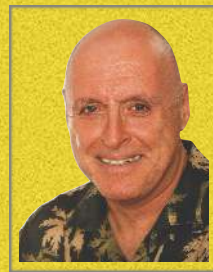


THE EXTRA POINT

BY JERRY ROBERTS



663 Tales of Power: Nikola Tesla Part 1

He might have been the world's greatest inventor. He certainly could have been the wealthiest. His life was as much about what might have been as it was about what he created. I'm Jerry Roberts and today, a look at Nikola Tesla. That's next, on The Extra Point.

Nikola Tesla was born in 1856 in Croatia. He studied math and physics, and in 1882, he came up with the idea for a brushless motor using AC, alternating current. At the time, DC, direct current, was what the world used for power. I won't try to explain the difference between them, but the world has long since used AC as its standard, so Tesla was about to generate a massive change.

A year later he moved to Paris and took a job to repair DC power plants for Continental Edison. Two years later he immigrated to the United States. He was hired as an engineer at Thomas Edison's New York City headquarters, impressing Edison with his talent and drive.

One of the early turning points in Tesla's life had to do with an encounter with Edison, where the company's DC dynamos, the power generators, were discussed. According to the different accounts of the story, Tesla either told Edison he could come up with a design to improve them, or Edison offered Tesla a reward if he could do so. Either way, Tesla would get \$50,000 if he could do it.

Tesla worked night and day for months and presented his design, which Edison liked. However, when Tesla asked for the money, Edison refused, telling Tesla it was just a joke, that he didn't understand the American sense of humor. Well, Tesla was furious. The question remains, was there really such an offer?

Now, if your boss, today, offered you \$50,000 to make improvements on the engines, literal or figurative, that drive your business, I guess that would be an impressive number to most

people. C'mon, \$50,000. That's today, in 2020. We're talking the mid-1880s for when this took place. That \$50,000, then, is worth about \$1.5 million dollars in today's money.

The DC dynamos were the core of Edison's business and improvement would be of critical importance — but would it have been worth the equivalent of \$1.5 million, and would Edison, a sharp businessman, have really offered it?

I've read the account in numerous sources and no witnesses have ever been mentioned. By all accounts, it was just the two of them when the conversation took place.

The lesson here is that any such agreements always need to be in writing. Sincere business people will never be offended if you ask for that, because they don't want misunderstandings to cause trouble. Tesla was a talented engineer, but inexperienced in business matters. Tesla also would have figured if Edison said it, he would back it up. Verbal agreements were still the standard then. Whatever the reality is in this case, it separated the two men forever.

Tesla soon quit, and failed at starting his own company. He eventually joined forces with George Westinghouse, an inventor who had launched the first AC power system, and was Edison's major competitor. Westinghouse hired Tesla, licensed his patents, and built him a new laboratory. Tesla had a contract that paid him well, and also set him up for royalties on the sale of power and systems using his technology.

Tesla was set. The royalties would have made him untold millions. However, the wealthy men backing Westinghouse told him to renegotiate with Tesla, who ended up giving away his rights to any royalties. That money would stay with Westinghouse and his investors.

(Con't.)

Tesla's passion was inventing, not how to conduct the nuts and bolts of business. This loss of royalties would bring a massive change to Tesla's future financial picture.

In 1891, Tesla and Westinghouse partnered with General Electric, which was the new name of Edison's company after it had merged with another, to install AC generators at Niagara Falls, creating the first modern power station.

Eventually, Tesla went his own way, devoting years to new methods of power transmission, including wireless. He was involved with financier J.P. Morgan on major projects which eventually failed when Morgan refused further funding. In addition, most of Tesla's patents had run out.

Although he continued his work, he would never again be the major player in the world of power generation that he had so long been.

What might have happened if Tesla had kept his royalties? He might well have been the richest inventor in history, as AC power plants replaced DC facilities around the globe.

Had he retained the royalties and never had to seek financing for his projects, there's no telling what Tesla might have brought to the world.

Perhaps another lesson to be learned here is that it's undeniably valuable to be able to do the work we love, and are good at. It's also important to know our worth, and to be able to protect that worth through effective business practices. Tesla apparently knew little about negotiating at that time, at it cost him dearly.

On Monday, we'll talk about Tesla's final years, and some high drama surrounding them, as well as some of the thoughts he left.

That's The Extra Point. Stay home and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

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