

## Larry O'Connor: A Former Entrepreneurial Prodigy Retraces His Journey to Business Success

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Electronic Design

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In 1988, 14-year-old Larry O'Connor launched Other World Computing (OWC) by selling RAM kits from his family home's garage. His goal was simple: to provide affordable memory upgrades to everyone—and to pick up some pocket money along the way. Twenty-three years later, Woodstock, Ill.-based OWC has grown into a \$70 million global business offering a broad array of memory components, hard drives, solid-state drives (SSDs) and storage accessories for Macintosh, Windows, and iOS systems. Along the way, O'Connor's commitment to protecting the environment inspired him to create a zero-emissions Leadership in Energy and Environmental Design (LEED)-recognized "green" company.

Talking with O'Connor is something like encountering an entrepreneurial windmill: he's always in motion, spinning from thought to opinion and around to thought again, yet ultimately delivering a steady flow of insight. Read on and you'll see what I mean.

### Starting Young

**JE:** Please tell me a little bit about your technology background, Larry.

**LO:** My personal background in technology has been hands-on since I was very, very, young. Back in '81, I was doing minor programming on a [Radio Shack] TRS-80 and I got into Apple computers about three years later. As far as my technology background goes, I have to say that it's self-taught and self-involved, but it's certainly been rather extensive in the nuts and bolts of things for pretty much my entire life.

**JE:** How did you come to develop your first product?

**LO:** The first products that my company brought to market were there to fill a perceived need or gap in the market space.

**JE:** How did you begin growing your business?

**LO:** I advertised at the time in the various [consumer] magazines and trade publications. The biggest growth actually came from directly communicating with people through, believe it or not, chat rooms and little mall classified ads on America Online, which was what would pass for the Internet in '89, '90, '91. The nice thing about AOL was that it didn't matter if you were 13 or 14 years old.

**JE:** You began as a home experimenter, didn't you?

**LO:** You could say that. I started off relatively basically by moving memory chips. What got this whole thing into position was that I needed memory for my computer. I was experimenting with my system, my Apple II, which, unlike the Mac, you could actually do things with—it had slots and expandability. I needed more memory for the machine and all of the [vendors] wanted \$300 or \$400 for the eight chips to make up 256K of memory.

Through some research I came to understand that these chips, which were also used in PCs, had fallen in price. But everybody in the market serving my system, whether through collusion or just watching what everybody else was doing, had kept their prices very high. I was able to come in and sell those chips for less than a third of what these typical places were offering. I did it for my own financial benefit. I was a kid and that was a lot of money. It was an opportunity that I went after.

**JE:** In starting your business at such a young age, how did you find reliable advisors?

**LO:** I really didn't have any advisors. Even at that age (14), I had already worked for my dad for the better part of five years—part-time after school and full-time during the summer—doing various tasks and computer maintenance. I'm driven not to depend on anybody. I wanted to be independent. I learned by doing.

**JE:** Did you face any financial obstacles along the way?

**LO:** Absolutely. In the mid-90s, the company reached a point at which it grew at an excessive pace. I had no experience in terms of higher-level financial matters. I ran into, like a lot of companies that grow, some cash flow issues. Sales grew at a pace that wasn't controlled. The local bank that I worked with put a stranglehold on me.

If there's one thing I can say that really allowed this company to spread its wings and take off was getting beyond the local bank environment. There was one particular banker who kind of went out on a limb for us. He looked at our business model, looked at what I had done to date and actually gave us a credit line. We had inventory, we had accounts receivable, so it wasn't a matter of not having the collateral; it was a matter of the local banks not willing to go beyond a certain level. We're talking very small dollars—a couple of hundred thousand dollars line of credit was all we could get from our local Woodstock banks. The larger bank came in, looked at us and substantially increased our line of credit. That was really a takeoff point. Growth is important, but it can also be a major thorn and it needs to be managed.

**JE:** *How did you create a leadership team for your business?*

**LO:** With a lot of trial and error. This company is in a geographical area that doesn't have a large base of employees with technology experience. We have a really good team here today with people who have become wired to this operation. People who were here a decade ago are still with us today. People have grown with the company, and that's something you can't buy off the street.

**JE:** *How important is marketing to a startup business?*

**LO:** Marketing is extremely important. You've got to have visibility, you've got to have a clear message about what you're selling and why you're selling it and why your product, whatever it may be, is a value versus other options in the market.

We've been very conservative and very honest in our marketing. We put accurate information out there. We don't exaggerate claims. We put out information we can back and we put out information that we believe is of substance. It's a longer term strategy to establish trust with your customer base and to earn your customer base's loyalty.

**JE:** *How do you balance your technology and business responsibilities?*

**LO:** I enjoy the hours, although I have a family now, which means that I've substantially cut back on the hours that I used to put in. I've gone from 100-plus-hour weeks to about 60- to 80-hour weeks. As far as the balance goes, I've got a very good team here. I'm personally less hands-on in the different areas; however, I'm able to be far more effective with those shorter bursts of activity. But I do miss being involved with the inner-workings as much as I used to.

## **Coping With Challenges**

**JE:** *What is your biggest challenge as an entrepreneur?*

**LO:** Not being part of a large corporate publicly-traded or privately-backed operation. Quite frankly, we're up against companies that have far greater resources than we have. They have a lot of resources to make a lot of mistakes, take a lot of chances and potentially do a lot of things wrong. Most entrepreneurs can't afford to go out with a product and lose \$1 million or \$6 million in a quarter. But they're up against companies that, to establish market share or to meet whatever goals, can afford to do so. They can also afford to look at a new startup as a threat and do whatever they can to keep that company from being successful in their space.

**JE:** *What are the biggest crises you've faced as an entrepreneur?*

**LO:** People leaving and stealing what, at the time, was intellectual property. Also people leaving and seeking to become competitors, actually attempting to compete by going to work for competitors. Then there are the financial challenges of growing the company.

**JE:** *You started out very young, is there an ideal age for becoming an entrepreneur?*

**LO:** The one advantage to starting young is being able to pull all-nighters. I still, every once in a while, pull an all-nighter for an occasional project and it's a lot different today than it was 10 or 15 years ago. But there's really no wrong age for becoming an entrepreneur. It's all about what resources are available to you, what your plan is with those resources, what you believe needs to be accomplished and making sure you can accomplish those goals within the resources that are provided.

**JE:** *Are there any specific skills an entrepreneur must have?*

**LO:** A stubbornness, a will to go on and to never give up—period.

**JE:** *Do you have any final advice for new or potential entrepreneurs?*

**LO:** There's risk and reward, and I certainly understand and respect that. But if you're in it for the long term, and not just looking to get rich quick, being conservative and minimizing outside leverage puts you in a position to make good long-term decisions. Keep a strong balance sheet, keep your assets and reinvest those assets back into the company and you'll certainly be in a position to take advantage of the good times and to weather the more challenging times.

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