

Measure

For the men and women of Hewlett-Packard / NOVEMBER 1976



The wide, wide world of Intercon...





The way it looks from Palo Alto

Putting Intercon in perspective

In the view of Bill Doolittle, vice president-International, the most challenging organization to manage among HP's worldwide operations is that multi-lingual, multi-national outfit known as Intercon — short for Intercontinental.

It's an appropriate name: Intercon's

operations cover 5 continents and 101 countries. To conduct business in this global arena, Intercon has 12 sales subsidiaries with 37 offices on all 5 continents, plus independent representative distributors in 34 countries. Another 55 countries, chiefly the emerging or "Third World" nations, represent smaller markets not yet justifying a local HP presence; business there in selected product lines is conducted mainly by mail order.

To support HP's worldwide marketing strategy, Intercon has established manufacturing activities in Japan, Singapore, Malaysia and Brazil. In all, more than 4,500 people staff Intercon's operations, including the headquarters at Palo Alto and central shipping facility in Santa Clara.

Describing some special Intercon characteristics, Doolittle pointed out that Canada has a unique reporting relationship. Because of its proximity, similar economy and business practices, HP Canada reports for sales management purposes through the Corporate Marketing office, and receives product support directly from the six prod-

uct groups and the marketing departments of their U.S. manufacturing divisions. On the other hand, because Canada is a national entity with its own laws and regulations, currency, and its own employee benefits and pay scales, it reports administratively through Intercon headquarters. This is to insure HP does business in Canada in a manner consistent with that country's customs and legal requirements, as is the case in each country where HP maintains a physical presence.

Also unique is HP's operation in Japan, one of the world's most highly industrialized nations and the company's fourth largest market outside the U.S. There HP maintains its only physical presence anywhere that is not wholly owned by the company. Yokogawa-Hewlett-Packard was established as a joint venture in 1963 in partnership with Yokogawa Electric Works. Today, after almost 15 years of shared management by HP and YEW, YHP has grown to become one of the fifty largest joint-venture corporations in Japan.

Now take a look at the balance of Intercon — Australasia, the Far East,





Latin America and South Africa. For administrative convenience these are managed as four areas. In the cases of Australasia and South Africa, the area managers are permanently located in their local territories; the Latin American and Far East managers operate out of Palo Alto.

Intercon's geographic and economic dimensions make it unique — widely dispersed and widely variable, especially in contrast to Western Europe with its compact geography and similar economies. For example, from HP Canada's office in Vancouver to its office in Dartmouth, Nova Scotia, is nearly 1,000 miles further than between San Francisco and New York. Almost the same distance separates HP Australia's offices in Brisbane and Perth.

Another special challenge for Intercon is that of pioneering new markets in the emerging countries. Considerable effort has gone into this development which HP sees as an opportunity for growth similar to that faced in 1953 when the international sales program was launched. These and other challenges require a management that is flexible and imaginative, able to cope with old cultures and new developments, yet maintaining HP's philosophy and standards of ethical business conduct.

Intercon's growing importance to HP

is revealed in some basic statistics: During 1975, orders from Intercon's territory rose to \$153 million, about the size of the total corporation ten years earlier; during this period, Intercon's volume of business grew almost three times faster than our U.S. business. And according to Doolittle, it should continue to represent one of the most dynamic opportunities for long-term growth by the company.

The Intercon team: Coaching the HP way...

Quite literally, the sun never sets on HP business being done by someone, somewhere around the globe. How, then, does Intercontinental manage the day-to-day activities of the approximately 4,600 HP people who are directly involved in that business? They work in some 39 offices and 4 factories in 14 countries, not to mention distributor representatives in another three-dozen countries.

According to Alan Bickell, the Director of Intercontinental, HP doesn't attempt the kind of "hands on" management of the field organization that is possible in the geographically more compact U.S. and European regions.

"There's no way we can reasonably call the shots from Palo Alto," he said.

"Even with the modern communications systems that we have, the distances are too great, the organization too dispersed and the differences in language, customs, cultures and business practices too complex for centralized management. The only way we can effectively manage is by having the best possible people in the field — people who understand and support HP's philosophy and objectives — making the day-by-day decisions.

"On the other hand, leadership from the people here in Palo Alto is no less important to the field. By leadership I mean providing the motivation and support that gives field manufacturing and sales managers and their people a clear sense of what needs to be accomplished and how. Many of our field managers are new to the company, so one important challenge is to develop them — mostly on an informal basis — in the HP way of doing things. I would say that by far the biggest part of our time — especially our time on the road — is spent doing that kind of coaching. Because if the field people don't understand and believe in our objectives, then either they won't be accomplished or they will be done poorly.

"It's fair to ask: just what is or should be our goal? In my view the overall goal for Intercontinental is what might be called 'balanced business management.' This means that we are not in business
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just for the orders or the profits we can make; there must also be a deep concern for running a financially sound and ethical long term business that provides continuing opportunities for growth and development for all of HP's people, as well as contributing positively, in economic, social and intellectual terms, to the communities in which we do business.

"As I see it, the way we achieve that goal is through teamwork. A team is organized to win and have fun doing it — enjoying doing what has to be done, with people at all levels expressing their own ideas and personalities in the process.

"Another aspect of teamwork involves the interaction between our headquarters and field organizations: how and when do we in Palo Alto turn over more and more responsibility to the country organizations as they mature? Well, you can see some answers in the way the subsidiaries in Canada and Japan operate, that is, with considerable independence from a functional management point of view. I can see the same thing happening in other Intercontinental areas at some time in the future. While decentralized management may make for a complex looking organizational structure, it allows management to focus on the important tasks as close to the market as possible — an important plus in our minds.

"For the immediate future, our plan is to focus increased attention on getting more out of our resources. We've made substantial investments in people and hardware, and now it's time to concentrate on

sharpening performance. One job, for example, is to ensure our field engineers receive the recognition and support they require. Another is to further integrate our manufacturing activities in Brazil into our overall Latin American market development strategy. But the biggest job of all is the continuing task of ensuring that HP's objectives, the changing strategy that supports them and, above all, the spirit of the 'HP Way' are understood and effectively implemented around the world."

Intercon administration: No one said it was going to be easy...

It is one of those inevitable ironies that a business environment made naturally difficult by geographic dispersion and cultural diversity becomes triply so be-

cause of administrative complexity. Lloyd Taylor and his Intercon finance and administration team deal constantly and patiently with these complexities — but it isn't easy.

Take, for example, the case of those everyday instruments of international business — the letter of credit and the invoice. The one establishes the terms and conditions of payment, the other states what has been done to meet those conditions. According to Lloyd, the customs inspectors in many Intercon countries have become absolutely rigid in their interpretation of such documents. Everything must be letter perfect and in agreement right to the last dot. If not — back they go for round two — back through all the channels that consume so much time in doing international business.

A number of HP shipments have been stalled at the border in this manner (though we're doing better lately). Behind it is the quite common policy of using



At the Intercon transshipment warehouse in Santa Clara, California, Kevin Hanson checks a shipment due for Caracas. In background, Armando Cedillo inspects contents against order. Accuracy in documentation and order makeup is very important in international business due to extremely strict enforcement of customs controls at many borders.



The Intercon communications room in Palo Alto employs an HP Comsys system to provide a quick and inexpensive link with the key overseas offices which are similarly equipped. Operating the Comsys keyboard is Evelyn Kalske.

Field engineers from a dozen Intercon countries are checked out on the HP Interface Bus (HP-IB) at a Palo Alto seminar. Such visits to the U.S. organization, including training and tours at various locations, are very valuable.

As one observer said, "Once they see the resources and people behind them, they become really turned on."



administrative means to reduce the outflow of capital or to protect native industries and so on. In other words, they do not want to make it all that easy for you to bring your goods into their countries (the U.S. can be just as tough).

One answer to this kind of problem is precision in paperwork. And in Intercon, with its people so widely scattered, almost every significant discussion must eventually be recorded and distributed on paper. But before that happens, a lot of other forms of communication will have had to occur — more on the average than in any other HP organization. "To be effective in Intercon," says Lloyd Taylor, "people have to be superior communicators. Everything we do takes a lot of background information and a lot of special understanding."

To that end, Intercon managers are inveterate users of dictaphones, tape recorders, telex, and the Comsys communication system — anything that will communicate their thoughts in some length at reasonable cost. Overseas phone calls are used somewhat sparingly to reduce costs. And personal contact involving travel is employed almost exclusively for major developmental and training purposes rather than immediate problem solving. (To reach every Intercon outpost in the most efficient manner would take an estimated 49,024 miles of travel.)

Another area of notable difference for Intercon is financial administration. In their own operations, Intercon's 12 subsidiaries and branch offices do business in 11 currencies (Puerto Rico uses U.S. dollars). As Lloyd points out, the value of these currencies is less predictable than European currencies which operate in more of a free-market manner. The values of Intercon currencies tend to be determined more by their governments, often

in large and abrupt shifts.

Then there's the problem of collecting receivable money. For the most part Intercon countries do not rely on mail for such important matters. Instead they deal through credit collectors (employees in HP's case), or through intermediaries such as banks. Similarly, payrolls usually are met with cash payments rather than checks.

Finally, some subsidiaries must maintain as many as four sets of financial records — the HP legal books in U.S. dollars, another legal set in local currency, a fiscal report for tax purposes, and the HP management report. All are subject to audit. In Brazil, for example, the local legal book is subject to audit on demand, so must be kept virtually up to the minute.

Strategies for worldwide selling...

Probably no other group of managers could make such good use of extra eyes and ears as Intercon's RMMs — regional marketing managers. On the one hand each RMM is a direct representative of one (or more) of the six product groups. As such they've got to be tuned into all of the marketing plans and developments within all the divisions that belong to their group, as well as overall group market strategy. On the other hand, the RMMs also represent the field people in bringing their interests to the attention of Intercon

headquarters, manufacturing divisions, and group managements. They are, in effect, pivotal in the worldwide Intercon marketing process.

George Cobbe, RMM for both the Instrument Group and the Components Group, points out a somewhat surprising fact about the market itself, especially the market in the developing countries. Contrary to what might be expected, the emerging nations for the most part are buying equipment of the most sophisticated kind rather than low-cost, low-end products. At the same time, most of them have a fairly narrow range of technically trained people to draw on for support.

According to Cobbe, this poses special challenges for Hewlett-Packard. How do we support this technical sophistication? And from a moral point of view, how do we view their spending of scarce funds on highly technical equipment in the midst of poverty, hunger and disease prevailing in some of these areas?

To this latter point, Cobbe said, "It's clear that they are really trying to 'bootstrap' themselves out of their problems and into industrialization. This is happening in telecommunications, medicine, and the universities. They do not feel they can afford to go through all the stages of industrial development that we did. They feel they need to leapfrog most of that, and do it all in 20 years or less.

"We have a real problem in servicing this kind of demand. Actually, we have made the decision in some cases not to sell where we cannot provide service. But it's still a complex problem — we have

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fewer trained people to draw on for our local staffs, they have to be motivated within the framework of their own cultures, we can't readily move managers around from one country to another as we might elsewhere, and we have to install the HP way of doing things while working at very long range."

Dick Warmington, RMM for calculators, commented on just how some of those problems are approached. "In this region," he said, "you have to wear a number of 'hats.' For example, a sizeable percentage of my time in the field is spent communicating on matters such as general objectives and personnel and legal affairs, rather than pure calculator business. This is very necessary because we wouldn't get one done without the other."

Training is a very important role for Warmington and the other RMMs. "In the course of a year," said Dick, "I may run about one seminar in the U.S. for senior Intercon sales and service people, and another six meetings in various countries. When the seniors come here, we want them to visit the plants, study product applications and service, and then spend some time in U.S. sales offices to observe sales techniques. It's a very important experience.

"What we've found is that customers are pretty much the same the world around — in their uses and their needs. But there are some differences in how we are able to reach them. In the U.S., for example, we sell personal calculators mostly through department stores and college bookstores, but we don't have the same situation abroad. In many places we'll sell through 'hi-fi' stores, in others via camera stores. Overall, we have to be very aware of local differences — but also make sure our objectives are clear and understood."



Representatives of several very large slices of the Intercon world discuss common tasks of administration: From left, Far East area manager Lee Ting, Latin America area manager Pepe Grapa, Australasia area manager John Warmington, and Intercon director Alan Bickell.

Organizing the organization...

In the far-flung and sometimes exotic-seeming world of Intercon, it turns out that the very people who help run the show are among its more interesting aspects. As evidence, meet two of the men who share general management responsibilities involving many of the Intercon subsidiaries and distributors: Lee Ting, area manager for Southeast Asia, and Jose (Pepe) Grapa, area manager for Latin America.

Lee, believe it or not, was born in Chungking but grew up in Brazil — speaking Chinese as well as Portuguese. He began learning English when he came to the U.S. to attend Oregon State University in 1961. After graduation, Lee joined the marketing department of Automatic Measurement Division, then in 1970 was asked by Intercon to help establish HP's new branch in Taiwan. A couple of years later Intercon tapped him to become the new Asian area manager (excluding Australasia and Japan). For awhile Lee attempted to maintain his area headquarters in Singapore. While this location was more or less in the center of the area, it still was a long way not only from many of the marketing outposts he was responsible for, but also from Palo Alto. Since Lee couldn't solve both ends of this dilemma, he chose to bring the job back to Palo Alto in 1973.

The biography of Pepe Grapa also is an appropriate illustration of the international as well as professional character of Intercon's management. Born in Mexico, he is fluent not only in Spanish and

English but also Portuguese and French. The latter was acquired while studying for his Ph.D. in solid-state physics at the University of Grenoble in France. After some years of teaching at the University of Mexico City, as well as heading an engineering post in Mexico's National Committee of Nuclear Energy, Pepe joined HP-Mexicana where he soon became a sales manager. Two years ago he took on the responsibility of Latin American sales for the Instrument Group, succeeding just recently to the overall area management position.

Their multi-cultural, multi-lingual backgrounds are obviously of considerable value to Lee Ting and Pepe Grapa in their multi-national activities. In contacts with distributors, for one, each needs a clear understanding of local conditions and must know how to deal diplomatically with all kinds of situations. Let's take the question of distributor versus direct sales: at what point does HP seek to convert the former situation to the latter? And how would it go about doing that? Those are some of the considerations that the area managers must take up from time to time.

To the first question, Lee Ting indicates there is no hard and fast or simple answer. The real question is whether the environment is right for change — whether HP can more successfully serve its customers under its own flag or through the distributor. In India, for example, even with sales that are substantial by Intercon standards, HP does not feel it could serve that huge territory as efficiently as the



Sales people of the Blue Star organization, HP distributor representative throughout India, receive good news about their firm's progress. Because of the volume of HP business, Blue Star has built a team specializing in HP products. Relations with such distributors is an important job for Intercon area managers and marketing managers.

Blue Star organization. On the other hand, there was considerable encouragement for HP to take over from the distributor in Taiwan in 1970 and more recently in Puerto Rico. In each case, the change was negotiated and constructively supported by the distributors, a number of whose people thereupon joined HP.

Another question that comes up from time to time deals with HP's manufacturing operations abroad: What is the purpose of such activity? Pepe Grapa points to HP's facility at Campinas, Brazil, as an example of how manufacturing can influence sales. "From a marketing point of view," Pepe said, "the decision to manufacture in Brazil was very good. There is the local advantage of being part of the economy and community of Brazil. Then there is the benefit of being a participant in the larger Latin America economy which is a kind of common market through membership in LAFTA (Latin American Free Trade Association). In the future most of these countries will probably impose even more restrictions on imports outside the LAFTA zone as they seek to protect their own industries and growth. It will be increasingly important for HP to be a contributing member of that economy."

Special company-chartered buses bring many employees to and from the job at HP's assembly plant near Penang, Malaysia. HP blue uniforms are also part of the scene.



Guess where? From the looks of this scene it might be any one of a dozen HP sales offices, with that typical very-open look and layout. In this particular case it happens to be the new HP Australia headquarters near Melbourne.

Personnel: Speak HP and be flexible

When you come right down to it, Intercon is some 4,570 HP people – plus numerous people in the distributor organizations performing HP business. On the HP side it breaks down to 2,770 people

in the company's own manufacturing operations in Singapore, Penang and Brazil and the joint-venture company in Japan, plus 1,565 in the 12 country sales organizations and some 225 at Intercon headquarters. It also includes 16 HP people on temporary assignment from the U.S. and other countries outside the operations area.

Commenting on this organizational scope and the task of comprehending his new assignment as Intercon personnel manager, George Trickel smiles a bit wryly: "The learning curve here is really steep. But the one thing I've learned in the time I've been here is that every country is different in personnel matters, and

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you just can't expect things that work in one place to work in another."

During a recent five-week swing to become acquainted with operations in Southeast Asia and Japan, George could observe some of the customs and practices which make his new job quite different from handling personnel in the Colorado Springs Division. The average employee age is as low as 19 in some countries. It is common for employees in one facility to exercise to music during afternoon break. Food preferences differ: tea rather than coffee is the most popular brektime drink in some countries and chopsticks are preferred in a number of HP cafeterias. In some developing countries where public transportation is not adequate, company buses take employees to and from work. And providing employee uniforms is a common practice for HP and other firms in some countries. HP must of course conform to certain legal requirements which affect employees directly; company stock purchase plans are ruled out in some countries, while personal income tax rates and other

legally required employee pay deductions vary widely. The days observed as holidays and the ways in which they are celebrated are as individualistic as the Intercon countries.

"What happens is that each country submits its proposals for new benefits and personnel policies each year," George says. "These are reviewed by the Intercon personnel staff and by Corporate up to the Executive Committee level if necessary. The goal of this process is to provide a level of benefits that insures the competitive position HP seeks to maintain and recognizes the individual styles and requirements of the different countries.

"However, aside from such specific activities as benefits, I'd say that our most important mission is to show that HP philosophies can be successfully applied in the development and growth of people throughout Intercon.

"Fortunately, we can also learn a lot from our international experience — such as the concept of flexible work hours which originated in Germany. The 'HP Way' is not cast in concrete."

involvement with the entire process from entering the original order to the final shipping and invoicing. Since both HP South Africa and YHP are on HEART, the order entry is handled in those countries; Sue primarily coordinated shipments from the U.S.

Sue's present activities start with receipt of Electro Medica's purchase order and a copy of their customer's own purchase order, which Sue holds until the letter of credit required by HP to pay for the items ordered is in hand. If the letter of credit arrives within a 120-day grace period, the prices quoted by Fred are honored by HP; otherwise, the order must be requested or an amendment obtained for the letter of credit.

An order is then entered on HEART by Sue, a step which she usually handles herself.

"I did ask for help when it came time to enter Peru's million dollar order for instruments last year," Sue says. "It involved entering 36 line items with combinations of spare parts, service, extra manuals, and training for customers at our factories."

Peru is typical of many Latin American countries in requiring that invoices and air waybills accompanying the shipment must be typed in Spanish and include certain specified *declaraciones* and statements. Fred Wakeham sees that she is supplied with the correct Spanish needed. Sue — who also handles orders for Colombia, Guatemala, El Salvador and Honduras — finds she has picked up a good many Spanish terms.

Part of the reason that Sue has such a comfortable relationship with Electro Medica lies in her ability to anticipate and avoid trouble.

Fred Wakeham, at the other end of the line in Peru, is equally interested in improving the handling of his customers' orders. "After we had lunch in December, Fred came back to the office for several hours to find out about such things as codes and miscellaneous charges and how I get invoices off the terminal. I told him what would help me and he explained how I could make things easier for Electro Medica," Sue recalls. It was just an added buffing for an already smooth relationship between Hewlett-Packard in the U.S. and a distributor far away in Peru.

Order processing: Just a Heart beat away...

When Fred Wakeham, Sr., president of Compania Electro Medica, HP's long-time distributor in Peru, was in Palo Alto last December, he stopped by Intercon headquarters to meet and take out to lunch the two order coordinators who have handled all his instrument orders in recent years.

For both Sue Cole, who now handles the Peru desk, and her supervisor Paula Scharback, from whom she took over the job, it was an opportunity to talk with a client with whom they had maintained a close relationship on paper. In her year of handling orders from Electro Medica, Sue has never talked on the telephone to Peru.

Sue Cole is one of 55 order coordinators in Dick Wilson's Commercial Services department. Before taking over the Peru assignment, Sue handled orders for HP's subsidiary in South Africa and for YHP in Japan since joining HP in 1972. She has found that working with

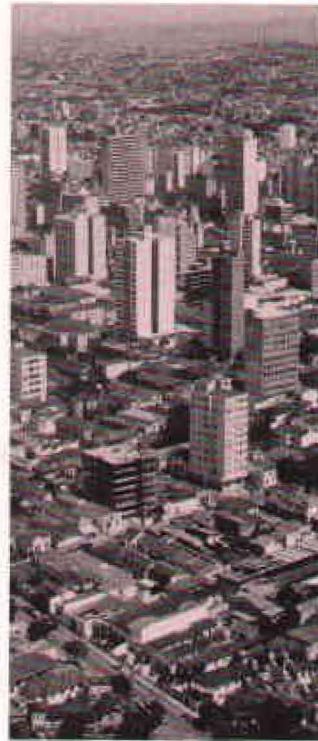
a distributor organization in Latin America is somewhat different from her previous experience in more ways than just the local style.

For one thing, Sue now has a closer



Sue Cole keeps track of orders on behalf of distributor clients in Peru, Colombia, Guatemala, El Salvador and Honduras.

The view from over there...



The Intercon world is still a wonderfully varied place, as witness these scenes from Malaysia, Brazil (Campinas), Taiwan, and Australia (Sydney). It is also widely dispersed: To reach every Intercon outpost efficiently would take almost 50,000 miles of travel.

International manufacturing:

To be or not to be HP, that is the question...

In setting up manufacturing operations around the world, as HP has done in Europe, Asia, and South America, cultural differences obviously present some interesting challenges.

People in quite a few parts of the world, for example, often accept the authority of a boss as absolute. In turn, this tends to make it difficult for working people to suggest or initiate actions that modern industrial managers welcome and even take for granted.

Tom Lauhon, formerly managing director of HP's Southeast Asian operations (now general manager of the new Computer Service Division), recalls the point at which he was able to sort out the dilemmas created by such differences, and

to answer them.

"After several months of thinking about it, I finally boiled them down to two questions: Should we operate as an Asian-style factory working for HP? Or should we be an HP-style operation in Asia?"

"It became clear to me that we had to become the latter. First, it seemed to me that the governments of Singapore and Malaysia had welcomed our manufacturing operations there in large part because they believed we could help them in the process of their industrial development. They didn't need us to help run Asian shops. They wanted our industrial know-how not just in products but also in organization and people — and the philosophy

that goes with them.

"It was very interesting to see the people in Singapore and Penang plants respond to our approach. They convinced me that people are basically the same everywhere in terms of the way they will respond positively when barriers are removed and when they are recognized as individuals. I believe the 'HP Way' will become one of our major contributions in those countries."

Compatible Objectives

Dick Love, the current managing director of SEA operations, says that one important reason for HP's success in Southeast Asia has been through the recognition and support of compatible community objectives.

"Building codes," he said, "have represented a problem to new industries in Singapore. They had just been drawn up

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and understandably did not fully reflect the latest industrial experience. But rather than try to dispute them, we chose to go to the agencies and ask to work with them in arriving at more effective codes. We could do this because we agreed with their objectives and had some experience to offer.

"Another example was cleanliness about the plants. When the Singapore government launched a 'clean up the country' campaign, we employed it to help make our people more aware of HP standards."

Cultural Stereotypes

International business people have to cope with some special attitudes when working abroad.

Joe Conrad became aware of one cultural difference after leaving Loveland to become manufacturing manager at the new Campinas, Brazil, facility. What Joe discovered was that some vendors will indeed over-promise where time is involved. They'll say "tomorrow" for a delivery they can't possibly make. Why? Joe believes it's because of a compelling sense

of politeness. Among themselves they make due allowance for this tendency, but schedule-minded Americans and Europeans may need to use other approaches. In HP's case, Joe said, "We try to work ahead, and also to impress vendors that we want realistic delivery dates — that we are serious."

Another Latin stereotype, that of the easy-going "siesta" attitude, Joe dismissed outright. "The people at Campinas work just as hard and as smart as they do at Loveland."

Field selling: Worldwide bond of professionalism...

In terms of distance, communications, language and environment, Dermeval Polentini Fonseca and Graham McVie could hardly be farther apart. Dermeval is an Instrument field engineer in São Paulo, Brazil, while Graham is HP's calculator and distance-meter representative in Port Moresby, Papua New Guinea. The first spends his workdays in one of the world's more sophisticated metropolitan centers while the other has as his backyard one of earth's more primitive jungles.

Yet their sense of adventure in dealing with customers in the dynamic field of electronics is remarkably similar. As Dermeval put it: "When I was engaged in electronics at the Brazilian Space Institute I noticed that I really did not want to become a specialist in a specific technical area. When I got the chance to work as a field engineer it was not only to serve in a broader way but also to interact with people by proposing creative and competitive solutions.

"Our customers in aerospace, research, manufacturing and telecommunications expect to meet professional sales people

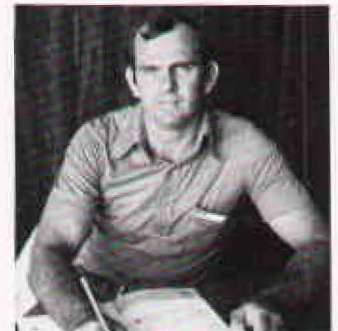
who know their products, understand what is needed, and have the ability to represent the interest of the customer to the manufacturing organization."

Like Dermeval, Graham looks at the future in terms of personal and professional growth. A telecommunications expert by training, he was a sales engineer for Siemens Industries Ltd. in Sydney, Australia, before forming his own communications sales firm with two partners in 1969. Two years later on a sales trip to Papua New Guinea Graham realized the business potential of that area. He sold out his Sydney interests and moved to Port Moresby, where he formed his

own trading company handling sales and service of electronic communications equipment for several firms — he was HP's agent for calculator service before joining the company this February as a field engineer.

As HP's sole representative in Papua New Guinea, Graham handles service and sales for the entire HP product spectrum, with his principal activity to provide service support for various government agencies that utilize calculator systems for administrative tasks. You might say that while Port Moresby is on the edge of a jungle it is also something of a frontier for HP salesmanship.

São Paulo, one of the world's largest and fastest growing cities, provides an impressive background to selling by HP Brazil field engineer Dermeval Fonseca.



The jungles of Papua New Guinea are never far away whenever Graham McVie of HP Australasia's new office in Port Moresby calls on customers.



Athletic events such as those shown here, as well as a wide range of social and cultural activities, draw very heavy support from the people of YHP.



YHP: **A special relationship...**

Just as it is for individuals, the temperament of an organization is strongly revealed by the way it handles adversities.

Two and a half years ago, YHP (the company's joint venture manufacturing and sales organization in Japan) was riding the crest of an economic wave that had brought it an 85 percent growth rate the year before. The sudden increase in oil prices brought all of this to a rapid halt, even to the extent of negative growth for YHP. Almost without having to be told, employees responded to this challenge. Management people accepted salary cuts, bonuses were deferred, free refreshments were eliminated, cars were shared, capital spending stopped, heat and light were drastically reduced, and factory and headquarters staff people were enlisted to help make sales.

Depressing? Hardly. The personnel department's annual survey of employee attitudes actually revealed that morale of the sales people had improved five percent

over the previous year. Observers attribute this to the supreme Japanese talent and willingness in working together for a common goal.

YHP, of course, represents a special case of teamwork, operating as a joint venture between HP and YEW (Yokogawa Electric Works). Kenzo Sasaoka, YHP president, has written about that relationship: "In choosing each other as business partners in Japan, HP and YHP made a good marriage. Both are technological companies that emphasize quality; they are people-oriented, with sound management and good financial position.

"HP resembles a father — as in the old days when a son worked with his father in business. YHP is operating fully within the framework of HP's worldwide business structure.

"YEW resembles a mother — by providing the strength and understanding in dealing with local problems. Most of the YHP managers came from YEW, and a few have returned for better opportunities. During two periods of economic difficulties, YEW has helped us absorb surplus labor. YEW also is a source of some in-

formation and support in technology. Because of our unique character we feel a special obligation to succeed."

Some other aspects of teamwork at YHP were described for *MEASURE* by Tatsui Aoi, personnel manager. One place to begin is "dokokai" — the recreation program. Everybody participates, many in more than one major activity, and all contribute 200 yen per month to the program which also is subsidized by the company and through health insurance contributions. Everything from instruction in flower setting and the tea ceremony to competitive sports, dance festivals, parties, excursions, club activities and resort visits are included in the program. As recreation director as well as personnel manager, Tatsui also becomes directly involved in the matrimonial scene, helping young YHP people to meet prospective spouses.

The family-like nature of Japanese industry is further revealed in such activities as recruitment. Where sales engineers and R&D people are concerned, this involves getting started up to 18 months in advance of hiring. This gives the prospects and the company plenty of time to look each other

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over — a wise act considering the lifelong relationship that is expected to follow. Actually, according to Tatsui, some Japanese now are choosing to leave employers before their official retirement age. But not to take another job; rather, such departures generally occur when employees feel the need to leave the big metropolitan environment with its noise, smog and crowding for the peace and calm of their native village.

Bridging Cultures

Observations by the U.S. co-managers at YHP, who usually spend two or more years at either the Hachioji plant or Tokyo sales office, provide some revealing insights into how two organizations of quite disparate national backgrounds can work together. Jack Dunn, former co-manager of sales (now on leave of absence to manage a family ranch in Montana), recalled his early reaction to the business style he first saw at YHP. So many people seemed to be involved in making decisions that he felt there must be more efficient ways of arriving at solutions. By the end of his YHP tenure this summer Jack had a completely different view: The YHP style was intrinsically neither better nor worse than any other style. It was different, but it was very well suited to the Japanese.

At the same time, Jack pointed out that HP has been able to influence some traditional attitudes to business. Professionally trained people, those just coming out of university, for example, are reluctant to be identified with "selling." It's an attitude found in many other parts of the world. But how do you cultivate a change?

The HP approach to this situation in YHP has been to dramatize the professionalism of selling — and the leadership role of selling in bringing success to the whole team. In particular, it was made clear through sales management seminars and coaching sessions that HP field engineers do not just sell products; they involve themselves in the problems that customers have and offer professional solutions.

Australasia: You can get lost out there...

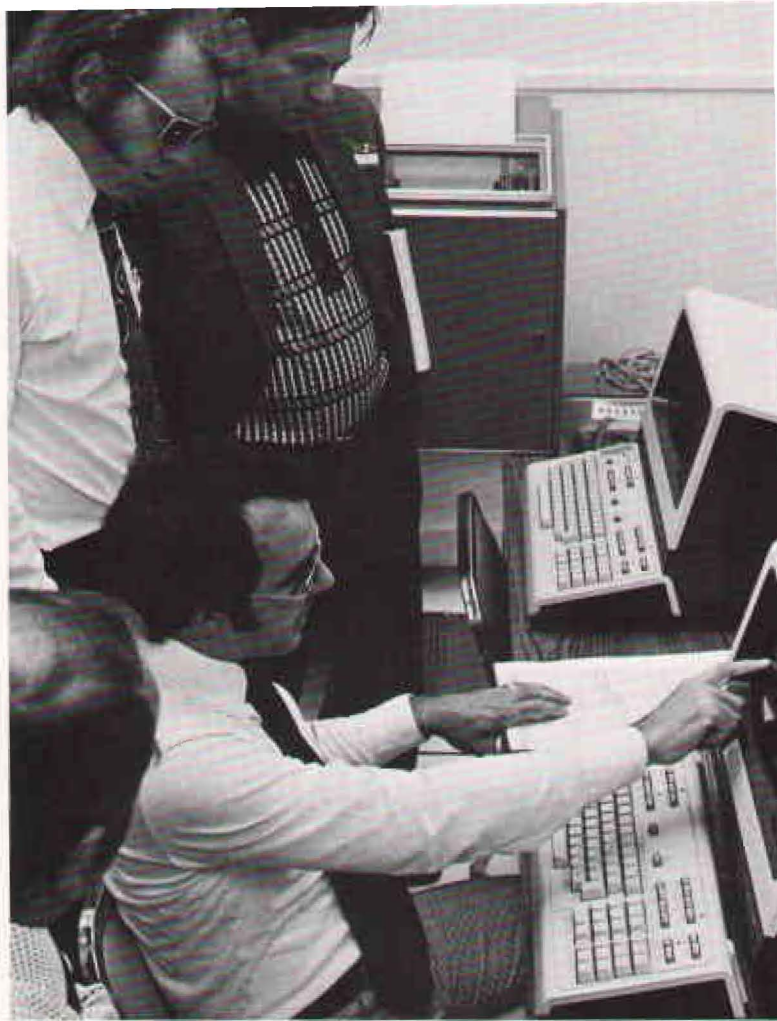
What are some of the special challenges in working for a multinational company headquartered many thousands of miles away? MEASURE put that question to John Warmington, general manager of HP Australasia. John has been associated with Hewlett-Packard for almost 25 years, first as a member of HP's representative firm, then as head of HP Australia which celebrates its 10th anniversary next year:

"In this, the U.S. bicentennial year, we are learning more and more about the similarities between our two countries. For example, our countries are approximately the same size, and our heritage is much the same, beginning with British colonization followed by immigration, particularly from Europe. Both countries have vast natural resources, and complimentary export trade (other than coal and wheat in which we compete).

"Our Australasian territory must be unique in terms of its geographic spread. On the eastern boundary it takes in Tahiti,

extends west to the Cocos Islands of the Indian Ocean, reaches north to Nauru Island near the equator (excluding Indonesia), then stretches southwards to the Antarctic.

"However, the major new challenge we face today is not just distance. Remoteness is a more critical problem — the sheer physical remoteness of some of our customers who are engaged in developing natural resources in some of the more spectacularly uninhabited regions of the continent. These include iron ore and nickel mining in Western Australia, bauxite in the Northern Territory, and coal in northern Queensland. Each of these is between several hundred on up to a thousand or more miles away from any HP office. Often there are no connections or facilities other than those provided by the customer. To get to a certain site where an HP system needed service, one of our chaps had to make at least four connections in small planes, finishing the journey



Taiwan: How to motivate in Mandarin

In spite of multiplying sales more than eight times between 1970 and 1974, HP Taiwan faced a problem: How to motivate people, especially those in such areas as order processing and service who perform in supporting roles to the salesman?

Lok Lin, general manager for HP Taiwan, approached that problem a couple of years ago with a background of experience in both the Orient and the U.S.: "Basically, sales people are the same everywhere — they get self recognition every time they make a sale. The question was how could we give similar recognition to the sales support people? You must understand that the Chinese people are drawn to individualistic enterprises. They make great sales people, but they are not naturally team players. So we had to make a special effort.

"Our concept was to create teams so that all participants could identify with the success of selling. For example, when we announce or celebrate a big deal we

include the people from 'admin' and order processing as well as the sales and service engineers. We also give the sales engineers complete responsibility, so that when a big deal comes up they handle it entirely, unless they come to us with a problem.

"Compensation, of course, is an important element in sales motivation and our system is the same as the U.S. But beyond that we felt we needed to keep our field people constantly challenged by zeroing in on new customers. We want them to get out and cultivate new prospects and take the competition head on. Successful salesmen like that kind of direct action.

"Then, every year we have a workshop that's basically for sales, service and supervisory people. But on the last day we bring the whole company — 40 people — together. At the last meeting we worked up a list of ways that a team effort could be fouled up. It was very stimulating."



Developing an attitude of teamwork has been a major goal for HP Taiwan's Lok Lin (center of photo) as a way of giving admin and other sales support people a sense of participation. At this meeting all employees were brought together for a one-day session on selling.

Interaction between Intercon field sales people, customers, and factory support is well represented in photo dealing with major sale of computer systems to the New Zealand Government. On visit to Data Systems Division in Cupertino, the New Zealand team (shown standing) is briefed on HP terminals by HP Australia's Colin Howard who was visiting the U.S. factory.

in a four-wheel drive vehicle.

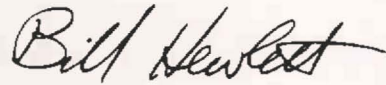
"To fulfill that kind of service commitment while operating some 10,000 miles from HP headquarters — especially one with such a complex reporting structure — does require a good deal of initiative and innovation. Because in spite of our geographic spread we still are a relatively small team compared with the domestic U.S. regions. Changes in marketing strategies and philosophies are not so readily absorbed within such a small organization. Nor are we so conveniently linked to the manufacturing facilities when their help is needed.

"Yet, chiefly through the long personal association of a number of employees in the Australasian area, the basic company policies, practices and philosophy have been solidly installed here. These make it much easier for us to adapt to the constantly changing world of customers and HP."

From the president's desk

Many of you may have heard that Vice President Noel Porter died of a heart ailment on October 1. Not only had he been a college classmate and close personal friend of Dave and myself — but had been one of the key members of management for the last thirty years. Even in his earlier days before he joined the company he had been instrumental in helping us search out suitable business projects for the infant company to work on.

Noel Porter's death will leave a vacancy of a special type in the company — a vacancy that will be difficult to fill. He also leaves a host of friends both within the company and on the outside. At his funeral I was asked to say a few words about him, and I thought it might be worth sharing these comments with you.



I would like to say a few words about Ed Porter.

To most of you here today, he is "Noel Porter," but to a few of us who knew him in high school and college, he is "Ed." At that time he felt that "Noel" was too formal. After graduation, he recognized that "Noel" was a distinguished name and always was known as "Noel Porter" thereafter. Therefore, with your indulgence, I will refer to him as "Ed" today.

Ed and I were very close. We went to high school together and college together, and there are many stories of what we did and didn't do, but I'll spare you.

I was also very close to Ed's family. His father, Bishop Porter, was the minister who married Flora and me and baptized three of our children.

What is perhaps less well known is the fact that Ed was almost one of the founders of the Hewlett-Packard Company. When Dave, Ed and I graduated in 1934, we talked about setting up a company together, but times weren't propitious, and it wasn't until several years later that Dave and I were able to get together. Circumstances prevented Ed from joining us. Otherwise the company might well have been Packard-Porter & Hewlett. It wasn't until after the war that Ed joined the company.

I would like to concentrate on three separate phases of Ed's life in Palo Alto.

First were the early years at the Hewlett-Packard Company. Ed was in charge of our production and did a superb job. Not only did he have the engineering skills to do this, but more important, he had a great ability with people. Ed understood people, liked people, and was able to get individuals to get the most out of themselves. I think it safe to

HP NEWS

New San Jose site optioned

PALO ALTO — Hewlett-Packard has obtained options to purchase about 160 acres of land in San Jose as a site for a future plant.

The property is near the San Jose Municipal Airport, about 20 miles south of Palo Alto.

Initial plans are to establish a well landscaped industrial park on the site to be occupied eventually by HP's Microwave Semiconductor Division, now located in several buildings in Palo Alto.

Site development plans are now being prepared, but it is still too early to predict when building will begin.

say that a high percentage of traditions for employee relations at the company are directly attributable to Ed's early contributions in this area. He had close friends at every level within the company.

The second phase of Ed's life were the years of public service where he served as Councilman in the City of Palo Alto and as Mayor for five consecutive one-year terms. Yesterday, I called Jerry Keithley who had been City Manager during the years when Ed had been Mayor. I asked Jerry to reminisce about Ed. Jerry said that as far as he was concerned, Ed was the best Mayor that the city had ever had. He introduced innovations into local government. He established an excellent relationship with the employees of the city because he looked upon them as individuals and not statistics, and he showed great ability to work with the diverse factions that exist in any city.

As proof of his ability, it is interesting to note that he became head of the League of California Cities, which is high tribute for a Mayor coming from a city of only about 50,000 people.

It is appropriate that a street in the Industrial Park is now named Porter Drive.

Ed had great ability to listen, to understand, and to extract the best from each argument. He really supplied the lubrication that made the city run smoothly and make great progress during his terms as Mayor.

Palo Alto prides itself today on its park system. Ed played a major role in this effort, including the city's acquisition of Foothills Park. Although the city was criticized at the time, that park and the other parks of the system are now highly regarded and used as models for other cities.

A third phase of Ed's life were the latter years at Hewlett-Packard where health prevented him from carrying a full load. Yet Ed acted as an elder statesman. He handled successfully many difficult projects both within the community and for the company. Dave and I depended on his long years of experience and his sensitivity to people to counsel us in difficult circumstances. He always had the ability to get people to work together.

But most important, I would like to talk about Ed Porter the man — about those human qualities of his that will be most remembered.

Ed had a truly unique personality. He was the kind of person that people instinctively turned to for help. I don't know anyone who was more willing to share someone's problems than Ed. He was always helping people. I'll dare say that a majority of the people in this church today were in one way or another a beneficiary of Ed's willingness to help.

He was an enthusiastic, happy person, and his personality was infectious. He was a realist with a light touch. He could find humor in the grimmest situation and bring real joy to happier circumstances.

He was a pillar of strength within the Porter family which had had its share of grief. He was a devoted husband and father within his own family.

When we remember Ed, I am sure it will be because of these personal traits that so set him apart. There are few people about whom one can say that the world was a better place for their having lived. In my view, Ed Porter would be one of those few.

(given at St. Mark's Episcopal Church, Palo Alto, October 5, 1976)

New Faster, Low-cost and Small Computer System Introduced

CUPERTINO—A new series of small computer systems faster and lower in cost than present comparable HP computers has been placed on the market by Data Systems Division.

The new HP 1000 System computers are designed primarily for use in instrument test and control, manufacturing management and engineering design applications.

HP 1000 Systems consist of four models ranging in price from \$34,500 to \$69,800 and in standard

main memory size from 64 Kbytes to 128 Kbytes.

A faster, more efficient processor enables 1000 System computers to execute programs 60 to 100 percent faster than earlier HP models. In addition, prices are typically 9 percent lower. 1000 System computers also offer new information management software, a new display terminal with magnetic tape mini-cartridges and desk-style cabinetry.

Bill Parzybok Named LID Manager

LOVELAND—Bill Parzybok has been named general manager of

Loveland Instrument Division.

Parzybok formerly was marketing manager for the division. He replaces Don Schulz, who was appointed general manager of the Loveland Calculator Division here in September.

Parzybok will continue to serve as marketing manager until a replacement is selected.

Bill joined HP in Loveland in 1968 as a service engineer and held various assignments with the company before being named division marketing manager in 1973.



How to run a Big Walk...

The Big Walk, as it is called, is rapidly becoming a very popular annual tradition at both the Singapore and Penang plants of Hewlett-Packard, attracting hundreds of employees. The 1976 Singapore hike, for example, brought out 370 participants who covered a course of 5.56 miles for men and 3.75 miles for women. The Big Walks are HP's response to government encouragement of physical fitness, and the photo shows special assistance being rendered by police patrolmen and St. John's Ambulance Brigade. In addition, The Singapore Amateur Athletic Association provided six judges: no running allowed!

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