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The Toymaker

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San Diego Union-Tribune

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A well-paced, engaging, thoroughly reported profile of a man and his mission to build a better toy

We enjoyed this account of a man and his team's efforts to design, build and market a high-tech toy. Bigelow structures the story around the more obvious quest for a successful product, but the piece is of course made more compelling by his focus on his protagonist's personal story of risk and determination. We appreciated Bigelow's depictions of the company's team members. (Notice the ways he builds character through both background and scene.) We learned, in the meantime, a good deal about business and product development.

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Bigelow sent us these comments about the story: "The publication of the Toymaker represented a small triumph over some buffeting changes for me that followed the 1992 merger of the morning San Diego Union and afternoon Tribune. After losing my science beat in the merger, I was initially assigned to rewrite suburban news stories from zoned editions as briefs for the final edition of the Metro section. I later began writing about computer hackers and technology, and moved to the business desk at the end of 1994.

"Keenly aware of my lack of knowledge about business, I proposed a story to Paul Eichen about following Eichen's start-up company as a way to learn more about running a company. I monitored Eichen's progress by interviewing the entrepreneur every two or three months. I accompanied Eichen to Rokenbok's debut at the toy industry trade show in February 1997, which proved crucial in gaining insight about the company. An intense period of additional reporting and writing followed. The editor was Susan White, who provided key guidance about the narrative style."

Chapter 1

Paul Eichen loaded the last cardboard box into his gray Volvo station wagon. Then he stepped back to snap a farewell photo of the San Diego corporation that had consumed the past 12 years of his life. He slammed the tailgate with a muted whump.

Finally, he had done it. He had broken free of the relentless stress at Proxima Corp. He was officially out of the computer business.

At 39, Paul was acting out one of the abiding fantasies of corporate America. He was quitting to start his own company. This was his independence day, March 31, 1995.

He had resigned as Proxima's president, the No. 2 post. He had given up his six-figure salary and his annual bonus. He'd sold his stock, relinquished his corporate perks.

And he had done it all for a toy.

The idea had been stuck in his head for years, like a grain of sand in an oyster. He kept turning it over in his mind, a make-believe world of little remote-controlled trucks. He wanted to give kids the thrill grown-ups get from radio-controlled planes and race cars.

Crazy or not, he was going to build a toy company from scratch.

Paul knew the odds were against him. It's an article of faith that most new companies fail within five or six years. And the toy business, which depends on the whims of children, is notoriously fickle.

But Paul also had calculated the potential rewards.

Americans were buying about \$20 billion worth of toys a year, with almost 70 percent of that money going to toy manufacturers. In a market that big, Paul figured he could hit sales of \$50 million in less than 10 years.

He had already invested some of his own money in the idea, money he'd made by selling his founders' stake in Proxima. But money wasn't the only thing driving him.

He loved the process of taking ideas and making them real. He relished the chance to work with smart engineers on a new product.

Another part, however, had to do with what had happened at Proxima, which manufactures electronic accessories for computers.

He had joined the start-up company when he was 27, over his dad's objections. Myron Eichen was on Proxima's board of directors, but Myron wanted Paul to stay where he was, at a secure job with a restaurant supply company.

Paul persevered, though, and a year later he was promoted to Proxima's top job: president and chief executive officer. By 1990, he had pushed sales to \$30 million a year.

But that was the same year Paul hit the wall.

Despite strong sales, Proxima's quarterly earnings were swamped by unforeseen costs in inventory and product warranties. He wasn't managing the details. He was in over his head.

Finally, the chairman of the board had stepped in as chief executive, and Paul stayed on in a subordinate role. He had trapped lightning in a jar, and then he lost it, just like that.

Now he had something to prove to himself and everybody else. That he could make lightning strike twice.

If anyone was born to such a challenge, it was Paul Eichen.

Myron, his dad, had helped start so many high-tech companies that in their family creating a new business seemed as natural as building a treehouse.

At the age of 5, Paul could multiply, calculating the answers with a formula he'd devised himself.

In fourth grade, he was entertaining playground fantasies about leading teams of people. A few years later, he was lingering within earshot of the business meetings his dad held in the living room.

He dropped out of Occidental College when he was 19, impatient to get some real-life experience.

Proxima had certainly given him that.

When the pressure was at its worst, all he had to do was look down at his bulging stomach to see how the demands at work had thrown his life out of balance. He was 5 feet 5 inches tall and weighed 185 pounds. He looked like a butterball with glasses, and he felt like an unhappy old man.

He yearned for a change, but leaving Proxima was almost too painful to contemplate. It would be like going through a divorce.

Amy, Paul's wife of 14 years, understood.

"When you lose your sense of identity and you have to pick yourself up and remake yourself, it can be a depressing, scary thing to do," she said.

Amy offered a simple solution: He should go to work for another computer company.

But Paul said going to work for somebody else's company meant he'd have to adapt to their rules. He wanted to make his own rules.

After these conversations, Paul would start dreaming again. Of remote-control toys. Of his own company.

Sometimes, after work, he would stop at Thinker Things, a toy store in Del Mar, just to get an idea what it might be like to be in the toy business.

Once on a business trip, he stopped dead in his tracks to admire a bouquet of helium balloons in the St. Louis airport. As a Proxima board member watched in bewilderment, Paul rhapsodized about the simple, enduring appeal of a toy balloon.

His trucks would be so well-designed, and have so many add-on features, that kids would play with them for years. They would be as timeless as Lincoln Logs or Tinkertoys.

Maybe it was crazy, but it gave him a reason to leave Proxima.

Paul climbed into his Volvo and buckled his seat belt. It was a Friday afternoon, warm and clear—the perfect day for a new beginning. Yet as he pulled away from Proxima's headquarters, he wasn't thinking about his future. Instead, he was dwelling on everything in his rear-view mirror.

An enormous emptiness yawned inside him. Proxima had made him a millionaire several times over, but the process had left him so exhausted that he wondered if he had the energy to do it all over again. His concept for the toy was still so gray, so vague and

foggy, he wasn't sure he could make it work.

He shared his doubts with Amy, but nobody else. If he didn't have total confidence in himself—and in his ideas—why would anyone else follow him into the unknown?

Chapter 2

In the months after Paul Eichen left Proxima, he tried to restore some balance to his life.

He dropped his teen-age son, Noah, off at school. He drove 7-year-old Rachel to horseback riding lessons. He took naps.

He also spent hours at the Ramona ranch of his longtime friend, John Crane, talking about ideas for a new toy. If Crane hadn't pushed him to resign, to make a commitment to the toy company, Paul might have lingered at Proxima.

The two men made an unlikely pair.

Paul was 5 feet 5 inches tall and wore the casual clothes of the comfortably affluent: running shoes or Teva sandals, blue jeans, short-sleeve print shirts. Crane was built like a bull with Alley Oop arms. He was 5-foot-11 and 263 pounds. In his black T-shirt and cowboy boots, he could pass for an outlaw biker.

Crane and Paul had been brainstorming about the toy since 1994, more than a year before Paul left Proxima. They would sit together on the veranda of Crane's mud-colored home overlooking granite-studded hillsides. Crane called it the best view in Ramona. He'd bought the 32-acre ranch, he once said, because, "I need to be able to drink a beer, and then toss it in the air and shoot it."

The comment was vintage Crane. Whether by accident or design, a kind of macho mythology swirled around the burly behemoth. Folks told tales about the web of scars on his right forearm, saying he'd let burning cigarettes sear his skin in youthful contests of biker bravado. Whoever flinched first was the loser.

Crane just laughed about the story. "It's not true," he said.

At 45, he hewed to his own brand of nonconformity. He'd invite friends to his ranch for "sheath knife" barbecues. No forks allowed.

But the tough-guy image didn't bother Paul. As an independent consultant, Crane had invented some of Proxima's most-successful products, including the first "data display," a liquid crystal display panel for projecting computer images.

Paul saw Crane as one of those rare people who can take a vague concept and turn it into reality. Crane knew what was technically feasible, but he also kept an eye on marketing. And Crane would go for days without sleep to solve a problem.

Paul told people, "John Crane likes to pull at threads."

And Crane told people, "I would rather listen to Paul Eichen talk business than listen to a piece of classical music. They're one and the same. The guy is a true, natural-born salesman."

The new company was officially incorporated as BotBlocks Inc., with Crane getting founders' stock and a small salary. Paul didn't plan to keep the name, but it combined his idea of little robotic trucks or "bots," and building blocks. Paul contributed much of the start-up money himself, along with a handful of other investors.

Crane studied the market by spending hours in the aisles of every Toys 'R' Us in San Diego County, watching children react to merchandise, talking with parents. He'd lost track of the number of times store managers approached him to ask timidly, "May I help you?"

Paul had also recruited others for his product design team.

Lonnie Pogue, an industrial designer who had done work for Proxima, had been sketching Paul's toy ideas for the past year. As an artist, Pogue was comfortable with Paul's restless imagination, his determination and enthusiasm. He also respected Paul's business savvy.

So when Paul offered to pay for the sketches, Pogue refused.

"I'd rather be involved," he said.

When the design team needed an engineer to make models of the toy, Pogue brought Bill Barton to Paul.

Barton had been through his own start-up at Overland Data, where he designed robotic machines that used magnetic tape to store data. After a stint as president of the San Diego company, he left to become an engineering consultant.

Like Crane, Barton was a strident nonconformist.

Although he was close to 60, he sped around North County's back roads on a bullet-shaped motorcycle, a red Ducati 916. He flew an ultralight airplane he'd put together himself and drove a maroon replica of a 1954 Porsche Spyder that he'd built from scratch.

He also kept a 110-pound mountain lion named Jakey in his Encinitas home. The huge, tawny cat prowled through passageways built under the house, roaming from a pen in the garage to Barton's bedroom or the courtyard atrium. Barton's house was like a

hamster habitat with winding tunnels—except Jakey was big enough to bring down a mule deer.

Paul had recruited enough colorful characters to populate a TV sitcom. He had an ex-biker, a cougar man, an artist. And each was an alpha male, the leader of the pack.

But Paul paid little attention to their eccentricities. What he wanted was their talent. That's what would determine the success of his new company.

It never occurred to him that someday he'd be scrambling to keep their differences from tearing the company apart.

Chapter 3

Paul Eichen sat cross-legged in his yoga class at Frog's, an athletic club in Solana Beach. He exhaled slowly. The course was a 40th birthday present from his wife, Amy. She'd prodded him to regain the wiry, rock-climber physique he had when they first met almost 18 years ago. He'd started running and had already lost 25 pounds.

Starting a new company was all about dealing with discipline and doubts. He had found the discipline to get in shape, at least physically. He felt stronger than he had in years.

Now he just had to shed his lingering doubts about whether this toy company could really succeed.

Paul was meeting off and on with other toymakers and learning what he could about product distribution, retail sales, marketing. But he wasn't knocking himself out. He had some business cards printed and called that a productive day.

He began imagining BotBlocks' eventual debut at the American International Toy Fair, where retailers make their selections for the Christmas shopping season.

Still, Paul's confidence in the venture wasn't exactly 100 percent. Something as risky as a toy company—especially a start-up toy company—could blow at any seam.

Mostly he worried about losing other peoples' money.

The company had been founded with almost \$422,000, raised entirely from the four board members, employees and consultants. So far, his own contribution was the largest, \$146,000.

In the early days, he told himself that if something went wrong, he'd shut down the company before the design team spent more than \$146,000. That way, he could return everybody else's money.

He also had nightmares about pricing the toy.

Toymakers typically get a markup of 50 percent or more. But BotBlocks' computer chips and robotic technology made his costs high. To get that kind of markup, he'd have to charge at least \$100 for a BotBlocks starter set.

He began waking up in the middle of the night, asking himself if parents would really pay that much for a child's plaything.

Paul tried to keep his doubts to himself. As BotBlocks' leader, it was his job to maintain the utmost confidence. It was his job to never give up, to overcome any obstacle.

John Crane, the burly inventor leading the design team, sensed Paul's ambivalence. But Crane was unfazed. Paul had just left the computer business, and Crane knew that executives who leave a company are at loose ends for a while. They're screwed up. It's like going through a divorce.

So while Paul worked his way through his doubts, Crane focused on inventing the toy.

The design team met on Wednesday evenings at the office of Lonnie Pogue, the industrial artist. They'd sit around a drafting table as Crane laid out his latest schematic diagram or read a scenario he had written. About how the toy would operate. About how children would play with it.

Paul wanted kids to be able to operate maybe dozens of trucks at the same time. He assumed each rover could operate on a different radio frequency.

But Crane found a glitch in that idea. The Federal Communications Commission allotted only two radio bands to toys. That meant it would be too complicated, and far too expensive, to design a system that could operate more than one rover at the same time.

Crane retreated to his weight-lifting room, where he did most of his heavy thinking. The answer quickly became clear: He would solve the problem with computer technology.

Why not allow all the rovers to listen to the same frequency, Crane said. We'll just digitally encode the signal for each vehicle.

Basically, the transmitter would say: "Hey rover No. 5, I'm talking to you. Move forward."

Then the transmitter would talk to the next vehicle, in a programmed sequence.

The commands would be transmitted in less than a tenth of a second, so many rovers could operate at the same time. There would

be no jerky movements, no interruptions.

BotBlocks was following a classic strategy for a start-up company. They would use new technology to break open a long-established market. They'd change the rules for radio-controlled toys.

They would patent the technology, of course, to shield BotBlocks from imitators. Maybe they could license the technology to a bigger toy company that could help them with marketing and distribution. Maybe Lego or Mattel.

By now, a half-dozen people were working on the toy.

The team decided the rovers would be functional, so they could actually build their own roadways and bridges. The key vehicle was a forklift-type "gripper," which could pick up blocks and stack them into columns that would support platforms and ramps. A dump truck with a front-end loader would scoop and dump pearl-sized plastic beads.

As they talked, the quarter-inch beads became a metaphor for gravel, crude oil, rice. The beads would move through hoppers and along conveyors. The team began thinking of the toy as a make-believe rock quarry, a shipping terminal or a little industrial park.

Paul thought BotBlocks was a great toy. He said so at staff meetings, to investors, to anyone who would listen.

But was it really?

That was one of his innermost doubts. It was the part of the struggle that wouldn't end until he could put his toy in front of a 7-year-old and say: What do you think about this?

He needed proof that kids liked the toy, an official stamp of approval he could use to raise more money from investors. So he hired an independent market research firm to measure BotBlocks' appeal.

The child tests would begin in Los Angeles on July 17, 1995.

Paul would get his answers then—one way or another.

Chapter 4

Paul Eichen was waiting for the children who would help determine the fate of his emerging toy company.

He sat with John Crane, his chief inventor, in a lounge that resembled a private screening room, staring through a big one-way window into an empty playroom.

It was their window to the psyche of the American consumer, at least the affluent, Southern California variety.

Finally, BotBlocks had begun its first extensive child tests, a three-week study by Trotta Associates, a market research firm in Marina del Rey. The children and parents participating in the study came from households with incomes of at least \$50,000. Crane had spent weeks designing the study, and he and Paul planned to watch all 30 sessions.

Paul wanted to see how kids played with BotBlocks. He wanted to talk to them himself, to ask what they liked and disliked. He also wanted to talk to parents about their toy-buying habits.

He believed this kind of in-depth research, based on small groups, was more valuable to a start-up company than an extensive market survey.

To determine whether kids would choose BotBlocks over other toys, Crane had outfitted the playroom with a \$125 Lego set, a \$220 Playmobil train and a \$140 Brio wooden railway set.

Paul saw that the BotBlocks prototypes looked less refined than the other toys. The ramps were improvised, made from the plastic grates that cover fluorescent ceiling lights. The radio transmitter was disguised by a cardboard building. Everything was hand-made, even the electronics.

Still, Paul was pleased with the quality of these early models. He just hoped the kids would figure out how to operate the thumb pad, which looked like a video game controller. Would they see that the robotic gripper could assemble roadways and buildings? Would they see that the dump truck could scoop and carry piles of plastic beads?

So much was riding on the kids' reaction.

To get this far, Paul had spent most of the \$422,000 he had collected from friends and relatives to start the company. If the kids liked BotBlocks, he would spend more. He'd use his own money to run the company while he approached new investors.

But Paul didn't dwell on what was at stake. His confidence in himself was growing, and he looked forward to each new play session. Every kid who walked through the door represented more data, more answers, more insight.

Paul watched as a young woman escorted 5-year-old Todd and 6-year-old Jules into the playroom. She showed them how each toy worked and said they could play with anything they liked. Then she left them alone.

Both boys headed straight for the BotBlocks.

They peered at the trucks, fiddled with the over-the-cab scooper. Then they walked away. They didn't seem to understand how to make them work.

As Paul and Crane watched silently, the boys flitted from the Lego to the Playmobil to the Brio.

Then they settled back with the BotBlocks.

"I like being in a toy room, don't you?" asked Todd, a curly-haired kindergartner in overalls. Paul opened his notebook computer and began taking notes. Crane started the stopwatch he'd brought to measure how much time the kids spent playing with each toy.

"What is this? A marble picker-upper," said Jules, who wore a Mickey Mouse T-shirt and a Power Rangers cap.

Suddenly, Todd discovered the thumb pad. He pressed the buttons haphazardly until a truck lurched forward.

Without a moment's hesitation he drove the truck straight off a platform.

It fell about 20 inches and bounced on the carpet.

John Crane smacked his forehead with both hands and groaned.

"That's a hand-made model!" he wailed. "If they broke it, I'll be up for the rest of the night fixing it!"

But the truck survived. And when the two little boys reluctantly left the toy room, Paul smiled with satisfaction. After those first few minutes of experimentation, Todd and Jules had spent their entire 90-minute session with BotBlocks.

In the next session, however, two 8-year-old boys turned their backs on BotBlocks in favor of Lego. They reminded Crane of another pair of 8-year-olds, who had ignored all the toys. The beefy engineer nicknamed them, "Whitney the Dominatrix and her slave Jason."

"She was bonkin' him on the head and he was loving every minute of it," Crane said. "She was throwing beads at him."

Paul laughed. Sometimes this is what it means to listen to your customers.

As pairs of kids marched in and out of the play room, a pattern developed.

Most of them liked Lego best. But BotBlocks was a strong second—not bad for an upstart. Lego was one of the most popular toys of all time, with global sales of \$800 million a year.

The tests also yielded vital insights the design team could use to refine the toy's design.

For one thing, the children didn't use the rovers to build anything. They wanted to snap the construction pieces together themselves and then drive the trucks over the elevated roads. Kids just didn't have the patience for the kind of construction Crane thought they would enjoy. Besides, the structures weren't strong enough. The kids kept knocking them over.

When it was time to test parents' reactions, they learned more.

Paul chuckled as the dads got down on their hands and knees and played rock'em, sock'em BotBlocks, using one rover to tip over another. The dads thought the multiple controller was sophisticated. They loved BotBlocks.

But the moms brought him up short.

They looked at the trucks with motherly bemusement. But they looked at the little plastic beads as if they were made of cyanide.

They said the beads would scatter across the floor, that they'd be hard to clean up.

They worried that somebody might slip on them.

Even worse, they saw the beads as a danger to little brothers and sisters. The beads looked too much like candy.

A toddler could choke to death on those things, they said. The comment was so consistent, it could have been rehearsed.

As he listened inside the observation room, Paul turned to John Crane. "Is there an alternative to the beads?" he asked. "How about using something like polygons instead?"

But Crane kept shaking his head. Polygons won't roll, he said. They'll get stuck in the chutes and hoppers.

"Anything less than round is a huge engineering problem," Crane said, his arms folded across his barrel chest. "Just huge."

Chapter 5

Sometimes in business, the good and bad fall so close together that a chief executive can suffer whiplash.

For the first time since he started his toy company, Paul Eichen had proof that kids liked his toy. The product tests showed they liked BotBlocks almost as much as Lego. He had crossed a threshold.

So when the blowup came, it left Paul reeling.

The tension had been building for months.

John Crane, the company's maverick creative genius, wanted to keep experimenting with different concepts for the radio-controlled rovers. He was tossing out new ideas as fast as an automatic pitching machine at a batting cage. Crane even had ideas for the next generation of robotic vehicles. A lunar colony, gold mine, power plant, shipyard.

It was driving Bill Barton crazy.

Crane was in charge of design. But as the engineer in charge of manufacturing, Barton had to get the toy off the drawing board and through the assembly line.

Barton had to plan every step in the engineering process. He had to create new building blocks so kids could snap the pieces together themselves. And somehow, he had to address safety concerns about the quarter-inch beads.

With so much to do, Barton had little patience for Crane's brainstorming. They could focus on Crane's priorities later.

As they say in the computer business, sometimes you just have to shoot the engineer and get the product out the door. At some point all the damn tinkering just has to stop.

Paul called a three-day meeting to sort things out.

He made arrangements to use a small, wedge-shaped conference room in a Kearny Mesa office building. There were no windows and it was painted institutional beige. It was about as comfortable as a clamshell.

On the second day, Paul was late, and the design team started without him.

Barton and Crane squared off on opposite sides of the faux-oak table. Lonnie Pogue, the industrial designer, sat next to Barton. Pete DeAngelis, the digital engineer, and Dan Aldred, the mechanical engineer, also were there.

The talk quickly focused on the look and feel of the toy.

Crane had been scrutinizing other toys for texture and detail, carefully examining each feature under a magnifying lens. He had spent hours asking kids what they liked about toys. He said it was critical for BotBlocks' young customers to see and touch switches, hydraulic lines and rivets in the molded plastic.

Barton resisted.

Adding more flourishes would waste time and increase manufacturing costs, and Barton was determined to keep the project on track and within the budget.

Crane persisted.

He talked about redesigning the little toy dumpsters for the beads. And he said the bin needed a lip around the top edge so it wouldn't slip in the grasp of a "gripper" vehicle.

Barton snapped.

"The damn bin box does not need a damn lip!" Barton spat.

His voice rose as his face reddened.

"The reason we're here is because you f-----up," Barton snarled. "The reason we're here is to write the specifications, and that was your job."

The others were stunned. Where was this coming from? The cougar man was mauling the ex-biker. And where was it going? It was the new guy vs. Paul's old friend.

Crane's body was tense. His eyes blazed. How could Barton dare say he hadn't done his job?

For a moment, Lonnie Pogue thought Crane was going to lunge across the table and pull Barton to pieces. Pogue knew Crane better than anyone in the room. He knew about Crane's black belt in judo and his brown belt in karate. There probably weren't enough people in the room to stop Crane if he decided to charge. There probably weren't enough people in the whole building.

But Crane didn't move. He was a model of self-restraint. He looked to the others for support, but no one spoke.

"OK," he said, his jaw clenched.

Crane packed up his papers and drawings and walked out. The man whose creative genius had given life to Paul's dream was gone.

When Paul finally arrived, the emotional residue was palpable.

"What happened?" he asked.

Chapter 6

People and money.

Either one could make or break a new company, and in the fall of 1995, problems in both areas threatened to shatter Paul Eichen's fledgling toy business.

BotBlocks was out of money. To keep going, Paul figured he had to raise about \$5 million more.

But the more immediate problem was the fissure between Bill Barton and John Crane, between the veteran engineering manager and the maverick creative genius. Crane insisted it was crucial to think now about what the toy would look like in the future. Barton just wanted to get the damned thing manufactured.

Paul agonized over the dispute, working the problem by telephone from his home in Encinitas, where the company was still based. Personnel conflicts were always stressful, and he coped by overeating and playing video games.

Without Crane's creativity and commitment, BotBlocks might have died before it ever took root. And he had known Crane for 15 years.

But the company had moved into a new stage. The time for blue-sky creativity was ending. Now the design team had to engineer and produce hundreds of components. And Barton was the only one with the experience and drive to ramrod the group through such a complex process.

Paul agonized over the dilemma and consulted with his board of directors. But the decision was inevitable.

Without Barton, the company was dead. They'd probably have to sell off the technology they'd developed so far and call it quits.

So Barton was in. Crane was out.

Still, Paul thought it was important for Crane to feel he'd been treated fairly. He made sure Crane would retain a financial interest in the company, including his stock.

Crane was upset, but he accepted Paul's decision. He hated corporate infighting.

"You do what you need to do," he told Paul. "I'll go do something else for a while."

With that resolved, Paul could focus on raising enough money to get the company through its next stage.

In November, he began writing a business plan for prospective investors. BotBlocks needed about \$5 million to make its debut at the 1997 Toy Fair and to get the first shipment into stores. He would raise the money by selling roughly two-thirds of the company to investors.

First-year sales would be about \$785,000, but BotBlocks wouldn't show a profit until Christmas 2000. By 2001, sales should reach \$36.9 million.

At this stage, most start-up businesses would turn to venture capital firms, which solicit investors for high-risk companies.

But Paul didn't have to go that route—at least not yet.

By virtue of his longtime role at Proxima, the computer business he had helped build, Paul already knew people with the wherewithal to make substantial personal investments. Say, at least \$25,000. In the lexicon of start-up companies, such investors are known as angels—and for good reason.

Angels tend to be more patient and less mercenary than venture capitalists. So it's better to go with angels when you can get them, which is easier if your name is Eichen.

In the pantheon of San Diego entrepreneurs, Paul's dad, Myron, practically has his own shrine. Merely mentioning Myron Eichen's name opens doors in the tony enclaves of Del Mar, Rancho Santa Fe and La Jolla, where only angels tread.

One of the first doors opened to Paul was in Los Angeles. But Paul had to clinch the deal himself.

Werner F. Wolfen was co-chairman of Irell & Manella, a high-toned law firm that occupied seven floors of a Century City office building. Wolfen's clients included Herb Alpert, Richard Carpenter and other familiar names in L.A.'s music industry. Decades earlier, the regal lawyer had worked with an obscure start-up business called the Mattel Toy Co.

Wolfen's expertise was almost more important than his money.

Paul dressed carefully for the meeting. A dark suit instead of the jeans and short-sleeve shirts he usually wore. He carried the BotBlocks prototypes in an aluminum suitcase.

A secretary ushered him into a conference room, where Wolfen was discussing a real-estate lease with his son and an associate.

As the men talked, Paul crawled around on his hands and knees, feeling sheepish, arranging the radio-controlled rovers for his demonstration. When he was ready to begin, all three men stayed to listen. They had kids, and these toys looked interesting.

Once Paul began his presentation, he grew more comfortable, more confident. Wolfen watched closely as Paul put the little trucks through their paces, scooping beads, lifting blocks. But to Wolfen, Paul was more important than the toy.

Paul had run a fast-growth company before. And he had invested a significant chunk of his own money in this toy company.

Even to Wolfen, it all came down to people and money.

You can count me in, he said.

But Werner Wolfen was only one investor, and Paul needed a multitude of angels. So for the next five months, he made one sales pitch after another, sometimes alone, sometimes with BotBlocks' designers. The pitch became ingrained, the words flowing as easily as water.

Pete DeAngelis, who was developing the toy's digital electronics, watched aghast as Paul worked a roomful of deep pockets.

Every time the engineers came up with a new idea, Paul adjusted his presentation to match.

When the engineers talked about turning BotBlocks into teams of robotic vehicles that pushed little soccer balls, Paul sold that idea. When they talked about making dump trucks and bulldozers, Paul pitched that.

To DeAngelis, it looked like each group of investors was getting a different idea of what the toy would look like. The underlying technology didn't change—but he wondered what would happen if the investors ever got together and compared details.

But DeAngelis didn't understand how investors viewed the proposal.

Paul could raise millions of dollars because he was the known quantity. Myron Eichen could bring his friends to the table because they trusted him. That's the way it worked.

Jeff Nash, an investor who had served with Paul on the board at Proxima Corp., said it most succinctly: "What we're betting on here is Paul Eichen, and his ability to make the right call."

Chapter 7

The palm trees lining Aberdeen Drive rustled gently in the December breeze as Paul Eichen carried a box of files up two flights of stairs to his toy company's first official headquarters.

BotBlocks was finally moving out of his home, into a rented office above a travel agency in Cardiff. He could feel the company gaining momentum. Business was becoming fun for him again.

Besides, it was almost Christmas and the whole world was thinking about toys.

As he stood in the sun on his office balcony, Paul could see the Pacific Ocean in the distance and homeless men in the alley below. He wore shorts and sandals to work and operated his company by just one rule: Get the work done.

BotBlocks had no organization chart, no corporate policies, no interoffice mail. With only a handful of employees, nobody was punching a clock.

As the company moved into the New Year, nearly everything was focused on getting ready for the 1997 Toy Fair, just 14 months away. Before BotBlocks could get to this annual trade show in New York City, however, the company faced hurdles, both financial and technical. The money problems fell to Paul. He'd already spent all the funding from the original investors, so he was using his own money to keep the company afloat through the next round of fund raising. Expenses were about \$57,000 a month, a figure known as the "burn rate." So far, investors had committed about \$2.3 million. But he needed twice that much to get the toy into stores by the fall of 1997.

The engineering problems fell to Bill Barton, now the company's second-in-command. He took on the most difficult jobs himself, and if there was a problem with the product—any problem—it was his job to fix it. The buck stopped at his desk, that's the way he saw it. And just now, the buck was stuck on the little plastic beads that mothers had identified as a possible choking hazard.

At first, Barton's design team talked about eliminating the beads, which the radio-controlled rovers scooped and dumped like gravel. But everyone agreed the beads were just too much fun.

In Paul's words, they were "integral to the play value."

The engineers fretted over the problem.

Bigger balls would be easier to clean up, but they posed a more serious choking hazard for toddlers. Smaller balls would be safer, but they scattered all over the floor and were hazardous to vacuum cleaners. As far as the moms were concerned, a bucket of sand would be easier to clean up.

It was Barton who finally ended the debate.

They'd make the balls bigger—as big as marbles—and they'd just have to find a way to make them safe for toddlers.

Dan Aldred, a young mechanical engineer, was assigned to research childhood choking hazards.

Aldred found that toddlers choke on just about anything they can put in their mouths: deflated balloons, hot dogs, pennies, nails, toothpicks, buttons, broken crayons, grapes, peanuts. Marbles were on the list, too. They were the right size and shape to block a toddler's windpipe.

So how about making the balls breathable?

The methodical Barton considered creating something like a Wiffle ball, a hollow sphere with holes. But he learned that mucous would coat the ball's surface, plugging up the holes so much that a kid still could choke.

After weeks of work, Barton came up with another idea.

He designed a ball with slots that formed a waffle-like pattern of holes. The surface wouldn't clog as easily, because the openings were large and air could pass through no matter which way the ball was turned. And it could be molded in one piece, which would reduce production costs.

Meanwhile, Aldred had found a doctor at the University of Minnesota School of Medicine who specialized in childhood choking hazards. Dr. Frank L. Rimell tested products by implanting them in anesthetized piglets.

He used piglets because their throats were about the same size as a toddler's, and because pigs were plentiful in Minnesota.

Paul was charmed by the idea that little pigs would help determine whether his toy was safe for little children. He thought it was a hoot.

Rimell would even measure the amount of oxygen that was absorbed in the pigs' bloodstream as they breathed through the BotBlocks balls.

But Paul's amusement soon evaporated. To his dismay, he learned that Rimell killed the piglets when the experiments were over. And Paul certainly didn't want BotBlocks associated with dead animals.

For weeks, the design team searched for other options, but they found no reliable alternative.

What else could Paul do? BotBlocks was going to put millions of these balls in homes around the world. They had to be safe.

So Rimell was hired.

Meanwhile, Paul's old friend John Crane was performing his own safety test at his ranch in Ramona. And he didn't need a medical degree to do it, either.

Crane cut a piece of nylon fishing line, about three feet long. He wrapped one end around one of Barton's slotted balls and tied it tight. He wrapped the other end around his fist.

He popped the ball into his mouth like a piece of hard candy. Then he swallowed it, holding the fishing line taut, so the ball moved only halfway down his throat.

Gagging a little, he held the ball firmly in his windpipe. If he started to choke, he'd just jerk it out.

Crane relaxed, and breathed through the ball.

It worked.

Chapter 8

The lights of Hong Kong's skyline brightened the evening gloom as the Cathay Pacific jetliner descended over the bustling Kwai Chung waterfront.

Paul Eichen stared numbly out his economy-class window as the 747 made a wrenching, dog-leg turn. It was Saturday, May 18, the end of a 14-hour flight from Los Angeles. Paul felt queasy and tired.

Back at his toy company in Cardiff, a lot of work was still undone. BotBlocks' patents hadn't been finalized, the design work was incomplete. And here he was, off to Hong Kong to find a manufacturer for his toy rovers and building set.

In the world of toy manufacturing, China's Pearl River Delta is practically the center of the universe. At least half the toys sold in the United States are made there, including action figures by Mattel and Hasbro. Labor is cheap: about \$2 or \$3 per worker a day.

The Chinese would take over Hong Kong in mid-1997, but Paul wasn't worried about that. The thing he fretted about was finding the right manufacturer for BotBlocks. It was possibly the single most important decision he had to make.

Traveling with Paul on the four-day trip was Ed Meyers, an industrial engineering consultant who had designed factory layouts throughout Asia.

Mayers' contacts were crucial. He knew Hong Kong's top toymakers personally. As the Chinese proverb says, water flows best where the ground is already wet.

Paul's investors and friends were constantly on the lookout for people like Mayers, who could help the toy company. But Paul made his own luck, too.

In 1988, on a flight from Japan, he had met Tim Kilpin, a Mattel executive. Now Kilpin was arranging a meeting at Mattel, where Paul hoped to forge a partnership.

On Sunday, Paul and Mayers spent the day socializing with L.T. Lam, a leading toy manufacturer and Mayers' friend. They didn't talk business. Paul kept trying to shrug off his jet lag.

But the next morning, as he climbed into Lam's black Mercedes sedan, Paul's stomach still felt unsettled. It was going to be hard for him to focus on the crucial meetings ahead.

He knew the manufacturers would be judging him, even as he was judging them. No deal was automatic. Both sides had to feel comfortable.

Lam, a multimillionaire, had built an empire in plastics, beginning in 1948 with a hand-cranked injection molding machine he used to make plastic flowers. His company, Forward Winsome Industries Ltd., now made G.I. Joes for Hasbro and die-cast cars for Corgi and Ertl. With eight factories and about 12,000 employees, Forward Winsome ranked among Hong Kong's top 10 toymakers.

Yet Lam was an inconspicuous tycoon whose corporate headquarters was a narrow, 12-story building that could have passed as a tenement in New York's garment district. It was wedged into a row of buildings across from the last stop on Hong Kong's MTR subway.

Lam steered the Mercedes into the only entrance, a garage where an ancient, shirtless man and his dog watched over several luxury cars. The elderly businessman led them up a rusty metal stairway to the freight elevator, which they rode to Lam's spartan, fourth-floor office. It was not at all what Paul had expected.

In a small conference room, they waited for other top executives, including Lam's son, Jeffrey, who was now running the privately held company.

At this point, Jeffrey was more concerned about the proposed business relationship than the toy itself. It was important for him to determine that Paul was an honorable man. That was the first step. Then he could assess Paul's proposal and its value to his company.

As the meeting adjourned, Paul finalized plans to visit a couple of Forward Winsome's factories near Guangzhou, in L.T. Lam's hometown. But Paul wasn't sold on Forward Winsome. He was accustomed to the high-tech look of computer factories, and Lam's setup seemed far removed from that.

Paul's head was throbbing. He had lost his bearings in this unfamiliar terrain.

The next day, as the Americans rode the train to Guangzhou in mainland China, his confusion only increased. Modern high-rise buildings towered above pockets of ramshackle villages. China was so fundamentally different from everything he knew.

Paul felt reassured a day later when he walked into the modern corporate headquarters of Jetta, another of Hong Kong's top toymakers. Jetta's lobby was etched glass and polished stone, the offices had upholstered partitions, and the computers were connected by satellite to Jetta factories in China.

This was more like it.

But still Paul was undecided.

On his last day in Hong Kong, after one more meeting at Forward Winsome, L.T. Lam offered to drive the two San Diego businessmen back to their hotel. Paul was sitting in the back seat when Lam handed him a document stamped "confidential."

The report had been prepared by one of America's biggest toymakers, and it evaluated quality control standards at Hong Kong's leading toy manufacturers. Forward Winsome was ranked No. 1.

As Paul skimmed the report, his uncertainty faded.

Lam's timing had been impeccable. The venerable businessman could have furnished the report at their first meeting, of course. But he had shrewdly waited until the end of Paul's visit.

Paul decided L.T. Lam was an entrepreneur after his own heart. He only hoped he could play the game as well next month, when he would go to Mattel—the world's largest toymaker—to strike a different kind of deal.

Chapter 9

Paul Eichen sat in the front passenger seat of a blue Camry, eyes closed, legs crossed, in the lotus position.

He had worked for months to set up a conference with Mattel Inc., and now, on his way to the meeting, he felt almost serene. That morning, he had even told his board of directors that everything about his toy business was falling perfectly into place.

He was raising more money from investors. He had six full-time employees, two part-timers, eight contractors. The design team was clearing one hurdle after another, and he was closing the manufacturing deal with Forward Winsome in Hong Kong.

Winning the support of a major company like Mattel would be like taking a victory lap at the Indy 500.

Perhaps Mattel would license BotBlocks' technology. Or form a partnership for marketing or development. Maybe even make an investment in BotBlocks.

Even if he came away empty-handed, so what? His friendship with a senior vice president had given him access to Mattel's top management and it was simply pragmatic to use it.

Paul was riding to the meeting with John Belden, a former Fisher-Price executive he'd retained as a consultant. He'd asked Belden to drive because he hated traffic. The crawling pace of Southern California's freeways made him feel as if he were chained to a rock.

In El Segundo, Belden exited at Centinella Avenue, then turned into the Mattel parking lot. After checking with the guards in the lobby, they were directed to an executive conference room on the sixth floor. It was shortly before 1 o'clock on June 27, 1996.

Six Mattel executives trickled in as Paul set up the projector for his presentation.

To the silver-haired Belden, all six looked young, hip and aggressive. There were two senior vice presidents, including one for boy's toys. An engineering manager for product development. An executive for brand management. The president of a Mattel software group. You could load a truck with their self-confidence.

The sixth was Jamie Filipeli, whose sole responsibility was managing Mattel's dealings with other toymakers. Mattel is notoriously cautious in dealing with outsiders, and both companies had signed nondisclosure agreements.

Paul had his presentation down pat.

Briefly he noted his experience running a fast-growth company. He explained how BotBlocks combined the features of a construction toy with radio-controlled rovers. He emphasized that its technology was unique, allowing kids to operate up to four rovers at the same time.

As Paul looked around expectantly for questions, the Mattel engineer spoke up.

"I've got something in my office to show you," he said, and left the room.

He returned with a radio-controlled race car, royal blue and roughly the size of a shoe box. He handed it to Paul.

The car used digital technology, just like BotBlocks, the engineer said. It even had a selector switch so kids could race up to four cars at once.

And the toy was almost 17 years old. The engineer had worked on the project at the old Ideal Toy Co., which had patented the car in 1980 as "Radio Command Racing." Ideal had stopped selling it in 1983.

Paul was flabbergasted.

BotBlocks hadn't conducted a patent search, because the government would do the records search as part of its approval process. It was cheaper to do it that way. But riskier, too.

Paul struggled to retain his poise, but his mind was racing. What did it mean? What would they do?

He looked at the blue car as if it had just landed from Mars.

Its mere existence meant his patent claim wouldn't be as exclusive or as broad as planned. It meant somebody might try to trespass on BotBlocks' intellectual property.

Paul could sense the Mattel executives backing away. It was obvious he wouldn't clinch a deal here.

Yet even as the meeting disintegrated, he began regaining his perspective.

Ideal's technology practically dated to the days of radio tubes. It wasn't nearly as sophisticated as BotBlocks' rovers. BotBlocks could always license Ideal's technology, but the Ideal patent would expire after 17 years anyway.

Paul also knew that BotBlocks would file another nine or 10 patents covering other aspects of its technology. The discovery of the Ideal patent was a shock, but not a company killer.

A half-hour later, as Belden steered his Camry into the southbound rush-hour traffic, Paul closed his eyes and fell asleep. Things always seemed to sort themselves out after he took a nap.

Chapter 10

Paul Eichen was searching for a new name.

With a blue marker , he wrote the possibilities on the whiteboard mounted on the wall next to his desk.

Dekka, Modus, Mobi, Moto.

Tega, Terra, Ark, Quest.

Tiga, Ekko, Tekton.

He even toyed with Eichen, Iken, Ikon. The idea that mothers might someday tell their kids, "Go play with your Eichens" made him smile.

Paul's fledgling company had been incorporated in 1994 as BotBlocks, but he always had considered that a temporary name.

For one thing, "Bot" was already a registered trademark, and he didn't want a big legal battle.

More than that, Paul wanted a name with style. A name that somehow combined the image of an old-world European toymaker with the precision of computer technology. A name that would create the company's identity, not just in the U.S. but globally.

Too many start-up companies focused only on their U.S. market. Then, when business expanded, they were surprised to learn somebody else had trademarked the name overseas. Then what do they do? Change the name? Abandon their foreign markets?

Paul would never let himself get caught like that.

Already, he had paid for 11 trademark searches and each one had tripped over a conflict somewhere. A name would be clear in Europe, but it would be registered in Japan. Or vice versa.

Meanwhile, Paul felt BotBlocks was in a magic time, a kind of Shangri-La. He saw his company as more of a troupe than a corporation. Together, he and his people were adventurers in the toy business.

Even the patent problem that had popped up during his meeting with Mattel didn't faze Paul. His radio-control technology was newer, more sophisticated than the 17-year-old toy a Mattel engineer had surprised him with.

Besides, the company was seeking 11 patents. BotBlocks was even applying for a patent on its "safety balls." That step was recommended by the expert on choking hazards who had successfully tested the marble-sized balls on piglets. They'd have more than enough patent protection.

This was not a magic time for Lonnie Pogue, however.

Paul had been pestering the industrial designer for color illustrations of the rovers and the make-believe world they would inhabit.

"How am I supposed to meet with investors if I don't have new illustrations?" he asked Pogue.

At the same time, Pogue's fax machine was under siege by Bill Barton's engineers and draftsmen. It was churning out reams of engineering designs, with requests for revisions. Pogue felt like an artistic short-order cook.

And then Paul hit Pogue with a whole new set of problems.

Could Pogue add more artistic detail to BotBlocks, maybe by designing another six to 10 pieces for the construction system?

Paul mentioned the Lego displays he'd seen at a Toys "R" Us store in Hong Kong. He was struck by the elaborate details: little tools and hard hats, steering wheels and control panels.

Paul's request for detail was seconded by Jean Eng, a former Mattel product manager Paul had hired to help with marketing. Eng was the first employee who actually had experience in the toy industry, and Paul valued her opinion. He had even worked out a job-sharing arrangement for her, because she was pregnant with her third child.

From the moment Eng first saw the BotBlocks rovers, she said they looked "too young" for the 6- to 10-year-olds the company had targeted.

"Cool little details become part of a toy's reason for being," she explained. "The reason for being becomes the nag factor because kids nag their parents to buy a toy. Toymakers count on it."

Lonnie Pogue thought the concern over detail was ironic. A year earlier, John Crane, the toy's maverick inventor, had pushed for more detail—and that push had contributed to Crane's stormy departure from the company.

Now they wanted detail again.

It was a tough request for Pogue, who was more accustomed to sketching simple product designs, like the plastic case for a computer modem.

He bought books on architecture and flipped through the photos and sketches in a tortuous search for inspiration. He fretted over the problem for weeks.

The breakthrough came in September, when Pogue remembered the old Convair plant near San Diego's Lindbergh Field.

As a kid, he had idly studied Convair's architectural details while waiting for his dad, who was an accountant at the aircraft factory. Pogue recalled the overhead industrial lights, the railings and corbels. He remembered the sawtoothed rooftops made of corrugated metal panels.

The plant had been established in 1935, during the Great Depression. Hard times had pushed industrial design into modernism, because architects were forced to find ways to make things cheaper, without ornamentation.

Pogue began envisioning a world where the Great Depression had never happened.

Standing at his drafting table, he sketched toy trucks and bulldozers as if the Machine Age had never ended. He added ridges and gingerbread details to their surfaces. He added a big gauge with a brass bezel to the side of a rover. He made the rover's window opening more ornate.

In the Machine Age, functional parts often were exposed, so he added cutaways to make the arms on the bulldozer blade more decorative.

For the buildings, Pogue incorporated some of his favorite elements from the old Convair plant. He added signs and flags, lights, railings and corrugated metal siding.

When he stepped back and looked at what he had drawn, he saw a fleet of rovers that fell somewhere between Jules Verne and the movie "Brazil," where characters used computers attached to old-fashioned typewriter keyboards.

Pogue presented his drawings at a 7:30 a.m. marketing meeting at the BotBlocks office in Cardiff.

Jean Eng said they still didn't have enough detail.

But Paul immediately approved. They had to balance the toy's design against costs and time pressures.

When Paul drove home that night he tucked the design problem into a corner of his brain marked "solved." His toy finally had a "look," even if it didn't have a name.

Chapter 11

The countdown had begun.

Each day brought the toy company closer to its debut at the American International Toy Fair, less than three months away.

New sales employees crowded into the rented Cardiff offices, along with contract workers and consultants. New desks and computers were being wedged into ever-tighter quarters. Toys cluttered the shelves.

The most important pieces of the business, however, were lodged in Paul Eichen's head. He had set in motion an elaborate industrial ballet, and now he marveled at the complexity of the production.

He had long ago stopped wondering whether getting into the toy business was the right thing to do. "I feel like I've got a good little company here," he'd say, full of energy and optimism.

So far, work on the toy had moved ahead step by step. First they completed "A." Then they went to "B." After that, they worked on "C."

But now everything had to move ahead at the same time, so they could roll out the radio-controlled rovers in February in New York.

Engineering had to finish the prototypes so marketing could take promotional photos so sales would have something to show retailers. Groups that had worked independently suddenly had to work on intertwining tasks.

Start-up companies often get hopelessly ensnared at such times, but Paul knew he could count on Bill Barton to choreograph the intricate manufacturing process.

The strain, however, left Barton short-tempered. He urged Paul to hire someone to manage the details. Paul wasn't paying attention to logistics, and Barton worried Paul would repeat the mistakes he'd made as chief executive at Proxima Corp.

Paul knew Barton was right. He saw himself as a visionary and a salesman, not a manager. But he was determined to hire someone he knew, someone he felt comfortable with. And that would take time.

So Barton and his engineering team continued to shoulder the weight of both operations and production.

Paul had asked for at least three sets of the radio-controlled vehicles just for the toy fair. The engineers also had been reworking almost every aspect of the original toy design.

They had to finish designing 80 tools needed to make 206 molded plastic pieces, plus the axles, springs, screws, clips and other parts needed for the assembly line in China. The company would spend more than \$670,000 just to make the molds for the plastic components.

As the work piled up, Barton felt as if his ego were on the line, or maybe it was just his fear of failure. Missing the production deadline would mean missing the toy's launch for the 1997 Christmas shopping season.

To Barton that would be a catastrophic failure. He refused to let that happen. He became the corporate disciplinarian, the guy who kept everything in sync. If someone wasted resources or missed a deadline, Barton became incensed—and he usually let them know it.

At one place where Barton had worked before, employees reportedly had a term for getting dressed down by him. They called it "getting Bartonized."

Tensions also strained the marketing team. Jean Eng and Irene Ortiz were both working part time, and for similar reasons. Ortiz, who had worked for Paul at Proxima, was nearing the end of her pregnancy. Eng, a former Mattel executive, had a 2-month-old baby at home.

Paul had approved the job-sharing arrangement because he valued the women's expertise and because he wanted his company to be family-friendly. But the tag-team marketing moms had become a source of tension for other employees who had to work around the mothers' erratic schedules. The company was almost too small for that much flexibility.

It was Eng, however, who finally came up with the name that established the company's new identity.

She and Ortiz had spent months agonizing over the assignment. Every time they found a word that sounded right, it already was trademarked. Finally they realized they would have to create their own name, a unique word that had no meaning.

They compiled long lists of syllables that sounded strong and kind of high-tech. They searched Internet Web sites, and scoured French books, Latin books, Greek books, encyclopedias and dictionaries.

Eng joined syllables together like a desperate Scrabble player. She kept waking up in the middle of the night, silently testing permutations of "Dega," "Dek," "Ekko," "Tekton."

Finally, she finally had it: "Rokenbok."

It sounded vaguely German, or maybe Dutch. And it wasn't registered as a trademark anywhere in the world.

The two women loved it. Paul did, too.

But the company's director of European operations, Helmut Krhahn, said that in German, Rokenbok was worse than meaningless. It sounded wimpy. And Lonnie Pogue, the industrial artist, said Rokenbok was too long to fit easily on the sides of the rovers.

But Paul liked the sound of the word.

Rokenbok.

Somehow, it just felt right. And on Dec. 23, 1996, BotBlocks Inc. was officially re-christened the Rokenbok Toy Company.

Meanwhile, Ortiz was overseeing design and construction of Rokenbok's booth for the toy fair, complete with sound system, demonstration table, signs and banners. It would cost as much as a luxury car, about \$45,000.

Paul saw the 20-foot-by-20-foot booth as Rokenbok's embassy to the toy industry, and he had specific ideas about its design.

First, he wanted prospective customers to play with the toys, which meant the demonstration table should be the main attraction. Then he wanted them to see how the packaging would look in toy stores. Finally, he wanted them to move out of the noise and traffic, so he could sign them up.

On the afternoon before Thanksgiving, Paul met with Ortiz, Eng and Krhahn to discuss their progress.

Squeezed around the table in Paul's office, they reviewed a plan to sell Rokenbok toys in different sets, called SKUs, or stock-keeping units. They planned for 12 SKUs, ranging from a package containing a single cargo trailer, with a suggested retail price of \$10, to the deluxe "Action Factory" set at \$180.

The high prices still worried Paul.

Over the last two years, he had watched the price of the starter set climb from \$100 to \$140. Compared to the \$200 to \$300 people were paying for video game systems, that didn't seem exorbitant. And yet...

What if his instincts were wrong?

What if Rokenbok went to the toy fair and fizzled?

Chapter 12

On the Friday before Christmas, on a cold, brilliant afternoon in New York City, Paul Eichen made his first sales call for the Rokenbok Toy Co.

With Salvation Army bells ringing in his ears, he walked past a line of people waiting to get into the crowded FAO Schwarz toy store on Fifth Avenue.

If he was lucky, shoppers would someday line up like that to buy his toy.

At the office building next door, Paul pulled open a heavy glass door and walked into the lobby. The corporate headquarters for FAO Schwarz was on the fourth floor.

In just two months, he'd return to New York for Rokenbok's debut at the American International Toy Fair. In the meantime, FAO was a cornerstone in his sales strategy. For the first few years, he planned to sell Rokenbok toys to upscale toy stores. And FAO Schwarz was the Tiffany's of the toy business.

His goal was to persuade FAO to put his toy in at least 10 of its 38 stores.

With that kind of agreement, he could mention, "We got FAO Schwarz" when he called on Imaginarium, Zany Brainy and other exclusive toy chains. It would be like recruiting basketball players by saying, "We got Michael Jordan."

Paul was accompanied by Shelly Vickery, Rokenbok's new sales manager, and Jean Eng, one of his marketing experts. They all carried briefcases and aluminum suitcases packed with flip charts and model rovers. Their heels echoed on the white marble floor as they walked to a bank of elevators with polished brass doors.

Eng already had pondered the irony of her situation.

Although FAO Schwarz was crucial to Rokenbok's future, she had considered it small potatoes when she was a senior product manager at Mattel Inc. In those days she focused on the "big five": Toys "R" Us, Wal-Mart, Target, Kmart and Kay-Bee, the retailers that sell 55 percent of America's toys.

The Rokenbok team was an hour early for its 2 p.m. appointment with Connie Van Epps, a vice president in charge of FAO's buying decisions for about 15 product lines.

Paul hadn't even stopped for lunch. His entire being was focused on clinching this deal with the venerable FAO Schwarz.

The only thing he wasn't prepared for was the pandemonium that engulfed them when the elevator opened onto the fourth floor.

Boxes of toys were stacked to the ceiling. Shipping cartons filled the foyer and lined both sides of the hallways, forcing harried FAO employees to practically walk sideways to get through. Boxes were even stacked behind the receptionist's desk.

The Rokenbok executives were directed to two dingy couches in the small lobby. They watched people scurry in and out of a nearby conference room, carrying pizza and soda cans to an office party. Paul ate jelly beans to keep his stomach from growling.

Then the electricity went out.

As Paul sat in the dark, he wondered if the power would come back in time for their sales pitch. He'd do it in the dark if he had to.

The power returned about 20 minutes later. But the waiting continued.

Finally, about 3:30, they were ushered into the room where the pizza party had been held.

It was small, stuffy and overheated. The table was littered with pizza boxes, grease-stained paper napkins and half-full soda cans.

There was no choice but for Paul, Eng and Vickery to clean up FAO's conference room themselves.

They pushed the pizza boxes and soda cans into overstuffed trash baskets. Vickery borrowed a sponge and wiped the Formica table clean. Paul stacked chairs in a corner so they'd have enough room to make their presentation. As Eng swept the floor, she couldn't help but think that something like this would never have happened to her when she was with Mattel.

By the time Van Epps walked in, they were ready.

The FAO executive was less than thrilled to meet with a new toy manufacturer so close to Christmas. She had no idea what to expect from this Rokenbok group.

Still, it was her job to see the newest products and the freshest ideas before her competition did. The toy industry moves fast, and no retailer wants to get shut out of an exclusive product deal.

Van Epps sat down and crossed her arms and legs. She didn't smile. And she refused Paul's invitation to operate the radio-controlled rovers.

But she hadn't closed her mind to the idea.

Even though the market for toy construction sets was dominated by Lego, she thought there might be room for this new toy. And Rokenbok's decks and ramps were compatible with Lego. She liked that.

There was also something about Paul that impressed her. It was intangible, perhaps his intensity or tenacity. Maybe it was his pride in his product. People like him are the lifeblood of the toy industry, she thought to herself.

When the Rokenbok executives left FAO Schwarz that afternoon, they were exhausted but satisfied. Van Epps had promised to put Rokenbok in six FAO Schwarz stores for the 1997 Christmas shopping season. If it did well, they'd expand the arrangement to all 38 stores.

It wasn't as much as Paul had wanted. But it was good enough.

Chapter 13

Paul Eichen was fighting a sore throat and sniffles as he walked toward Gate 25 at San Diego's Lindbergh Field, pulling a suitcase packed with toys.

As he stepped onto the plane, he carried with him all the hopes and burdens of his fledgling company.

In just 24 hours, on Feb. 14, 1997, the Rokenbok Toy Company would make its public debut before 40,000 toy buyers, manufacturers and sales representatives at the American International Toy Fair.

If they liked Paul's toy, Rokenbok's future was assured.

If they didn't . . .

Well, if they didn't, he'd adjust. So far in his career he'd never run into an immovable object, something he couldn't overcome. With so much at stake, he refused to worry about problems that didn't exist.

So far, more than 60 investors had sunk almost \$5 million into his venture. The company was spending roughly \$150,000 a month, plus another \$150,000 or so just for the toy fair.

The last four months had been a mad rush of long, frenzied hours as Rokenbok's 11 employees got ready for the trade show.

Much of the strain fell on vice president Bill Barton and his three engineers. They had assembled nine rovers from components that were custom-made at an extraordinary cost, \$80,000. But the vehicles just weren't right.

The gray and green color scheme was too dark, said marketing expert Jean Eng.

The new ornamental details that were supposed to give the rovers a more intriguing look and feel just didn't pop out. She insisted that the rovers still didn't look sophisticated enough for 8-year-olds.

Barton was infuriated.

Why hadn't the color scheme been tried out on one rover before they were all painted? Another paint job would waste precious time his engineers needed to meet their extremely tight manufacturing schedule in China.

Paul settled the matter.

The color scheme would be revised with hues of John Deere green and yellow in an effort to highlight the design details.

Barton, the perfectionist, decided to repaint the rovers himself.

So with the toy fair just weeks away, Rokenbok's vice president sat in his garage, spray-painting the fragile components and then reassembling each rover. It was one more demand on his time, and it made him feel like Mack in "Yertle the Turtle," the Dr. Seuss tale of a beleaguered turtle straining to support an ever-increasing load.

Meanwhile, Pete DeAngelis, the digital engineer, was struggling with a more serious matter. Something was wrong with the electronics. The rovers kept stopping, like balky toddlers who refused to obey.

Barton insisted that DeAngelis go to Hong Kong to help the company that was developing the radio frequency electronics. When DeAngelis postponed the trip, Barton exploded. This was a potential catastrophe. The toy fair was only weeks away.

Barton's tirade left DeAngelis smoldering. DeAngelis felt as if he were fighting black-magic demons in the microcircuitry. He closeted himself in his office, working as much as 16 hours a day.

Finally, he pinpointed the source of the interference: The rovers' tiny motors generated too much electronic "noise." And the noise was jamming the radio signal.

With the toy fair so near, DeAngelis didn't have time to make a permanent fix. All he could do was electronic triage, to try to make the prototypes work properly for the big event. He'd go with Paul to New York, just in case the gremlins returned.

With so much tension at the company, it's no wonder Paul came down with a cold just days before he boarded the plane to New York.

He sipped hot tea and tried to rest during the five-hour flight. Also on board were his wife, Amy, and four employees. Four other staffers were already at the convention center, setting up the company's booth.

The flight landed about 5 p.m. and it took the group an hour just to reach the hotel in midtown Manhattan. By the time everyone checked in, there was no time to eat. Paul wanted them in his hotel suite at 7 p.m. for what he called "Trade Show 101."

The 10 members of Rokenbok's team congregated around a circular glass coffee table, where someone had laid out a handful of pretzel nuggets, some sushi and a few chicken wings. Paul leaned forward in his armchair, pausing every once in a while to press a tissue to his runny nose.

It was the same speech he had delivered on the eve of computer trade shows when he was at Proxima Corp. The words still rang true, though. This was his moment to set the tone for his company's debut.

"I know that some of you have never been to a trade show before, so it's important to go over some do's and don'ts," he began.

"This is our marketplace. It's really like something out of 'Ali Baba and the Forty Thieves' or 'Aladdin and the Magic Lamp.' The marketplace is where everything happens.

"This kind of trade fair is just a premium selling event, and the booth is like our embassy to the world. So think of yourselves as ambassadors, but remember this is all about signing up dealers and taking orders."

As he spoke, he sounded more like King Henry V on the eve of battle than Paul Eichen, toymaker.

Don't judge prospects by how they're dressed, he warned, and don't underestimate potential buyers.

"The most important thing is to know who you're talking to," he emphasized. "Competitors and gadabouts will take up a lot of your time if you let them. So if it's a competitor, give 'em a brochure but don't give them a price list. If it's a buyer, we need to know if we're talking to a decision maker. If we're not, we need to find out who the decision maker is."

The goal?

To sign up 1,000 retailers—750 in North America, 250 overseas—as possible sales outlets for the Rokenbok toy line.

Paul had just set his company's course for the toy fair and beyond. But his audience was too famished to dwell on the significance of what he had just said. All they could think about were gyros, pizza, anything to fill their empty stomachs. They piled out the door, Paul and Amy in tow.

After a quick foray into the city, the Eichens returned to their room, cleaned up the leftover appetizers and soda cans, and went to bed.

That night, Paul dreamed of the battle ahead.

Chapter 14

Paul and Amy Eichen stepped out of a taxi at the Jacob K. Javits Convention Center, a modern glass palace built over 18 acres on Manhattan's West Side.

Enormous snowflakes fluttered out of the sky like lacy valentines, but Paul paid no heed. He was so tightly focused on what lay ahead that he hadn't even given Amy anything romantic for Valentine's Day.

She didn't mind.

On this Friday—Feb. 14, 1997—Paul's toy company would be put to its first public test, at the American International Toy Fair. In the three years since he started the Rokenbok Toy Co., Amy had watched him come full circle. She remembered how overweight and unhappy he'd been during his last years at Proxima. And she watched him now, intense, self-confident, thin. Bringing another company into the world was the culmination of an immense journey for him.

Side by side, the Eichens followed a purple carpet that crossed the concourse. With 1,135 toymakers to accommodate, the toy fair had long ago outgrown its main site on Fifth Avenue. Even this annex at the Javits Center was full, so Rokenbok, a newcomer, had been assigned to the fourth-level Galleria, an annex to the annex.

It wasn't a prime spot.

Still, Paul was optimistic that he would meet his goal of signing 1,000 prospective toy retailers. His people had done everything they could to prepare for this occasion. They were ready.

His jaw was set as he and Amy climbed 28 steps to the third level, rode an escalator to the mezzanine, then climbed 15 steps to the uppermost reaches of the sprawling convention center.

At the top, they saw what looked like the midway of a county fair, except the barkers were better dressed.

The exhibit hall was a maelstrom of childish distractions: water toys, propeller beanies, card games, children's books and videos, dress-up costumes and an assortment of adolescent bric-a-brac. Every booth was competing for attention—including the outpost for the Rokenbok Toy Co.

They had arrived.

The booth resembled a construction site. Blinking yellow lights adorned bare metal scaffolding, and small speakers played the toy company's rock 'n' roll anthem: "We will... We will... Rock You." Paul and Amy took off their overcoats and prepared to work.

Counting them, there were 10 employees in the booth. Everyone would be a sales rep today, including engineer Pete DeAngelis, who was on hand to make emergency repairs in case the ghostly radio interference returned to plague the rovers' control system.

Paul wore a dark blue business suit, white shirt and a flamboyant tie Amy had given him. The tie showed the moon above the New York skyline, but Paul had wrapped the moon into the Windsor knot. He wasn't tall enough to make the length come out right any other way.

By the time the toy fair opened at 9 a.m., DeAngelis had checked out the radio transmitters and installed new batteries in the rovers.

Everything was working perfectly.

Within minutes, people crowded around the Rokenbok demonstration table.

Some stopped as soon as they saw the little green and yellow rovers executing precise turns. Other people made U-turns, drawn back like errant asteroids trapped by the gravity of the sun.

They'd pick up an idle controller. A half-smile would form. And soon a robotic truck would be scooping up balls and dumping the load in a hopper. Or a forklift "gripper" would be lifting a bin.

Paul kicked into his sales mode. Explaining the system. Handing out brochures.

Becky Brown of Winston-Salem, N.C., stood at the booth for 30 minutes, wondering if she could squeeze a Rokenbok table into her toy store.

Christopher Pope, with two stores in Bozeman, Mont., said he had hoped to discover a toy like Rokenbok. "All year long you keep your ears perked for something unusual—and this is it. A complete surprise."

Dale and Teri Soelter, who own stores in Edmonds, Wash., balked at the \$140 price of the starter set. But they seemed ready to take the risk. "I don't think I've seen anything quite like it, where you build cities and ramps," Teri said.

The word gradually spread through the trade show. Buyers told their colleagues: Check out Rokenbok. Little remote-controlled vehicles. An interesting new line. Very cool. A lot of potential.

It was the best kind of buzz, the sort of word-of-mouth chatter that savvy buyers listen for.

The toy was selling itself. It was a Valentine's Day Paul would never forget.

There was one small problem, though.

Despite their phenomenal success on that busy first day, with everyone working almost nonstop, they'd signed up just 114 prospects. At that rate they couldn't possibly reach their sales goal of signing 1,000 in the toy fair's remaining two days.

By the second day, Paul felt saturated, like a computer overloaded with too many calculations. Clearly, he wouldn't be able to line up most of Rokenbok's sales at the toy fair. He needed a nap, so he could sort it all out.

Instead, he and Amy invited sales manager Shelly Vickery up to their hotel suite to share a bottle of cabernet sauvignon. They had to decide what to do next.

They could still realize their modest, first-year sales projection of \$780,000 by signing up a few hundred prospective retailers at the toy fair. But Paul wanted to do better than that—a lot better.

Should they build a bigger in-house sales team? Or did it make more sense to hire independent sales representatives to go from store to store, selling the toys for them?

Before the wine was gone, they'd made their decision.

The toy reps already knew the territory. Hiring them would save Rokenbok time and money. It would be the best way to meet their goals.

But whom should they hire? Dozens of reps had been flocking around Rokenbok's booth like hungry sea gulls at a beach picnic.

Independent reps are the toy industry's equivalent of hired guns. They hawk various product lines to toy stores for a percentage of each sale.

The gunslinger metaphor seemed especially apt for Greg and Rett Hardin, owners of Diverse Marketing, whose territory stretches across Texas, Oklahoma, Louisiana and Arkansas.

The Hardin boys had visited the Rokenbok booth several times, sniffing for a deal. Shelly Vickery and Paul had checked around and learned they were known as shrewd Dallas businessmen.

Rett was 43 and balding. His brother, Greg, was 39, with curly hair. Both 6-foot-1, they wore khaki overcoats that billowed like Western dusters as they strode into the Galleria for their Sunday morning showdown at the Rokenbok Toy Co.

You could practically hear their spurs jangling.

Next to Paul, the Hardins looked like a couple of redwood trees in trench coats. But people who know Paul don't think of him as short—especially when he's negotiating. The conversation became very intense, very fast.

Paul told the Hardins he'd like to hire them .

But there were conditions .

Rokenbok already had a tentative sales agreement with FAO Schwarz, and Vickery had been talking with other specialty toy chains . Paul said Rokenbok would want to keep those companies as house accounts .

Greg Hardin's face remained impassive. He didn't like the idea one bit. But he didn't want to stop the wrangling, either.

"I'm not saying it never happens," he said with a slight drawl. "But if you have a territory where there are only one or two good accounts and you want to keep those accounts yourself, you're not going to get the best reps."

Hardin emphasized his firm's excellent contacts at J.C. Penney and Neiman-Marcus. He was confident they could get Rokenbok into Nieman's Christmas catalog. Even if they couldn't work out a contract with Rokenbok, he'd introduce Paul to the right people at Penney's and Neiman's. We'll part on good terms, he promised.

Then came the big sticking point: The Hardins' commission.

"There's very few lines paying less than 10 percent," Hardin said. "On the specialty side of the business, it's standard to pay anywhere from 10 to 15 percent."

Paul knitted his brows. He didn't tell the Hardins he was thinking more like 4 or 5 percent. He simply leaned toward the tall Texan.

"Anybody would be willing to accept a smaller percentage of a company that's going to be the next Nintendo," he said, quickly and emphatically. "And Rokenbok is the next Nintendo."

That night, Paul and Amy led Rokenbok's sales team to an Italian restaurant about five blocks from their hotel. At a long table in the back, they drank red wine and congratulated themselves.

Their three years of hard work now had meaning and purpose. Their debut was a triumph. People loved their toy.

Paul joined in the laughter and excited banter.

Yes, they had done well. Interest in Rokenbok was so high, demand so strong, that Paul was already increasing his sales projections for their first year. Instead of bringing in just \$780,000 in 1997, he figured they could triple that. Maybe they could hit \$4 million.

But even as the Rokenbok staff celebrated around him, Paul was thinking about the significance of this milestone. The quest hadn't ended. They'd have to take more orders, hire more people, increase the manufacturing run. He'd have to raise more money, probably another \$5 million.

He sipped his wine and savored the moment. This was what it meant to start a company, and he loved it.

Epilogue

Rokenbok's successful debut at the 1997 American International Toy Fair prompted Paul Eichen to quadruple his first-year sales forecast, which again strained the limits of his start-up company.

Paul had to raise more money to produce more toys. In just eight months, he raised \$3.4 million, entirely from private investors.

The staff grew to 17, including a chief financial officer, logistics coordinator and shipping manager.

Rokenbok created a nationwide sales network. Greg and Rett Hardin, the lanky Texas salesmen Paul met at the toy fair, were among 11 independent reps hired to sell the toys.

The sales force persuaded FAO Schwarz to add Rokenbok to its Christmas season lineup in nine more stores, bringing the total to 15. Rokenbok also will be sold at 25 Nieman-Marcus stores. Zary Brainy, another retail toy chain, put Rokenbok in all its 52 outlets.

Rokenbok toys were featured in some editions of the exclusive Nieman-Marcus Christmas catalog, as well as catalogs issued by Childcraft and Hammacher Schlemmer.

Bill Barton supervised the production of the building pieces, radio controllers and rovers that would be used to create 134,086 sets. To Paul, Rokenbok's first production run was a tribute to Barton's engineering genius.

After months of intense research, Pete DeAngelis, Rokenbok's digital engineer, found a way to shield the radio-control circuitry from electronic interference generated by the rovers' motors.

In October, roughly 3 1/2 years after Paul decided to build a company around his idea for radio-controlled rovers, his toys began arriving in the United States.

In San Diego County, Rokenbok's first shipment went to Thinker Things, the Del Mar toy store where Paul had once dreamed of running a toy business. Rokenbok's toys also are expected this month at the FAO Schwarz store in Horton Plaza, at Nieman-Marcus in Fashion Valley and at the new Zany Brainy store in Mission Valley.

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