapolis district. A year later he enlisted in the Navy, and two years later wound up in the OSS, launching a nine-year intelligence career. By 1944 he was in charge of picking men to work behind Nazi lines in Italy; the agents supplied anti-Nazi guerrillas, sneaked shot-down Allied flyers through enemy territory and back to safety, and relayed information from guerrillas on Nazi troop movements.

In the closing days of the war, Ed was military attache to the U.S. Legation at Berne, Switzerland, and there had his only personal fling at cloak-and-dagger work—in a rather undramatic case of watch smuggling. This occurred when the Hungarian Ambassador to Switzerland discovered some countrymen had been using his car to smuggle watches to the Paris black market; running across Ed in Paris, the embarrassed Ambassador gave him some watches to smuggle back into Switzerland and return quietly to their makers. Ed's later work with the CIA, though only marginally connected with espionage, was secret; to this day he will discuss it only in the most general terms. He says only that he held the title of director of overseas logistics, was responsible for keeping CIA overseas offices supplied, and did some work on the CIA budget.

#### A "Forger" for Eisenhower

In 1952 Ed went back into politics, organizing Citizens for Eisenhower clubs in Indiana and, during the campaign, becoming Ike's personal secretary. He kept an eye on the General's farm in Gettysburg, handed his non-political mail, and, he says, "forged" the private name to many letters while Ike was out

barntorming. Ed had never met Ike before but he had the principal qualifications for the job. Mr. Eisenhower wanted someone who knew military staff procedure, Ed says, but his soldier friends were out. "His advisers didn't think it would look good for a Presidential candidate to be surrounded by uniforms, so they picked me."

After the campaign Ed decided to go into business, and joined Wabco as assistant to the president. He has had little contact since with either politics or Mr. Eisenhower, though Ike has called a few times to ask about his family; Ed hasn't tried to push things further because, he says, he was "disgusted" with the way acquaintances tried to "force themselves" on the General during the 1952 campaign. Though Ed says he has "great respect" for Mr. Eisenhower, he didn't agree with everything Ike did as President; he regards himself as a "liberal Republican" and voted for President Johnson this month.

At Wabco, Ed has presided over something of an upheaval in the sales departments. The company's extensive staff of market researchers and intelligence analysts is his personal creation; the company had no full-time market researchers when he became sales boss in 1959. Between that year and 1963 the company also hired 71 new executives, completely revamping its selling departments.

#### "Some Problems"

Customers say this shakeup "caused some problems stemming from inexperience" of the new men, but financial figures indicate these now have been straightened out. Sales, after recovering fully from the slump that took them down from \$236 million in 1957 to \$170 million in 1961, are only about holding their own this year. In the first nine months they were about even with the 1963 period at \$181.2 million.

But the total has been held down by a sharp slump in Melpar, Inc., an electronics division, caused by Government research cutbacks. Civilian sales, on which Wabco makes more profit, are rising strongly. Wabco profits in the first nine months of 1964 jumped almost 32% over the 1963 period, to \$5,484,876. The climb allowed Wabco to raise its quarterly dividend on common stock to 40 cents a share, from the former 35 cents, beginning this past summer.

Though Ed Green and the intelligence approach he brought to Wabco are widely credited with a major role in this turnaround, they haven't been universally popular; some people feel the focus on planning has been overdone. Since he took office, Ed has urged dealers for the company's LeTourneau-Westinghouse earth-moving equipment division, who are independent businessmen, to make up formal, five-year projections of the buying plans of their customers. "That would be great if I had a half-dozen men to work on it," says one E-W dealer. "I kind of humor the factory along that I do it."

In other respects, too, Ed runs a tight ship. Salesmen are limited on entertaining of customers. They do take customers out frequently, but for lunches and occasional dinners rather than nights on the town. "We prefer that our men stick to business," says Ed.

The salesmen, incidentally, no longer get commissions either; they work for a salary plus incentive bonuses. Wabco wants holders of advanced college degrees as salesmen, and feels such men won't want to gamble on commission selling—especially in a field where sales efforts may take a long time to pay off. Humphrey O'Dell, a successful salesman, says he once had to feed a railroad technical

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reports on certain Wabco equipment for three years before the line would buy any.

"When you report to Ed, it has to be 1,2,3; a,b,c," says one Wabco sales official. "But he's not a martinet," this man adds quickly. "He's available for help if you need it, and he works in such a friendly way you can't get mad at him."

Spare-Time Work

Ed is "available" to others besides Wabco salesmen. Though he rarely makes a sales call personally, he holds offices in several trade associations, writes frequently for trade magazines, regularly lectures on marketing at major universities, including Harvard and Columbia, and is a much-sought speaker at trade association meetings and management seminars. He also is writing a book on marketing which McGraw-Hill has agreed to publish. He says he carries on most of this spare-time activity "because marketing is my hobby," but indicates some of it helps Wabco's intelligence effort, too: "Getting together with other executives keeps me posted on new developments."

Ed's petite, dark-haired wife Eleanor, whom he met when she was a civilian OSS employe in Italy during World War II, enters a mild demurrer. "I think a man should spend his spare time getting his mind off business," she says. But she adds quickly that "Ed seems happy doing what he does, so I don't complain."