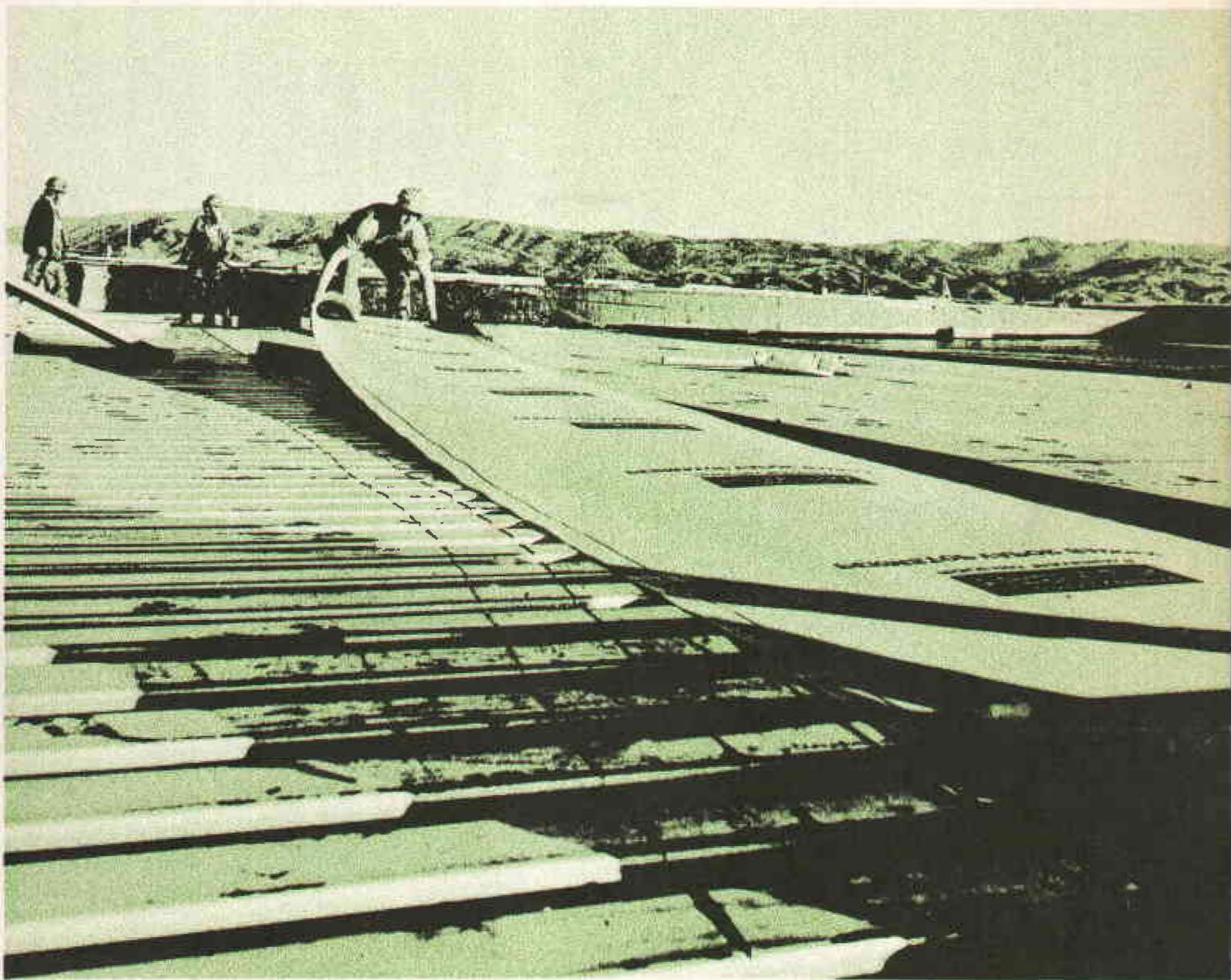


# Measure

For the men and women of Hewlett-Packard/FEBRUARY 1974



**The inner-space race:**  
*Pages 9-13*

# Affirmative Action — reaffirmed...



HP's affirmative action approach to equal opportunity employment is the subject of a videotape program now being shown in workshops for trainers and supervisors. Bill Hewlett, Linda Standley and Paul Ely are shown listening to some very direct questioning from the floor during taping of the program, which is summarized on the following pages. Photos accompanying the text show participants at various workshops for trainers held in California and Colorado.

□ The words were political and social dynamite: "We hold . . . that all Men are created equal . . ." In the context of the Declaration of Independence on July 4, 1776, they ignited the American revolution and inspired the hopes—and fears—of men around the world.

Yet, even as they were being written, their author was living in very gentlemanly style through the work of slaves he owned.

Was Thomas Jefferson then a hypocrite? Or was he simply blind to a certain segment of human society?

That's the kind of challenging question that many HP supervisors and managers are confronting these days in Equal Opportunity workshops at a score of U.S. organizations. By the end of 1974, more than 1,500 HP men and women will have participated in the seven-hour course given by specially trained people from their own local division or sales region.

But what about Thomas Jefferson? Why should 1,500 HP supervisors be concerned with him?

One answer is that he no doubt believed in the rightness of what he wrote. But, by "all Men," Jefferson and the other signers of the Declaration meant free men and property-owning men. Being not free, slaves by definition were not considered men either in the law or the conscience of those times. They were chattels—"movable articles of property"—to be bought, sold and worked at the owner's wishes.

Almost two hundred years later, via the Civil Rights Act of 1964, it was recognized that the problem of defining who is equal to who was—and still is—very much alive. The Act stated that "All People are free." It launched the establishment of standards by which U.S. public institutions and activities, including businesses, now are required to approach the problem of providing equal opportunities to all people regardless of race, color, creed or sex.

Hewlett-Packard subscribes to those standards not only because they are law but also because they coincide closely and fundamentally with the company's objectives. That position is revealed in the following condensed version of a video-taped program prepared as a part of the Equal Opportunity workshop. Participating in the show were a dozen representative HP people with questions for President Bill Hewlett, Corporate Personnel Development's Linda Standley, and Data Systems division manager Paul Ely:

**Question:**

*"Our first stated corporate objective is to make profits at the highest level consistent with our other objectives. How can Equal Opportunity and Affirmative Action goals be met without conflicting with the profit objectives?"*

**Bill Hewlett:**

"I don't have any trouble with this because, if you read those objectives carefully, they state that the profit motive is simply one of the objectives that has to be balanced against all the others. So, it is not a clear mandate that the objective is to make the most money we can. It is the most money we can make consistent with the other objectives. Certainly one of the other objectives is good citizenship and, obviously, Affirmative Action and Equal Opportunity are under that category. And just as we encourage our people to put a lot of time out for civic action, I don't think that earns a nickel directly to the company. But I do think it helps in the community. So I look upon the Affirmative Action program in exactly that same category."

**Paul Ely:**

"It has its direct benefits too though, Bill, in the sense that Affirmative Action means developing people into higher level jobs and broader capabilities. In this sense it's a way to make better use of our resources. I think the company benefits from that as well as the people who are advancing, so it probably does contribute to our profitability as well!"

**Question:**

*"Bill, will you contrast the differences between Equal Opportunity employment and Affirmative Action at HP?"*

**Bill Hewlett:**

"Well, if I could oversimplify it, I'd say one is a passive and one is an active program. Equal Opportunity simply implies to me that you will not in any way discriminate against either someone you are hiring or someone you are expecting to promote because of race, creed, color or sex. Whereas the Affirmative Action program is a positive program affirming that you will go out and specifically try to attract these people. And you have specific programs by which they can be advanced."

*(continued)*

## affirmative action

### Question:

*"Do you then interpret Affirmative Action as saying to the supervisor that if he has two candidates that are relatively equally qualified, then he should give preference to the minority or the woman?"*

### Bill Hewlett:

"Yes, I do. And that is going to lead to another question right away, and I can see it coming. Does that mean that white males are discriminated against? And I've thought a long time about this thing and I really have to come down clearly with a statement, 'Yes, they probably are.' Now, having said that, let me go back and comment on it.

"For a long time the discrimination was in the other direction, all in favor of the white male, so part of the change has been to rectify this situation to make them equal. We've got to catch up for a lot of past sins, so we have to have more emphasis on promoting minority people and women into these higher categories. Now if we were a company that was in a static growth situation, this could potentially cause a lot of problems. But fortunately we have been growing so there can be plenty of opportunities for anybody who is qualified. I don't think it means that the white male is really going to notice discrimination, but when you put the question bluntly to me, I've got to say, 'Yes, there is going to be a more favorable selection in terms of the minorities and women than of the white male.' I don't know any other way to answer that."

### Question:

*"Bill, how is a supervisor going to handle the resentment and backlash that might occur in this situation?"*

### Bill Hewlett:

"Well, I think programs just like this are part of the answer. I think we've really got to make this problem well understood throughout the corporation. We've gone for a hundred years with a large segment of our population being ignored—worse than ignored. And if we are to have a stable country and have real peace and fairness in this country, we've got to get in and rectify this problem. I think the most important thing is that everyone in the company understands what we are trying to do, and why we're trying to do it. And so the responsibility, in the last analysis, falls upon the supervisors and the foremen. We're trying to have programs like this so they can understand what the problem is and deal with it in a sympathetic way."



### Question:

*"I'm interested in what specific actions you would recommend our managers and supervisors take to generate and maintain a high level of support for Affirmative Action through the company."*

### Bill Hewlett:

"I think I would say the same thing. People have to understand the purpose of it. I think there is a very strong moral reason why we've got to do this thing and this is why we've pushed it for a long time."

### Paul Ely:

"If our managers could accept the goals of the Affirmative Action program and feel a sense of accomplishment themselves in doing it, I think that would be a major first step. I think they ought to feel the same sense of accomplishment in evaluating themselves in this area as they do if they've made some more profit or invented a good product, or whatever. A company like HP is really a microcosm of the society, and it gives me a good feeling when I go home at night if I think our company and at least the parts of it I have some direct participation in, can be a model for society and could help solve some of its problems."

### Question:

*"HP says it always has been an Equal Employment Opportunity employer. If so, why are there so few minorities and women in higher management?"*

### Bill Hewlett:

"If you look at the upper management levels, most of these people have had an engineering or business school background. The fact of the matter is, women simply were not attracted—or let me put it this way—encouraged to go to engineering school or to go to business school. Now, that has changed very rapidly. The enrollment of women in the Stanford Business School now is about 12 percent. A while ago if you had one or two it was quite something.

"Women by and large have not been attracted to engineering. I think this goes back to the fact that engineering really had its roots in military engineering and civil engineering. Did you ever think of those two terms? That's where they came from. First you had military

engineering, and then when you began to apply these techniques to civil operations, it became civil engineering, and then from that we went on to mechanical and so on. As a result, there has not been much of a reservoir to draw from. When you look at some of the newer disciplines such as computer programming at HP, you see a tremendous number of women appearing on the scene because it is a very young profession and there weren't these kinds of prejudices built up in it. For example, the proportion of women in programming is much, much higher than in straight engineering."

**Question:**

*"What can women and minorities do for themselves to enhance their careers here at HP?"*

**Bill Hewlett:**

"Well, I'll give a simple answer, and that is to take advantage of the opportunities. This involves taking advantage of training courses, the seminars, observing posted notices of jobs that are open. But I think it is much more important than that. I think one must be motivated to do this thing. As I said earlier, they were never given much encouragement. I think there is encouragement now, but it takes the conviction of the individual to do it. So in the last analysis, it's only going to come to pass if the women and the minorities really take advantage of what's out there and really have the kind of aspirations that are going to lead them into these opportunities."

**Linda Standley:**

"Let me comment on the issue of women moving up in supervision and management. Just as society does not perceive women in those roles, most women don't perceive themselves in those roles. And, it has been my experience that it's more the responsibility of supervisors and managers of women who look like they have potential and talent to at least get them started. Not that supervisors should take the total responsibility for developing someone else. Much of that has to be self-responsibility, but frequently women get stopped because they never get started. So they need a little extra push sometimes. It's true of minorities also, but less so than it was 10 or 15 years ago."

**Paul Ely:**

"I think that is really the key point: encouragement for people where they clearly have the ability but where their own view of whether they're going to be promotable or not could stop them. A supervisor's encouragement that says,



'Yes, you're promotable. You can count on me to consider you for the next promotion in here if you push yourself forward and do these things.'"

**Question:**

*"Bill, under the concept of Affirmative Action, should corporations have a responsibility to recruit and train minorities from ghetto areas? And if so, what is HP doing along these lines?"*

**Bill Hewlett:**

"I think the very name Affirmative Action means that you are aggressive. Where we are located close to so-called "ghetto areas," we do have positive programs. And let's just look at East Palo Alto. We've had an active program down there for a long time. We support the Bayshore Employment Service and the OICW, both by using their services and by contributing to them. We do have a positive program to find people in these areas!"

**Linda Standley:**

"The most positive program is the supervisor to whom Personnel sends the people who are found in poverty areas. He's the person who has to take the final affirmative action. That's where the decision rests!"

**Question:**

*"Can a supervisor or manager whose performance in the area of people development and affirmative action is deficient expect continued growth at the same rate as one who does a good job?"*

**Bill Hewlett:**

"In our divisional reviews we always have a report on how we're doing on the Affirmative Action program. I don't say we judge a division manager on that alone, but it becomes one of many points on which we reach an evaluation. These evaluations are very subjective. There are a hundred little things on which you kind of have your own feelings of how well a manager is doing. But I would say a manager who is obviously working hard at this thing would be recognized."

**Paul Ely:**

"I can say that one of the ingredients in evaluating any supervisor, and certainly one of the key ones in deciding whether to promote him up the management chain, is going to be his ability to balance all of the goals that he gets. Sometimes they may even appear in conflict. But those managers who can balance them and can do well across a

*(continued)*

## affirmative action

broad spectrum of goals, including affirmative action, are the ones who should get the promotion opportunities.”

**Linda Standley:**

“I think the emphasis on how a supervisor performs in Affirmative Action is ever increasing, and will become much more a factor as the years go by.”

**Question:**

*“I’ve been in Data Systems a year but I haven’t seen the discussions (among managers at certain levels) that I think are significant in letting people understand Affirmative Action programs.”*

**Paul Ely:**

“I think that’s a clear deficiency in our operation. One of the reasons may be that you’re in a part of the company that has grown extremely rapidly. The growth rate of people has been so great that the chance to get this concept and philosophy understood in all the supervisory levels just hasn’t occurred yet. That doesn’t mean that it



shouldn’t, and I think that what you say is probably an accurate reflection of the situation. Since I manage that division, I feel that I’ve got a job in front of me.”

**Bill Hewlett:**

“Well, Linda, let me ask you. In a sense this is part of your job to see that these things happen. What is the spectrum of management that participates in these training programs that you initiated and that you’re now training people for?”

**Linda Standley:**

“We really have had all levels of management—from line leaders, from the first levels of supervision right on up through the functional management areas. I find the greatest difference in understanding some of these concepts, and Hewlett-Packard’s place in them, is between old and new employees. Not necessarily managerial levels.”

**Bill Hewlett:**

“That raises a question, Linda.”

**Linda Standley:**

“Yes, I suppose it does. Well, I’m pleased to say that older HP managers seem to have a better handle on some of these things. So I think the responsibility to communicate this and other objectives to new people, new supervisors and managers is probably the most important task ahead of them for the foreseeable future.”

**Bill Hewlett:**

“Let me just wrap this up by saying that I know how I feel, and I’m very sure I know how Dave feels. Both of us are in agreement that this is an important area that’s got to be solved in this country. HP has always been a leader, and we’re going to do everything in our power to see that it happens.”

## Where we stand...

□ While statistics are not the real goal of Affirmative Action programs, they do help a large and widely dispersed organization keep track of its performance, and they do serve some of the purposes of the law.

For example, figures show that HP has increased the employment of minorities in the U.S. from

8 percent five years ago to 15 percent by the end of 1973. Over the same period, the employment of minorities in professional work went from 4 percent to 8 percent, while minority people in supervisory or management jobs rose from 2 percent to 5 percent.

In the total HP workforce in the U.S., women's percentage grew from 38 in 1968 to 41 last year. At the same time, their role as professionals rose from 3 percent to 7 percent, while they doubled their management and supervisory numbers from 2 to 4 percent.

What do those figures mean? According to Ken Capen, Equal Employment manager for Corporate Personnel, "Compared with industry-wide figures we look O.K. But we can't stop there. In particular, we've got to do more to increase the representation of minorities and women in management and professional jobs." □

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## A worldwide policy

***Equal employment opportunity is a United States policy reflecting the particular social experience of that country. It is a Hewlett-Packard policy not only because it is embodied in U.S. law but because HP has a fundamental belief in the principles on which equal opportunity is founded. For that reason, the company follows the same basic guidelines in all of its employment and personnel activities around the world.***

# Elementary Volkswagen, My Dear Watson

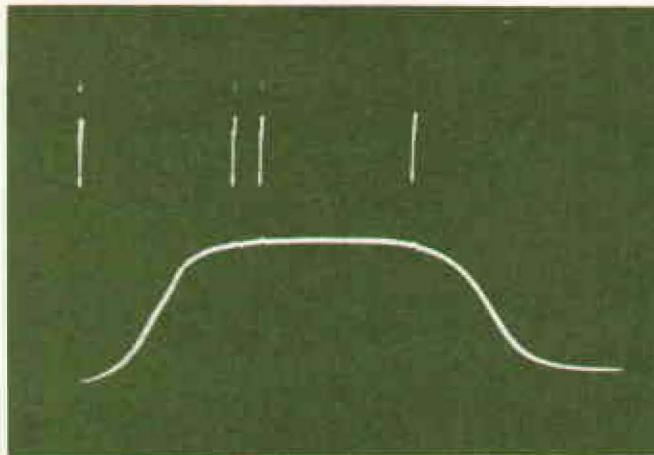
Called to court as an expert witness, Sherlock Holmes would indeed have had a grand time testifying as to the identity of the horseless carriage allegedly used by international arch villain Professor Moriarity in his latest nefarious caper:

"Your Honor, let me assure you that the inability of Scotland Yard to produce the vehicle in question as evidence in no way invalidates the Crown's case.

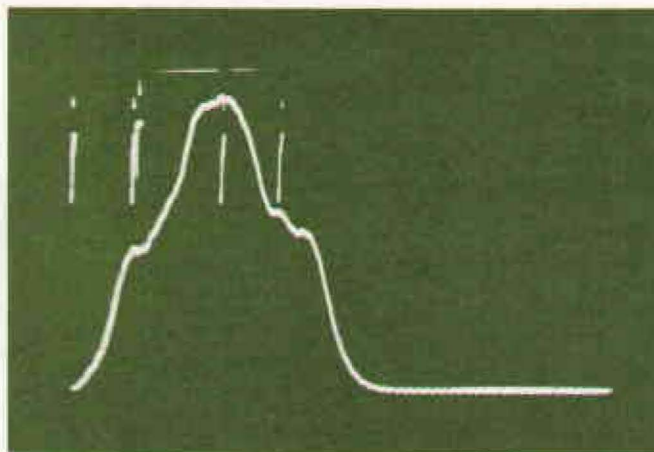
"My informants have advised me that an oscilloscope system, developed by Traffic Data Systems, a firm headquartered in Colorado Springs, is foolproof in discovering the design of metal objects moving across a surface. A loop of wire buried under the pavement creates an electromagnetic field. The amount and distribution of metal in a moving object such as a vehicle passing through the field determines the 'signature' that appears on the screen of the oscilloscope. Tests have shown that each make of vehicle has its own distinctive signature.

"These photographs, taken with the aid of a Hewlett-Packard 1703 oscilloscope, clearly show that the strange vehicle described by witnesses is the self-same automobile registered under alias to the accused.

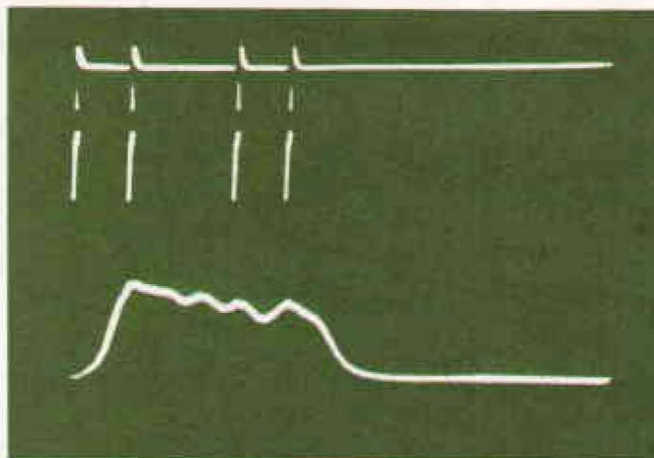
"You shan't escape me this time, Moriarity!"



1970 Chevy Nova



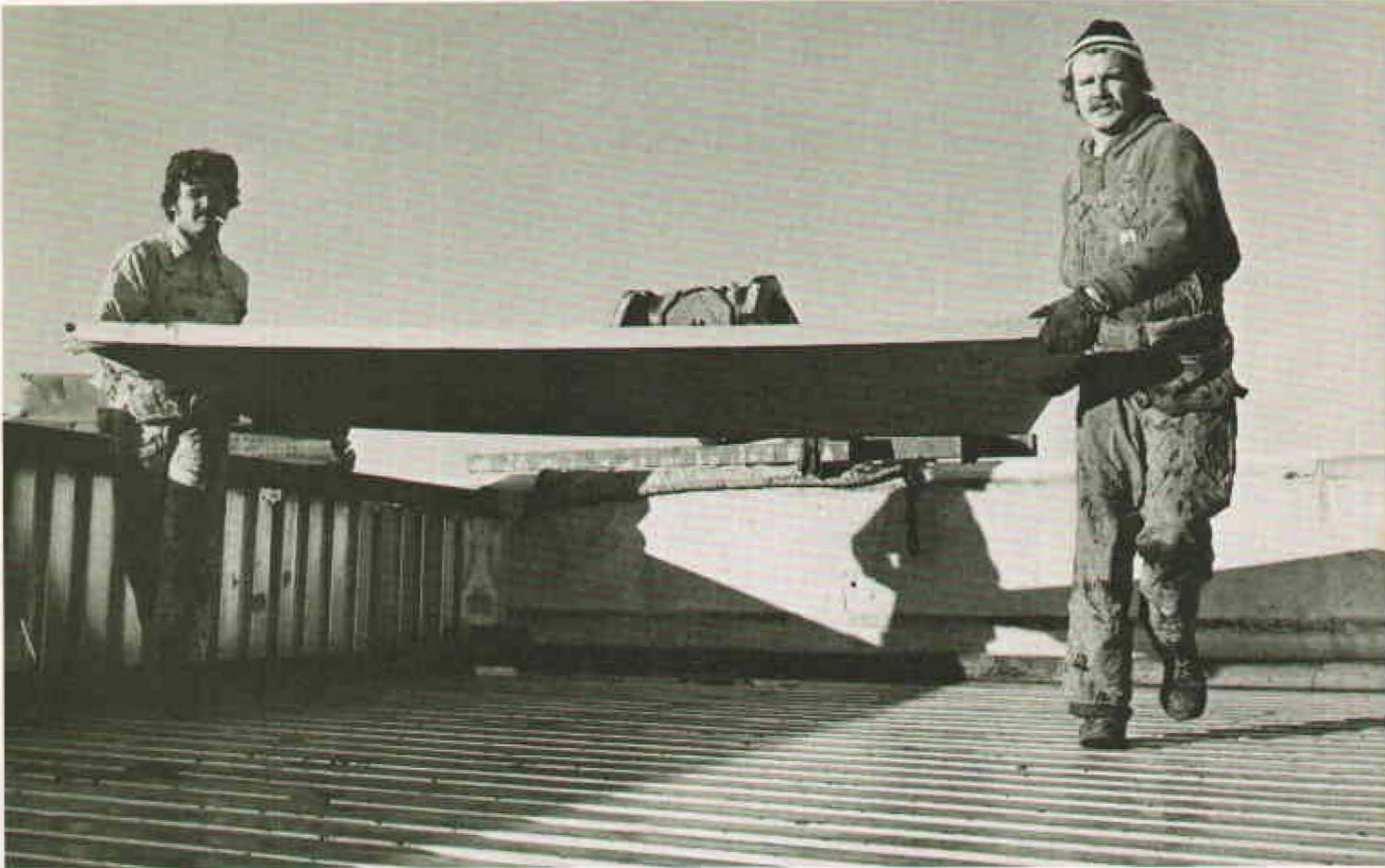
1966 Mustang



1969 Econoline Van



# HP's big inner-space program of 74...



Two new buildings at Santa Clara site and first two new buildings at the Santa Rosa site (photo above) account for more than 600,000 square feet of new working space being added by HP this year. This will represent about half of the total space built in 1974. HP's big worldwide building program is needed to help accommodate the company's additional 10,000 people since mid-1972.

□ To say that Hewlett-Packard will be working on the design and construction of more than 1,500,000 square feet in new manufacturing floor space during 1974 may seem to be just another one of those super statistics that few of us can appreciate. Most of this space will actually be ready for occupancy by the end of 1974. However, it might become more visible and meaningful through use of a few comparisons—such as being twice the footage of the six-building Stanford complex, three times the floor area of the Loveland plant, or six times that of the Boeblingen plant in Germany.

In any case, it's a lot of concrete and building materials—by far the most construction activity in any one year by the company. It is also quite widely dispersed around the world.

In the United States, the largest component of the construction program is at Santa Rosa where two buildings having a total of 329,000 square feet are scheduled to open this

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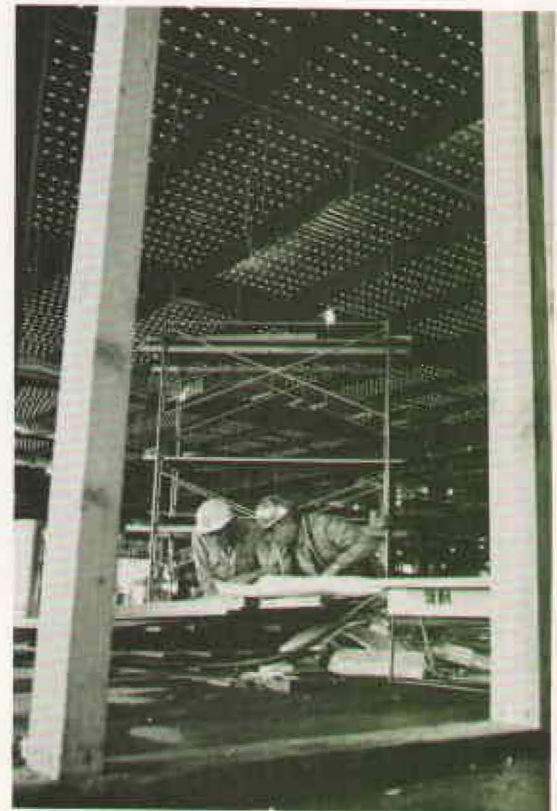
fall. Santa Clara Division will come in with almost 300,000 square feet in two buildings between May and August. Colorado Springs will add another 260,000 square feet by spring (but will make only the upper floor of the two-story building, known as Unit 'C', ready for occupancy). Medical Electronics at Waltham expects to have available its new 180,000 square foot addition for use by about mid-year. Medical Electronics also has broken ground for a 65,000 square foot building for the McMinnville (Oregon) Division as a means of consolidating and expanding X-ray product operations there.

International manufacturing will be expanded by the addition of a 218,000 square foot plant at HP GmbH in Boeblingen at the end of October. In Grenoble, at the foot of the French Alps, HP France's first building will rise near the site of the 1968 Winter Olympics. The 143,000 square foot structure is expected to be completed late this year for occupancy early in 1975.

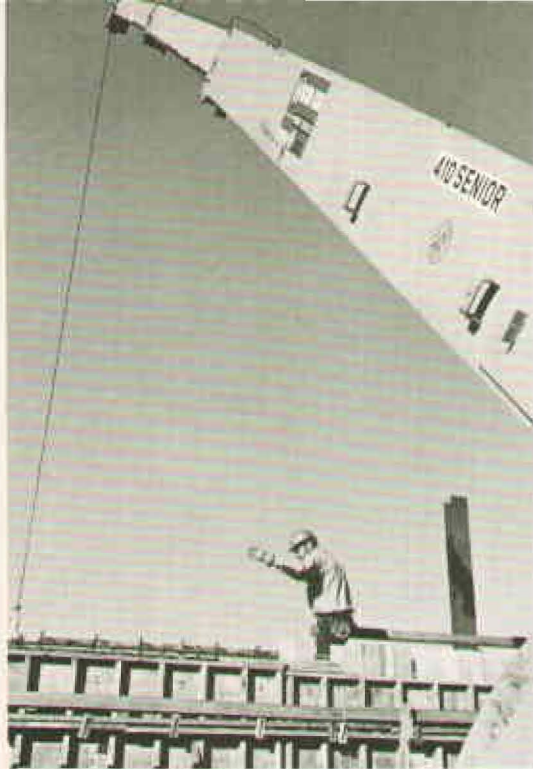
The expansion program for sales and marketing facilities is not quite so easy to tally. In several cases, company-owned buildings are to be sold in favor of larger and more convenient locations. Some involve lease-back arrangements or other financing plans. However, it is possible to say that HP will construct some 400,000 square feet in sales-office space. The larger units in this figure include the 84,500 square foot building on the Winnersh site near London as headquarters for HP Ltd. sales in the United Kingdom, a new 80,000 square foot Northern California area sales office in Santa Clara, a 50,000 square foot headquarters building for HP Australasia at Nunawading near Melbourne, a 47,000 square foot office for Toronto-area sales in Canada, and a 61,000 square foot new headquarters for Eastern Sales Region at Rockville, Maryland.

The net effect of all this activity shapes up about as follows: HP began 1974 with total work space of some

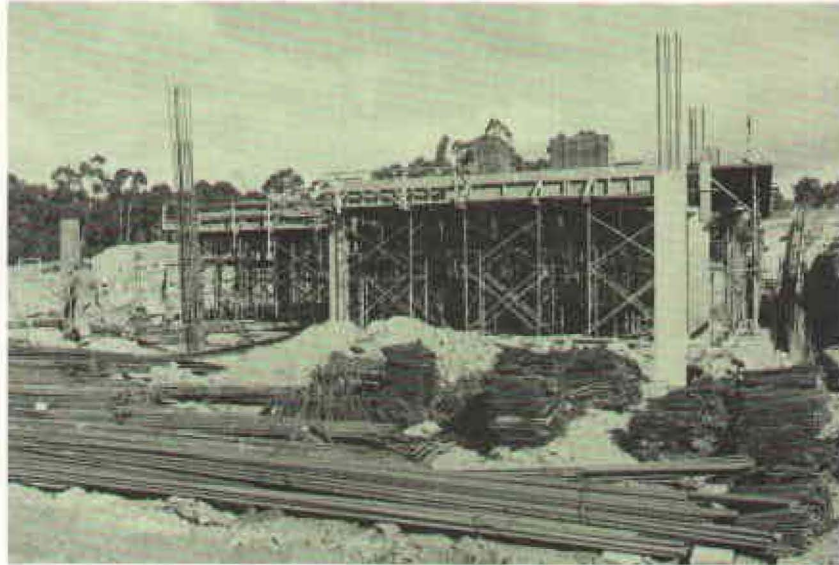
## inner-space program



Completion of unit "C" at Colorado Springs will provide the division with needed work room plus reserve of space for future growth. Note the Indian motif of the fascia, a pleasant architectural feature pioneered in the first HP buildings at the Springs.



Construction team at Santa Clara project illustrates typical way HP staffs new building activity. Corporate Construction—Roger Flick at far left, flanked by John Kerner, with Jim Mullins at far right—and project engineer Jim Pettigrew in center. To Jim's right are Emil Meslo, plant engineer for Santa Clara Division, and Paul Lutes, project superintendent for general contractor Rudolph-Sletten. Various views of the big project—more than 300,000 square feet in two buildings—are seen in adjacent photographs.



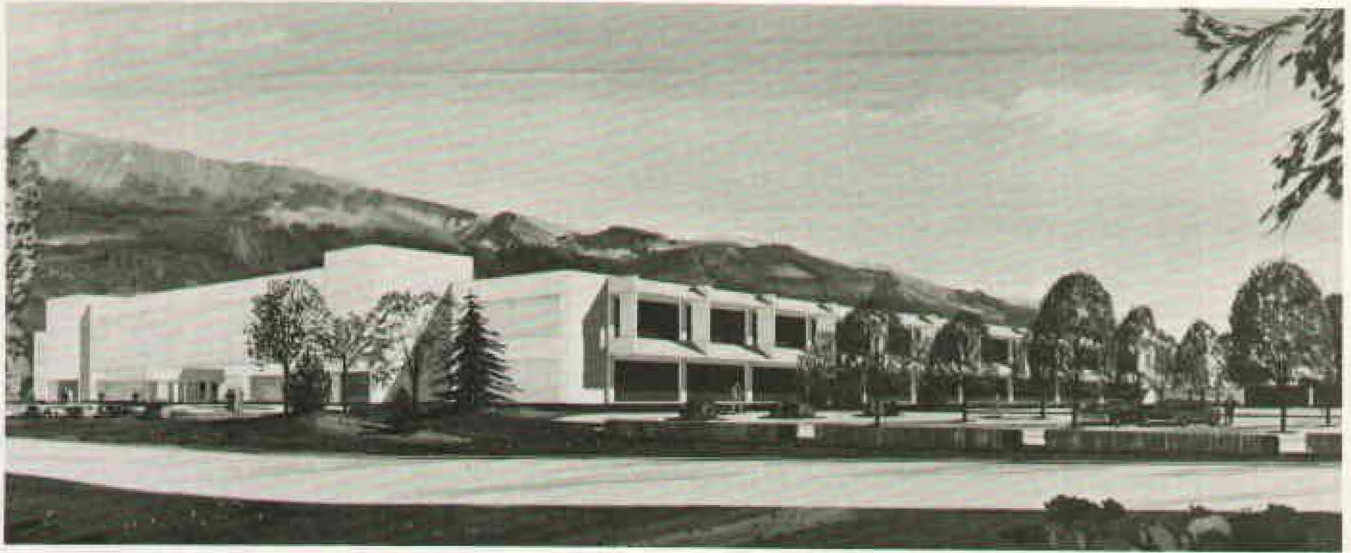
Sales organizations will add more than 400,000 square feet of new construction during 1974. Much of it will be for new headquarters structures such as HP Australasia's 40,000 square foot building near Melbourne.

6,100,000 square feet; it will enter 1975 with just over 8,000,000 square feet. One result of the construction program will be a sizable reduction in leased space.

In the meantime, another very impressive lineup of projects will have been under design, with construction targeted for 1975-77. In all, there are plans in various stages for approximately another 1,500,000 square feet of manufacturing space, including buildings in Boise, Singapore, San Diego, Santa Rosa, Cupertino, Avondale, Andover and Japan—together with possibilities at sites still to be selected. A number of sales office expansions are also in the works for 1975-76, most notably a new headquarters office in place of the present Midwest Sales Region center in Skokie.

*(continued)*

## inner-space program



The French Alps provide a magnificent setting for HP's first new manufacturing building now under construction on a site near the 1968 Winter Olympic location of Grenoble. Architect's rendering portrays HP's intention of creating a harmonious and pleasing environment.

For Bruce Wholey, vice president-Manufacturing who has overall responsibility for the company's capital spending programs, and for the Corporate Construction team that coordinates the building activity, the current programs represent more than enough in the way of challenge and complexity.

The question of priorities has been a particularly tough one: With so many divisions and regions having forecast growth in excess of present capacity, who should get first crack at the available building funds? Other important considerations include the influence of economic decisions on our worldwide business and the effect of currency revaluations on the cost of construction.

These are questions that have to be resolved at the corporate level by the divisions concerned before the sound of the earth mover is heard in the land. In most cases, the property was acquired well in advance of any specific construction timetable, and a considerable amount of master planning done prior to detailed architectural proposals.

Corporate construction in Palo Alto is deeply involved in all of these phases—from assisting a division in selecting a site to the final inspection of a new building. Actually, it functions mainly as an intermediary, on the one hand mak-

ing its construction expertise available to the divisions, and on the other serving the interests of the corporation by reviewing architectural design and construction contracts and the performance of contractors. Managed by HP veteran Phil Towle, Corporate Construction goes about this role chiefly through its team of project engineers headed by projects manager Eric Woods. Some of the department's broadening involvement is indicated by the recent addition of Glenn Affleck as environmental control coordinator. □



Following overseas trip to various projects and possible new plant sites, projects manager Eric Woods (center) checks in for discussions with Corporate Construction manager Phil Towle (left) and Phil Tuttle whose specialty is plant layout.

## Plant Engineer

□ The first shot heard in the present energy crisis around the world may well have been fired one frozen December morning in 1972: Wayne Danielson, plant engineering manager at the Loveland, Colorado, facility, took a phone call from the local propane supplier who told him, "That's all you're going to get for some time. Looks like every gallon from here to Texas has been bought up because of the cold spell!"

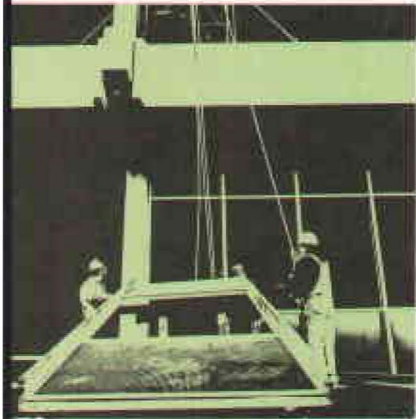
"That's when we started scrambling," recalls Wayne. "We started taking measures to obtain alternate supplies and conserve usage, steps that other places are just beginning to attempt. By the time the big fuel crunch hit we were in fairly good shape."

Indeed, records show that the Loveland complex has cut its average fuel consumption by two-thirds—from 200 gallons an hour to 65 gallons!—at no real discomfort yet with higher employment and shipments. It has not been a simple process, but basically it's done by heating the perimeter of the buildings, allowing lights and body heat to warm the inner areas, and maintaining lower temperatures in the buildings.

Wayne's involvement in fuel energy is just one of the key responsibilities he has in common with plant engineers around the company. They are the people whose job it is to insure that HP plants are fit and efficient places in which to work. To do this they must concern themselves with not only fuel but also water supplies, air circulation, waste treatment and disposal, lighting, plant maintenance, safety, alterations, janitorial service, groundkeeping, security, and—not least—new construction.

In this latter capacity, the plant engineer's role is to interface with Corporate Construction and to get the division's "story" properly told as to what it wants in a new building, and later to work with the architects and contractors on the job. Architectural services and construction contracts, as such, are worked out in Palo Alto by Corporate Construction, which also arranges on-site inspection.

Wayne added, "I think the system works very well. Some companies will design a building and simply tell you to operate it. HP has a distinctive approach to building, of designing buildings for people. Yet they don't impose their judgments on the divisions if our ideas are sound!" □



After the construction people have departed, HP plant engineers such as Loveland's Wayne Danielson, then must put in working shape the facilities they helped to design.

**PROBLEM SOLVERS:** Prerecorded Application Pacs developed by Hewlett-Packard enable users of new HP-65 pocket-sized calculator to solve complex problems in a number of disciplines. Tiny magnetic card is inserted into calculator for instant use. The prerecorded cards, each containing programs of up to 100 steps, save time and add convenience and accuracy in repetitive and complex problem-solving applications. Users can also write and record their own programs. Price of the HP-65 is \$795.00 (U.S.).



Headline writers helped tell the story of an important HP product introduction last month. The *New York Times* wrote a five-column head that said "**Hewlett-Packard Markets Pocket Calculator Doing Computer's Job!**" *Electronics* magazine said "**Calculator is almost a computer!**" *Business Week* led off a major article with "**Now, an 11-oz. computer!**" Other newspapers and magazines were generally content to use the language of the HP news release to the effect that HP had developed a small calculator that can be programmed.

All of them were talking about the HP-65, newest and most sophisticated member of HP's family of hand-held calculators. Priced at \$795 in the U.S., it enables users to write and edit their own programs, on magnetic cards, to use prerecorded programs developed by HP which solve many frequently encountered problems in a variety of disciplines, and to operate the 51 keyboard functions pre-programmed into the machine.

Bill Terry, HP vice-president and head of Data Products Group, described the HP-65 as "a major advance in electronic calculator technology. Its major contribution is in its full programming capability, unique among hand-held calculators."

HP-65 is significantly more powerful than the other HP hand-held machines which so far have sold to the tune of more than 300,000 units throughout the world. The new model is for use in science, engineering, medicine, surveying, statistics and mathematics. It can also be programmed easily for use in such areas as business, education, and navigation.

Development of the HP-65 has been underway for the past two years. With it comes one set of pre-recorded programs; additional "pacs" are available at \$45 each.

Two days prior to the announcement of the HP-65, a large firm announced the introduction of a machine competitive to the HP-35, which has been on the market two years. According to HP marketing people, this end of the market no doubt will become more competitive, but at the same time the overall market for small calculators of advanced capabilities is expanding as people in various fields learn of their usefulness and value.

## News in Brief

**Palo Alto**—Hewlett-Packard has announced that it will file a registration statement with the Securities and Exchange Commission covering a public offering of \$75 million of long-term non-convertible debentures.

The registration statement is expected to be filed in March.

The purpose of the debenture issue is to pay off a portion of the company's short-term debt, which stood at approximately \$120 million at the end of the fiscal year, October 31, 1973.

**Palo Alto** — At its meeting on January 18, the Hewlett-Packard board of directors declared a regular semi-annual dividend on the company's common stock. The dividend, 10 cents a share, is payable April 15 to stockholders of record March 15.

## From the president's desk

Dave and I have just returned from our January trip to visit HP's operations in Europe. With us on this trip, in addition to the vice president for international operations, were the four group managers and the director of corporate planning. This year our plans included visits to our four manufacturing operations, and a review of our marketing and management strategies for 1974.

At the last moment it was necessary to cancel our visit to the HP Ltd. plant in Edinburgh, Scotland, due to the uncertain conditions in the U.K. Instead, the HP Ltd. management team joined us at HP GmbH in Boeblingen, Germany, and made a presentation the day prior to the GmbH presentation. We also visited briefly the Hupe & Busch plant near Karlsruhe, Germany. Hupe & Busch, which we acquired in 1973, represents a small but important addition to our analytical instrument business, specializing in the growing field of liquid chromatography. Finally, we spent a day at HP Grenoble in France. This operation was started just a little over two years ago, and specializes in the assembly of data products items.

In general, it can be said that all of these operations are doing quite well despite some difficult problems. As a group, they finished 1973 ahead of target in both shipments and profits, and substantially ahead of the previous year in both categories.

Not only are these operations doing well, they are expanding to meet the growing needs of Europe for HP products. Although on the average these plants only manufacture about one-third to one-fourth of the local demand, they are extremely effective in meeting certain local needs; in minimizing the effect of some tariff barriers; and in supplying important backup and repair services, as well as permitting effective distribution of parts and certain end items to our European customers.

At GmbH we are constructing a large new addition close to the present plant. It will just about double our available space, thus allowing us to consolidate many operations now spread around in leased quarters, plus relieving some very cramped sections of the existing plant.

In Grenoble we are building our first permanent plant on a beautiful location which had been part of the Olympic Village when the Winter Games were held there in 1968. The building will be about 140,000 square feet, and was designed by Ted Moore who was one of the architects of our Colorado Springs plant. It should be completed some time this fall, and will then provide a home for HP Grenoble operations which now are spread over the city in various leased quarters.

In addition to reviewing our manufacturing programs, we spent about three days with our marketing and senior management people in Montreux, Switzerland. I can assure you that it is no easy job to manage this very large and important market area. We now have our own marketing offices in 13 European countries, and also have HP people in Europe who have responsibility for maintaining contact with the East European Socialist countries, and with Mediterranean and Middle East countries. To effectively market our products, it is necessary to operate both on a geographic base (i.e., country by country), and on a product line base (electronic products, data products, medical products, analytical products). As if this were not enough, our people must deal with wide swings of exchange rates between various countries of Europe and between Europe and the U.S. As an example, the French franc vis-a-vis the U.S. dollar swung from 5.3 francs to the dollar to 4.1 and back to 5.2 in just the past 14 months. In addition, there are widely varying degrees of inflation in the regions, and these also must be closely followed.

Each time I go to Europe I am impressed with the quality of HP people over there and the great skill that they demonstrate in operating in that difficult and complex environment. They are certainly to be congratulated on a job well done.



*Bill Hewlett*



**From which major segments of the organization did the HP sales and pre-tax profit dollars come last year?**

The 1973 annual report to Hewlett-Packard shareholders, published and distributed just recently, presents the most detailed breakdown of these results ever made public by the company. The breakdown, considerably more detailed than required by the Securities and Exchange Commission, was developed by HP to give shareholders and the investment industry a better picture of the company, but without divulging information useful to competitors:

**CONTRIBUTIONS TO SALES AND  
PRE-TAX EARNINGS BY PRODUCT GROUPS  
(millions of dollars)**

|                                   | SALES        |              | PRE-TAX EARNINGS |             |
|-----------------------------------|--------------|--------------|------------------|-------------|
|                                   | 1973         | 1972         | 1973             | 1972        |
| Electronic data products          | 215.2        | 108.0        | 37.5             | 21.4        |
| Analytical instrumentation        | 27.2         | 20.6         | 2.7              | 2.1         |
| Medical electronic equipment      | 56.6         | 40.7         | 6.3              | 5.8         |
| Test, measuring and related items | 362.3        | 309.8        | 48.1             | 45.0        |
| <b>TOTAL</b>                      | <b>661.3</b> | <b>479.1</b> | <b>94.6</b>      | <b>74.3</b> |

**Measure**

EDITOR  
Gordon Brown

ART DIRECTOR  
Tom Martin

PRODUCTION ASSISTANT  
Teri Ocegueda



1501 Page Mill Road, Palo Alto, California 94304

CONTRIBUTING EDITORS — AMD, Karen Langford • AVONDALE, Matt Whittier • COLORADO SPRINGS, Barbara Cutcher • CUPERTINO, Jake Crawford • EASTERN SALES, Ellen Gericks • HPA, Jean Ewings • HP BENELUX, Amsterdam, Hans Vinkenooop • Brussels, Yvette Andre • HP CANADA, Ian Jackson • HP FRANCE, Jacques Brugere • HP GmbH, Rudi Speer • HP LTD., South Queensferry, Margaret Kelm • Slough, Lynda Jones • HP SCANDINAVIA, Sid Mann • HP SINGAPORE, Philip Tong • HPSA, Josette Boulmier • HP VGmbH, Fried Goebel • LOVELAND, Pats Peterson • MANUFACTURING, Tom Lowson • MED, Janet Dale • MIDWEST SALES, Helen-Marie Boesche • MOUNTAIN VIEW, Ed Ilgen • NEELY SALES, Bob Reade • NEW JERSEY, Merium Lorenz • SAN DIEGO, Marshall Hiner • SANTA CLARA, Mollie Corry • SANTA ROSA, Jack Groat • SOUTHERN SALES, Atlanta area, Delores De-Grati • Texas area, Helen Hobson • STANFORD PARK, Joanne Engelhardt • YHP, Yoshiharu Okada.

HEWLETT-PACKARD COMPANY  
1501 Page Mill Road  
Palo Alto, California 94304

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