

IBM 1958

Annual Report

A Stanford Chaparral Parody

Officers:

President	I. "Pops" Watson
Chairman of the Board	Orville Watson
Executive Vice-President	Uriah Watson
Vice-President, Sales	I. "Pops" Watson, Jr.
Vice-President, Mfg.	*Granville Watson
Vice-President, R & D	*I. "Pops" Watson III
Treasurer	Ernest Embezzler
Comptroller	Frankie Machine
Secretary	Zelda Schwartz
General Manager	B. Goldfine
Sales Manager	W. Graham
Personnel Manager	D. Carnegie
*Minors	

Board of Directors:

Orville Watson	Chairman
Uriah Watson	Vice-Chrm.
R. Rand Watson	Secretary
Fred "Fats" Watson	
A. "Bobo" Watson	
T. Smith	
H. Watson Smith	
E. Freeman	
Remmington Watson Freeman	

Manufacturing Plants

Watsonville, California

General Offices

Happy Valley, N.Y.
 Pleasant Acres, Ohio
 Dreamy Hollow, Calif.
 Smiling Brook, Mich.
 Sunnyside, N.C.
 Cheerydale, Fla.
 Hospitality, Texas
 Gay Meadows, Mo.
 Dismal Swamp, Ala.
 (Town name to be changed to
 Bright Bayou by 1960)

To the Stockholders:

Hi there, friends. I've been eagerly looking forward to this pleasant task of reporting to you our progress ever since the last stockholders' report. I would really like to send each of you a personal letter, but I just haven't had the time to spare. After all, this corporation may be big, but it isn't so big that *you* and *I* can't be pals. But let's you and me get down to brass tacks, eh?

Well, let's see. We've made a lot of progress this year, yessiree. Research department came up with a bunch of new stuff—yep, new. Lots of profits, oh just lots. Of course, all that's explained in the back of this book by those auditors we hired to take care of that sort of thing, and I hate to go on and on with figures and dollar signs and other junk that would bore you as much as it bores me. And anyhow, the important thing is that we're just one big close, happy family, me and all the employees here at Inter-mittent Business Machines and all of you.

We here at IBM are all so happy in our work that the fact that our salaries aren't as high as some other corporations might pay doesn't make any difference to us, because, after all, money isn't everything, now is it, folks? Man cannot live by bread alone, as the Scriptures say.

Oh, and by the way, I meant to tell you folks that our dividends aren't going to be very high this year. It cost a little more to hire the men from Pinkerton's to stop the strike than we expected, and then there were a few close court decisions that we lost. Just goes to show what trouble unhappiness causes, but there's no room for unhappiness here at IBM—we just don't have room for unhappy people. I'm sure there will be less unhappiness next year.

All this unhappiness brings a lump to my throat. But it makes me feel even closer to all of *you*, and, folks, if you're ever visiting in Scottsdale, Arizona, just ask some of the folks where the big Watson mansion is and drop on in, and the Mrs. will whip up a bite to eat and we'll all just sit and chat a spell. And feel free to drop on into any one of our five hundred friendly subsidiary plants, and if you happen to get there when a plant tour is scheduled, why, we'll show you around the place. The latch string is always out at IBM.

By order of the Board of Directors

February 18, 1959

"Pops"

President

New Developments

Thanks to our recent merger with the Hallmark Card Co., IBM early this year launched its new service, IBM cards for those who care enough to punch the very best. The sales on our most recent model, the RF77-OGD into which seven million data cards may be fed in one minute, are expected to rise as soon as we find out what the machine does with the cards. Our other new developments are too numerous to catalogue.

Research

IBM devoted thirty-eight dollars to its research center. Most of it was spent on research. The principal task at hand this year for the research department has been the devising of a machine to check up on the RF77-OGD and find out what the hell it does with all those cards. Also in progress at this moment is the construction of a human brain. Final testing will be completed late in March. Other research projects too numerous to mention are also being carried on.

New Employees and Trainee Programs

Co-operation is the keynote at IBM, and to improve employee co-operation we have at our training center a newly acquired team of psychologists from Peiping whose job it is to start our trainees off on the right foot. There are many other techniques and methods now in use in our trainee programs, but they are far too numerous (and confidential) to mention.

Employee Relations

Through an arrangement with Brooks Brothers, our employees are now able to buy their uniforms (during lunch hour) right at the plant. A new pick-up microphone system has been installed to help our personnel department find our unhappy employees. Each employee is being assigned a "buddy," whom he is supposed to help co-operate. We have a number of other policies involved in our employee relations program, but we don't dare mention them.

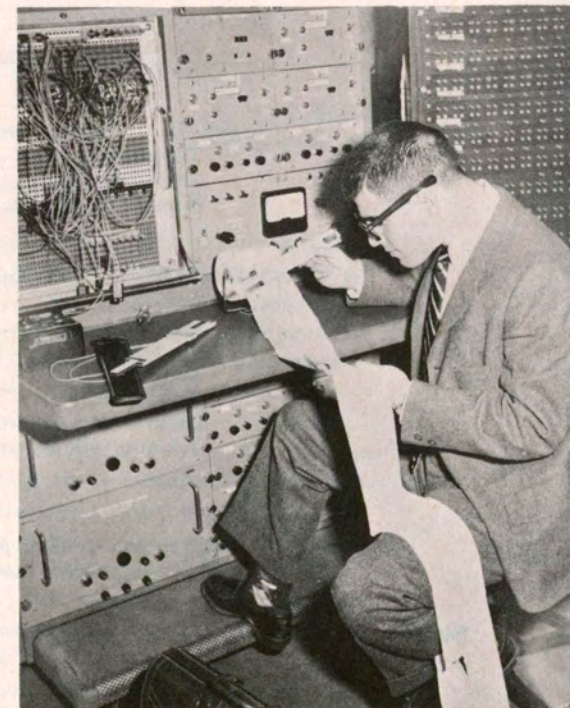
Annual Stockholders' Meeting

The next annual meeting will be held in the Imperial Hotel in Toyko on December 23, 1963 at 3:15 P.M. B.Y.O.L. Let's have better attendance next time, huh? It was such a poor turn out in Rangoon last year that we decided to kiss it off for a few years—it just wouldn't be worth the trouble.



*Left:
The Nairobi Sales Office is the first branch to open up the East African Territory. The tremendous sales possibilities of this area are certain to be fully realized just as soon as our employees quit disappearing.*

*Right:
Computer Model AH16-MF tracks the moon in its orbit, feeds out information on our newly developed data paper. This model figures out sports-car rallies and selects the best T.V. program at any given time, too. Modifications are now being made so that it also will pick out daily-double winners.*



Assets

Cash ¹	\$ 164,815.63
Petty Cash	1.25
Trading stamps, Betty Crocker coupons, etc.	3,093,103.17
Accounts Receivable	\$ 1,843,000.21
Less Allowance for bad debts	1,843,000.00
Inventory	5,897,123.18
Investments (See Exhibit #1)	16,480,306.29
Buildings and Machinery	\$12,184,632.74
Depreciation Reserve	13,971,946.80
Office Equipment (See Exhibit #2)	1,556,812.91
Uniforms (Gray flannel)	48,111.47
Employees (Wholly or partially owned)	2,973,208.10
Goodwill	749,186,961.44
	778,513,129.59
More Goodwill	29,010,550.40
	<u>\$807,523,679.99</u>

Liabilities and Net Worth

Bank Loans	40,000,000.00
Accounts Payable	158,876,355.83
Income Tax Payable	471,918.46
Bonds Payable	146,071,620.59
Restraint of Trade Damages Payable	7,853,951.39
Capital Stock	250,000,000.00
Earned Surplus	204,249,833.72
	<u>\$807,523,679.99</u>

Exhibit #1	Investments:	
	Tucker Motors, Inc.	\$ 5,355,714.10
	Brooklyn Bridge	4,000,000.00
	Remington-Rind Co.	7,124,592.19
		<u>\$16,480,306.29</u>
Exhibit #2	Office Equipment:	
	Desks	\$ 20,136.08
	High Stools	14,051.33
	Eye Shades	271.81
	Abacuses	132,046.13
	Quills	1,889.73
	Ledgers	22,194.20
	Remington-Rind Univac	1,366,223.63
		<u>\$ 1,556,812.91</u>

¹ Includes \$2,743.21 in cable car tokens purchased at discount.

² Accelerated depreciation got out of hand.

Statement of Income and Expense

Gross Sales	\$236,240,176.38
Returns and Allowances	0.00
	<u>\$236,240,176.38</u>
Cost of Goods Sold	127,123,800.27
Gross Profit	<u>109,116,376.11</u>

Expenses:

Salesmen's:		
Salaries	\$10,683,914.87	
Commissions	3,418,760.12	
Etiquette Lessons	201,326.69	
Uniforms	743,911.22	
	<u>\$14,047,913.90</u>	
Wages and Salaries	21,340,842.16	
Research and Development	4,431,827.65	
Psychological Consultants	9,018,520.31	
Public Relations Consultants	7,459,251.83	
Picnics and Parties	814,748.06	
Athletic Leagues	621,518.38	
Advanced Education	335.00	
Hobby Clubs	532,824.64	
Group Insurance	2,799,437.20	
Music	87,396.45	
Housing Office	103,069.44	
Awards in Civil Court ¹	3,814,932.16	
Restraint of Trade Damages	12,738,641.09	77,811,258.27
Net Income Before Taxes		31,305,117.84
Federal Income Tax		36,680,277.16 ²
Net Loss		<u>\$(5,375,159.32)</u>

¹ 83 employees' wives filed jointly and won an alienation of affection suit against the company.

² We think there is something wrong here and are checking into it.

Watson, Watson, & Watson

14¹/₈ Wall St.
New York, N.Y.

To the shareowners and Board of
Directors, IBM Corporation:

We have examined the financial statements and related accounts of the Intermittent Business Machines Corporation as of December 31, 1958, and frankly we are a little concerned as to their veracity. Our examination was made with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

In our opinion, the accompanying balance sheet and statement of income and expense of the Intermittent Business Machines Corporation as of December 31, 1958, don't tell us a hell of a lot. We found just ever so many suspicious figures and practices, and so many of their accounts didn't balance that there were times when. . . , well, when we were just about on the verge of tears. More than once we almost folded up our stools and went home to tell Dad. As a matter of fact, if the president of the Corporation weren't our brother and we didn't know how honest he is, well we'd be just tempted not to sign this darn old thing at all.

Watson, Watson, & Watson
Crucified Public Accountants



Sales Offices

Arkansas

Little Rock
(Caucasians only please)

California

Anaheim
Azusa
Cucamonga
Palm Springs
Santa Barbara
Yosemite Village
(Summer only)

District of Columbia

Washington
Hush-puppy

Massachusetts

Bunker Hill
Concord
Lexington

Michigan

Kalawazoo

Minnesota

Milwaukee

Nevada

Las Vegas
Reno

New Jersey

Secaucus
(Gas masks supplied)
Weehawken

New York

Canajoharie
Poughkeepsie
Skaneateles

North Dakota

Fargo
Gofar

Ohio

Winesburg

Pennsylvania

Canandaigua
Schuylkill
Van

Tennessee

Catfish
Chitterling

Texas

Big Land
Deep Well
Loud Mouth

Foreign

Acapulco
Algiers
Dienbienphu
(Under new management)
Havana
(Temporarily closed)
Hong Kong
Leopoldville
(Closed for repairs)
Los Angeles
Shanghai
Singapore
Tijuana