

## Al Shugart: A Serious Joker

### The Seagate founder's flamboyant personality was integral to his ability to inspire talent and propel innovation

by [Peter Burrows](#)

When I think of Al Shugart, I often think of a silly book he published in the mid-1990s called *75 Light Bulb Jokes*. Back then, the concept of "political correctness" was very much in the public debate, but that didn't stop Shugart from taking good-natured shots at anyone who might have trouble laughing at themselves. For example, here's one particularly un-PC entry that still makes me smile: Question: "How many feminists does it take to screw in a light bulb?" Answer: "That's not funny."

Shugart, who passed away on Dec. 13 as a result of complications from heart surgery, will long be remembered for his role in creating the disk drive business (or the disc drive business, as he insisted on spelling it because of a deal he made with a financial backer). But I mention the book because for me, it captures much of who Al was and what made him special. He refused to be anything less than genuine, especially if a laugh was at stake, regardless of what others might think. How else to explain his decision to create a campaign committee so his Bernese Mountain Dog, Ernest, could run for Congress? Or his decision to wear one of his signature Hawaiian shirts to the black-tie ceremony in 2005 inducting him into the Computer History Museum?

#### Creative Spirit

He paid a price for his antics. They made it easy for Silicon Valley society to largely dismiss him from its pantheon of stars after his 1998 ouster from Seagate Technology ([STX](#)). One day, he was the revered and feared chieftain of one of tech's largest companies with more than 100,000 employees. But after his ouster, he quickly morphed into tech's quirky old uncle, known mainly for those Hawaiian shirts and the collection of odd startups funded out of the tiny venture capital operation he ran in crunchy Santa Cruz, just over the coastal range from San Jose.

But it would be a mistake to separate Al's personality from his accomplishments. Hired as a rank-and-file engineer by IBM ([IBM](#)) in 1951, he led development of many of Big

Blue's early disk drives during the 1960s. He wasn't the virtuoso inventor himself, but he was a virtuoso leader of engineers—armed with a great gut for technology trends and an ability to create a fun environment where brilliant minds could accomplish great things. "He was a great leader of people, and a guy who just knew how to get things done," says James Porter, who later worked for Shugart and now runs Disk/Trend, a market-research firm.

From the start, Shugart was a magnet for top talent in the closely knit drive business. When he left IBM in 1969, scores of IBMers left to follow him to Memorex. While he says he never improperly recruited his old mates, he did admit in a 1996 interview with *BusinessWeek* to frequently repairing to a bar near IBM's campus so they'd know where to find him. "The number that ultimately left IBM varied from 30 to 300, depending on whose lawyer you were talking to," jokes Porter.

## **The Birth of Seagate**

The next chapters of Shugart's career are equally legendary. In 1973, he created Shugart Associates, which pioneered the floppy disk drive market, only to be ousted just a year later when the firm fell behind a slew of new rivals. Crushed by the surprise turn of events, Shugart overcame his frustration by opening a bar with some friends and buying a commercial salmon-fishing boat. While not broke, "I had a tough time meeting my Porsche payments," Shugart joked in 1996 (see BusinessWeek.com Archives ["Extended Interviews and Audio Clips: Alan Shugart"](#)).

That continued for a few years, until Finis Connor, a former Shugart Associates colleague, called with another idea for a company in 1979. The goal: to make a small 5.25-inch-wide hard drive that would be cheap enough and small enough to fit into the PCs that were starting to sell like hotcakes. Apple Computer ([AAPL](#)), in particular, was shipping two or three floppies with every new Apple II, recalls Connor—clearly a sign that PC users needed more storage capacity.

Shugart agreed on the spot to co-found the company, which became Seagate. Connor remembers Shugart typing up the eight-page business plan at his small house near the beach in Santa Cruz. After being shot down by a number of early PC players, a young Steve Jobs, wearing torn jeans, agreed to become their first customer—but only if Seagate delivered only the mechanical parts of the drive and let Apple do its own electronics. "Steve felt Apple could do a better job," says Connor. "We disagreed, but at that point we weren't about to say no to an order."

## **Broad Influence**

Seagate went on to dominate the drive business, becoming by far the largest independent supplier in an industry that had been ruled by IBM. While dozens of rivals poured into the PC hard-drive market, Seagate maintained its place in part due to Shugart's insistence on vertical integration. Adherence to that idea meant it couldn't outsource production of key components of drives, such as the magnetic platters or the heads that read them, if it

wanted to control its own destiny. Also, Shugart grabbed the pole position in the lucrative corporate computing market, thanks in part to his 1989 acquisition of Control Data's fast-growing Imprimis Technology.

Shugart's influence went far beyond Seagate, however. His freewheeling, engineers-come-first philosophy helped propel the drive industry to a truly remarkable pace for innovation. Indeed, while even nontechnies are conversant with "Moore's Law,"—the idea that computer chips get more powerful at regular intervals—the storage capacity of a single drive has been increasing far faster than the processing power of microprocessors for many years.

Shugart is part of the reason why that's true, says Connor, whose falling out with Shugart led him to create Connor Peripherals in 1984. "He was a very personable guy who provided very positive leadership for many great engineers," Connor says. "His contributions were very broad and significant for the entire computer products industry, and not just the hard drive business, since hard drives became the impetus for the creation of so many other kinds of companies. Quite frankly, AI has been responsible for a lot of people's participation in this industry."

### **A Loyal Leader**

That same sense of leadership was manifest in Shugart's personal life. "He was a man that took great pleasure from the successes of other people," says his wife, Rita. "He could just make you feel wonderful about yourself—that there wasn't anything you couldn't do with him in your corner." That included her own accomplishments as a painter and a competitive bridge player, as well as those of a wide range of other people. On many occasions, she says they paid for the education of children of less wealthy friends, always insisting on anonymity.

Shugart's egalitarianism was far more than show, she says—to the point of inviting their UPS delivery man to their Christmas parties. And he relished the camaraderie of the workplace. On many recent occasions, family members tried to get him to work from home rather than leave at 5:30 each morning to make the hour-long drive to the Santa Cruz office. "But who is going to make the coffee?" he'd say," recalls his son-in-law Mark Peterson.

Shugart's coddling of engineers—an insider says he was unwilling to enforce strict deadlines on new products or demand tough cost controls—may have contributed to his ultimate ouster from Seagate in 1998. By then, the company was badly in need of a major operational overhaul. In the years after he left, the company cranked up its efficiency, enabling it to make far more drives despite massive cuts to its employee rolls. Indeed, there was so much fat to be cut that his successor, Stephen Luczo, took Seagate private in 2000.

Public once again, Seagate has consolidated its lead more than ever, even buying up longtime rival Maxtor in late 2005. Still, when Silicon Valley superlawyer Larry Sonsini

gave Shugart the word that he'd been replaced, it was a hard blow, say people close to Shugart.

## **No Regrets**

That was then, however. From all accounts, Shugart had moved beyond any past snubs. Julie Still, Seagate's communications chief who worked for years with Shugart, says she spoke with him almost every day and says he had no regrets.

Indeed, I happened to call Shugart in mid-October as he was preparing to leave for the hospital. I was doing a story on Sonsini, who has been caught up in the options-backdating and Hewlett-Packard ([HPQ](#)) boardroom-spying scandals. Rather than take any easy potshots, Shugart had nothing but gracious things to say. And even to the end, the sense of humor remained. Whenever his son-in-law asked if there was anything Shugart needed during his stay in the hospital, Shugart always said the same thing: "world peace."

*Editor's note: Peter Burrows is one of three BusinessWeek reporters whose phone records were pretexted as part of HP's investigation.*

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## Alan F. Shugart, 76, a Developer of Disk Drive Industry, Dies

By [JOHN MARKOFF](#)

Alan F. Shugart, an engineer and entrepreneur whose career defined the modern computer disk drive industry, died Tuesday in Monterey, Calif. He was 76.

The cause was complications after a recent heart operation, said his son-in-law Mark Peterson.

Beginning his career as an I.B.M. field service engineer repairing punch card accounting machines in 1951, Mr. Shugart was intimately involved in every important juncture of the computer storage industry for more than four decades. Over that time computer storage systems shrank from monsters the size of large washing machines to compact boxes that fit in the palm of the hand. At the same time, digital storage capacities soared from the equivalent of several books to whole libraries. After transferring to an I.B.M. research laboratory in San Jose, Calif., in 1955, Mr. Shugart helped develop the first disk drive, named the Ramac, for random access method of accounting and control, which was able to store five million characters of data. I.B.M. introduced the Ramac commercially in 1959 and initially rented the system for \$750 a month. The drives required an air compressor, which rented for an additional \$150 a month, Mr. Shugart recalled in a lecture given several years ago.

During his 18 years at I.B.M. he managed the development of a number of products, including the I.B.M. 1301, a 50-megabyte disk system that was the basis for Sabre, the nation's first online reservation system, which I.B.M. created for American Airlines, said Jack Harker, a longtime I.B.M. engineer who worked with Mr. Shugart.

At I.B.M., Mr. Shugart rose to become director of engineering for the systems development division, but left to join Memorex in 1969, eventually taking several hundred I.B.M. engineers with him.

In 1972 he left Memorex to found Shugart Associates, which introduced a lower-cost 8-inch form-factor floppy disk drive. The technology was intended for a new class of smaller computers that were moving outside of the corporate data center, according to Finis Conner, a longtime business partner and sometime competitor of Mr. Shugart.

At an early planning meeting, Mr. Conner recalled, the two men sketched out a simple graph on a napkin showing how cost would fall as volume increased.

“It was a march to mobility, taking the computing power out of the computing room and putting it into the desktop,” said Mr. Conner, who first worked for Mr. Shugart at Memorex in the 1970s.

Before starting Seagate, Mr. Shugart took a five-year hiatus from the computer industry, having been forced out at Shugart Associates in 1974 after a disagreement with the board. During the break, he moved to Santa Cruz, Calif., where he helped open a bar with friends and bought a fishing boat.

In 1979, with Mr. Conner, he returned to the computer storage industry. The two founded Seagate Technology, the first maker of 5.25-inch hard disks, in 1979. At that time storage for personal computers was based on 5.25-inch floppy disks, and the two realized that a hard disk system of the same size but with a higher capacity would find a ready market.

The company’s first product stored five megabytes and sold for \$1,500. It became an instant best seller, driven by the exploding growth of companies like Apple Computer, its first customer, and others.

Born in Chino, Calif., in 1930, Alan Field Shugart studied engineering physics at Redlands University and started work at I.B.M. the day after he graduated. After leaving Seagate, he founded Al Shugart International, a venture capital company.

He is survived by his wife, Rita, of Pebble Beach, Calif.; a sister, Margaret Kraght, of Glendora, Calif.; a son, Chris, of Monterey, Calif.; his daughters, Teri, of San Carlos, Calif.; Jill Bambace, of Aromas, Calif.; Mia Peterson of Carmel, Calif.; and Dana Bambace, of Carmel, Calif.; and seven grandchildren.

Although Mr. Shugart was a leading figure in an industry characterized by constant technical innovation, he was financially conservative and took pride both in an informal business style and in focusing on business basics. He was also typical of a plain-spoken generation of Silicon Valley engineers who had little tolerance for bureaucracy or perceived phoniness. In 1996, he tried to run his Bernese mountain dog Ernest for Congress in a protest against the direction of both the country’s major political parties.