

MEASURE

Meeting
customers
on their
own turf



If there's one thing I admire most about HP people, it's that they're never shy about expressing their feelings.

In the May-June *MEASURE*, we announced that after 36 years as a print publication, *MEASURE* would re-examine how we will deliver *MEASURE*-like content in the future, with a focus on the Web.

There was an immediate—and predominantly negative—reaction from those not-so-shy *MEASURE* readers. Hundreds of people phoned, faxed, sent e-mails and returned electronic and print response cards with their reactions. The most frequent comments included:

- "It's nice to receive *MEASURE* at home and read it in my easy chair when I have time."
- "I don't have time to read any online publications during my workday. *MEASURE* will go into that online, never-to-be-read pile."

Retirees, who don't have access to HP's intranet, were even more upset. "*MEASURE* is my primary way of knowing what's going on at HP," wrote one retiree, capturing the sentiment of most.

While this wasn't a scientific survey by any means, it was gratifying to hear from our readers and to know how much you like *MEASURE*. We've listened to your feedback and I'm happy to announce some changes to our earlier plan:

First, we'll continue to print and distribute *MEASURE* through May-June 2000—the approximate time of the split between HP's computing and imaging company and "NewCo." The next year will be a critical time in the company's history and *MEASURE* can play an important communications role during this period.

Second, we're launching a feature section on the HP.Now Web site in

November. The Web gives us the chance to bring information to you faster and to create an interactive dialogue that just doesn't work in a bi-monthly print magazine. The Web stories will complement what you see in *MEASURE*.

Third, we're exploring a number of options beyond the final edition of *MEASURE* in May-June 2000. One option would be to launch a new print publication that can better address our goals of producing more agile, fast and focused information.

We're also researching printing options—including subscriptions or print-on-demand—and the idea of posting feature stories on an external Web site so that retirees, family members and others could see them.

Another consideration is translations—both for print and the Web. We only print *MEASURE* in English, so it doesn't reach a number of employees.

Of course, cost will play a key role. We have to consider what are the best communications vehicles to serve our customers well and how much can we afford in these cost-conscious times? We also need to learn what communications tools HP's new CEO wants.

By the way, the employee-communications team from "NewCo" is examining the print/Web dilemma, too, and will announce its decision to its employees later.

We're delighted that *MEASURE* readers spoke up and that the magazine will continue into the new millennium. We welcome your continued feedback as we plan our future.

—Jay Coleman



On the cover: HP customers visit our manufacturing sites from time to time, but what happens when HP factory employees venture to retail stores to help customers with their buying decisions? When Paul Perry, Margaret Fox and more than 100 of their colleagues in Ireland volunteered for the assignment, sales beat the previous year by 250 percent! The story begins on page 17.

Cover photo by Iain White/MacInnes Photography, Limited

FEATURES



Page 17

4 "Puttin' on the Ritz"

A genteel lesson in customer service and communication from the 14,000 ladies and gentlemen of the Ritz-Carlton Hotel Company.

8 Blazing a trail for "NewCo"

Where is "NewCo" headed as an independent company? The general managers for the six businesses outline their strategies.

12 Taking partnerships to a new level

With about 170 media representatives attending, HP and its partners served up its e-services strategy in May.

14 Making the grade with new graduates

The interview tables are turning—especially in this time of transition—and HP must compete aggressively to attract and hire the best new college grads.

17 Meeting customers on their own turf

Factory workers at HP's Dublin (Ireland) Inkjet Manufacturing Operation get a unique face-to-face experience with customers.



Page 4



Page 8

DEPARTMENTS

20 People

Hard work, a solid team and a collaborative customer spell success for Lee Lenhardt, HP's top sales rep of 1998.

22 Letter from Ned Barnholt

"NewCo's" president and CEO explains what speed, focus and accountability will mean in the new company.

24 Letter from Lew Platt

HP's chairman and CEO discusses the work HP needs to do for Y2K.

26 Web-wise

As time goes by, things are changing, including *MEASURE*.

27 Your turn

MEASURE readers share their views on matters of importance.

29 Extra*MEASURE*

News from around the HP world.

32 Parting shot

HP's Christiane Brown sees eye to eye with a holy man.

MEASURE

Editor:
Jay Coleman, ABC*

Associate editors:
Kathy Mirtallo
David L. Price
Joan Tharp

Art director:
Tim Mitchell

Contributing writer/Web liaison:
Lila Kakuk

Photo research:
Carol Parcels

Circulation/Intern:
Muoi Tran

MEASURE is published in mid-January, March, May, July, September and November for employees and associates of Hewlett-Packard Company. It is produced by HP Communications, Employee and Executive Communications section, Shirley Gilbert, manager. Address correspondence to *MEASURE*, Hewlett-Packard Company, 3000 Hanover Street, 20BR, Palo Alto, California 94304-1185, U.S.A. The telephone number is (650) 857-4144; the fax number is (650) 857-7299; and the e-mail address is jay_coleman@hp.com.

© Copyright 1999 by Hewlett-Packard Company. Material may be reprinted with permission.

*Accredited Business Communicator by the International Association of Business Communicators (IABC).

Hewlett-Packard Company is a global manufacturer of computing, communications and measurement products and services recognized for excellence in quality and support. HP has 123,000 employees worldwide and had revenue of \$47.1 billion in its 1998 fiscal year.

Selected articles from this and past editions of *MEASURE* are available on HPNow at <http://hpnow.hp.com/>.



MEASURE magazine is printed on recycled paper with vegetable-based inks.

"If you're blue and don't know where to go, why don't you go where fashion sits?"

Puttin' on the Ritz™

—Irving Berlin

A genteel lesson in customer service and communication from the 14,000 ladies and gentlemen of the Ritz-Carlton Hotel Company.

By Jean Burke Hoppe



You notice it right away: The impeccably polite voice on the other end of the line using phrases such as "It's my pleasure," and "I'll be happy to." You do not land in Voice Mail Hell. You are not put on hold. You are promised a follow-up call with the information you need—and actually receive it within the hour.

You have entered the Ritz-Carlton Hotel zone, where the motto is: "We are ladies and gentlemen serving ladies and gentlemen." You are in good hands.

To many, the Ritz-Carlton Hotel conjures up images of fluffy bathrobes, elegant restaurants, sophisticated luxury, classical music and expensive antique furniture.

Mere props, say its employees. Ritz-Carlton is more of an attitude, a way of being that "emanates from a core set of values and principles that is adapted in the walk and talk of 14,000 ladies and gentlemen around the world."

To employees, it's about "moving heaven and earth to delight our customers" and "creating spectacular experiences that capture our guests' hearts."

It's about the Ritz-Carlton credo being

"known, owned and energized by all employees."

Yes, the people of the Ritz-Carlton Hotel Company really talk this way. They talk this way whether they make executive decisions—or beds—or roasted loin of venison with a fresh coastal huckleberry sauce and wild mushrooms puree.

They talk this way because it's been drummed into them from their first day on the job.

This zeal for customer service has won them a secure place at the top of the luxury hotel business, second only to the larger Four Seasons, based on size. In January 1999, Ritz-Carlton had its best month since its incorporation in 1983, and is bent on expansion. There are 36 properties

around the world, two more opening in 1999 (in New Orleans, Louisiana, and Sharm El Sheikh, Egypt) and several opening in 2000. The company plans to

expand to 100 hotels in the next decade.

This attitude also won Ritz-Carlton the Malcolm Baldrige National Quality Award in 1992—the only hotel ever to win the coveted award. In the years since, the company has continued a shift from a traditional hierarchical management structure to total-quality management and self-directed work teams.

It's about the Ritz-Carlton credo being "known, owned and energized by all employees."

Best of the Best



It isn't enough just to satisfy customers at Ritz-Carlton Hotels; employees there strive to delight customers. So, as HP continues to stress customer satisfaction, innovation and process improvement, it can learn from the example of the luxury hotel chain. In this fifth in a series of Best of the Best stories, MEASURE examines Ritz-Carlton and its relentless pursuit of excellence.—Editor





JIM THOMAS/RITZ-CARLTON

These principles of quality and service clearly come from the top. President and Chief Operating Officer Horst Schulze participates in training and staff meetings with his employees around the world. He tells them, "I am president of Ritz-Carlton...I am an important person." A pause and then, "You are as important because you

make this hotel run. If I were absent for a day, no one would notice. But you, ladies and gentlemen, would be missed."

Horst, who has been with Ritz-Carlton since 1983 and president since 1988, started in the business at age 14 as a dishwasher and moved up to work as a waiter, housekeeper,

front-office receptionist and manager of hotels throughout Europe and the United States. He knows firsthand that it's the front-line employees who can best boost guest satisfaction. He tells employees, "I had a vision of where I wanted to go. You can do this, too. I want to help you."

When he's finished talking, says Allison Frantz, corporate director of training and development, "people are so motivated they want to follow him out of the room."

At the heart of Ritz-Carlton's legendary customer service is its "Gold Standard," the company's founding principles, which Horst helped develop. It includes the company credo, motto, three steps of service and 20 Basics. "It's what separates us from the rest," says Allison.

Employees carry a laminated copy of the credo card with them always; it's considered part of the uniform.

Every new employee receives an intensive two-day orientation, presented by local hotel management, to learn the credo on that laminated card. The employee then is in the hands of a departmental trainer for several weeks to learn the technical aspects of his or her job. On Day 21, the training group is reunited for a reality check to see how they're adjusting, and to see if they understand their jobs and the Ritz-Carlton philosophies.

Allison says people know early in the process whether they're going to be a good fit with Ritz-Carlton. "We use carefully designed interviewing tools to hire the right kind of person, people who get intrinsic value out of providing service. We definitely need people who can appreciate our culture. Our employee turnover rate last year was 33.2 percent; the industry



average is 150 percent. We're proud of that."

After orientation, a typical Ritz-Carlton employee will receive between 100 and 120 hours of training a year, a range of core classes that covers everything from communication, trust, selling, guest-problem resolution and team-building to Stephen Covey's *7 Habits of Highly Effective People* and *4 Ls* (live, love, learn and leave a legacy). Employees attend biannual "State of the Hotel" meetings, re-orientation meetings with "Ritz Games" (like putting together a big puzzle of the company credo), monthly departmental meetings, weekly staff meetings and an opportunity to attend biweekly "Talk to Me" lunches with the hotel manager.

The cornerstone of Ritz-Carlton's communication with employees is the Daily Line-Up. It happens every day in every property and office, on every shift. From Bali to Barcelona to Boston, the 14,000 ladies and gentlemen of Ritz-Carlton hear the same message from corporate head-

quarters each day: one quality or communication topic and one of the 20 Basics.

The line-up also is a chance to discuss local business issues; to share "love letters" and "incidents" from guests; to confront conflict; and to celebrate anniversaries and birthdays.

Well said and well done

The Credo

"The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.

"We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed yet refined ambience.

"The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests."

The Motto

"We are ladies and gentlemen serving ladies and gentlemen."

The Three Steps of Service

1. A warm and sincere greeting. Use the guest name if and when possible.
2. Anticipation and compliance with guest needs.
3. Fond farewell. Give them a warm good-bye and use their names if and when possible.



JENNIFER SAUER

During the Daily Line-Up in the housekeeping department at the Ritz-Carlton Hotel in San Francisco, managers Greg Schmidt (left) and Christoph Moje review the Basic of the Day (#10—guest incident-action forms) with the cheerful morning crew.

of their internal and external customers (guests and employees) so that we may deliver the products and services they expect. Use guest preference pads to record specific needs."

The topic may be a business basic such as phone etiquette. Or, employees may get a quick lesson about Egypt, where a new hotel is opening this year, so that they will be able to speak about it knowledgeably with interested guests.

There might be time at the line-up to applaud someone's "First Class Card," a hand-written note employees receive from a supervisor for "indiscriminate acts of kindness and love," for when they're "caught doing something really right."

Says Allison, "The line-up is simply the most powerful form of communication I've ever seen. Attendance is mandatory but that's never an issue. People want to attend."

The line-up happens at 9:05 a.m. daily at Corporate headquarters in Atlanta, Georgia, too, and is conducted by Horst Schulze when he's in town.

For Horst and the 14,000 ladies and gentlemen he works with, the future is about delivering what customers want, defect-free and "doing it in a way so that the customer feels like a human being.

"We realize these ideas aren't new or particularly sophisticated," he says. "But they work because we are relentless about making them happen. Relentless in talking to our people. Relentless in thinking about what will delight our guests. Relentless about staying a step ahead of the competition. Buildings are buildings no matter what name is on the front. Service is the only thing that sets you apart." **M**

(Jean Burke Hoppe is a Lincoln, Nebraska-based free-lance writer.—Editor)

"We focus on what binds us, what unites us," Allison says. "I've heard it described as a 'brilliant flash of the obvious.' We talk to all of our employees every day. We start at orientation and we never stop."

For example, the topic might be No. 9 of the 20 Basics, which says, "Instant guest pacification will be ensured by all. React quickly to correct the problem immediately. Follow-up with a telephone call within 20 minutes to verify the problem has been resolved to the customer's satisfaction. Do everything you possibly can to never lose a guest." Often, there will be a review of any "guest incidents" or defects so that employees can go out of their way to win back disgruntled guests that day.

The topic might be another of the 20 Basics, such as No. 6, which advises, "All employees will know the needs

The Ritz-Carlton legacy

The Ritz-Carlton Hotel Company, L.L.C. was established in 1983 when William B. Johnson bought the Ritz-Carlton, Boston, and the rights to the Ritz-Carlton name. Today, Marriott International owns Ritz-Carlton.

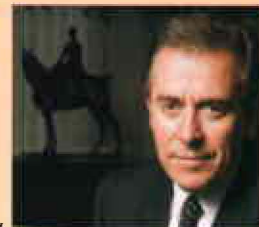
The Ritz-Carlton legacy, however, goes back to 1898 when Cesar Ritz, the "king of hoteliers and hotelier to kings," opened the Hotel Ritz in Paris. His philosophy of service at the Ritz and the Carlton in London redefined the high-end hotel experience in Europe and "ritzy" soon entered the lexicon as a word that meant luxury and sophisticated taste.

The Ritz-Carlton, Boston, opened in 1927 and was originally part of the Ritz-Carlton Management Company, which had expanded into the United States in 1910. It's the only hotel from that original company in today's re-established Ritz-Carlton chain.

In its early days, the Ritz-Carlton in Boston was essentially a private club for the very wealthy. Dress codes were enforced, and guests were checked to see if they were in the *Social Register* or *Who's Who*. Unescorted women could not enter The Ritz Bar until 1970.

Famous moments in Ritz-Carlton, Boston, history:

- Richard Rodgers composed *Ten Cents a Dance* on a piano there.
- Oscar Hammerstein wrote the lyrics to *Edelweiss* in the shower during an overnight stay.
- Tennessee Williams wrote part of *A Streetcar Named Desire* there.
- A suite for actress Joan Crawford was decorated with Peppermint Life Savers because it was her favorite candy.
- The guest room furniture in Winston Churchill's room was reupholstered in red, his favorite color.
- Famous guests weren't always human; Rin Tin Tin and Morris the Cat also stayed there.



Horst Schulze is Ritz-Carlton's President and COO.



Blazing a trail for "NewCo"

Where is "NewCo" headed as an independent company? The general managers for the six businesses outline their strategies.

Cynthia Danaher, Healthcare Solutions Group (HSG)

Healthcare Solutions Group exists to reduce suffering and save lives by extending the practice of healthcare in new places and in new ways. The result of everything we do is an improvement in the quality of life.

We are riding the energy of "NewCo" to take a broader look at how we can impact healthcare. Our business has provided technology to professionals caring for very ill patients in acute hospital settings. This always will be very important at Healthcare Solutions Group, but we also see a greater healthcare opportunity.

People are suffering in places besides the hospital. People also have chronic disease. As consumers, we all care about staying well. Healthcare happens not only in hospitals but also at home. In fact, 70 percent of sudden cardiac arrest happens in the home.

HSG has the competencies to expand into these new spaces and to reduce suffering and save lives across the world 24 hours a day. And that is a very good reason to come to work every day.



STEVE CASTILLO

Rick Kniss, Chemical Analysis Group (CAG)

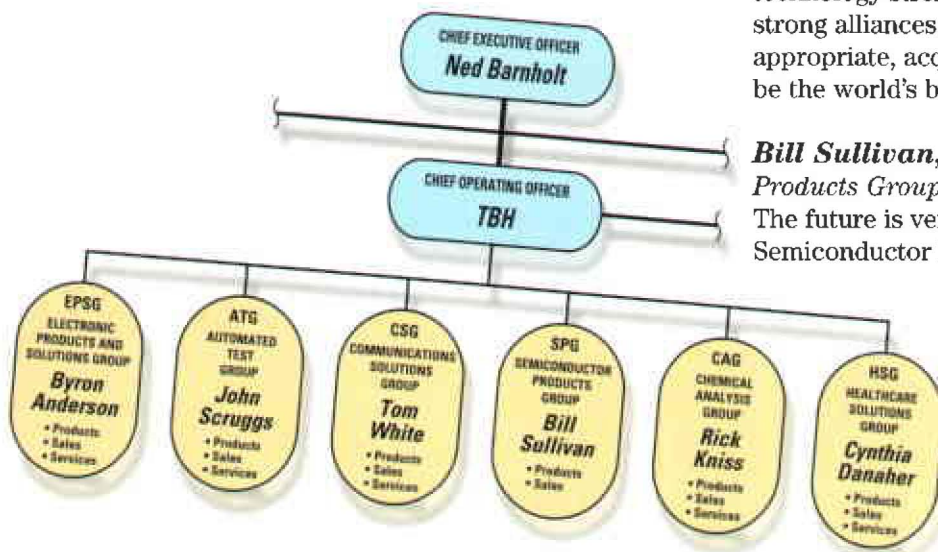
We're excited about the opportunity afforded by the formation of "NewCo." While we've always had an intense customer focus, the new autonomy will allow us to respond to emerging market opportunities faster. We intend to maintain our leadership position in our current businesses and sharpen our focus to take advantage of select growth areas in certain industries and geographies.

We'll move rapidly to shift resources and invest in the exciting growth opportunities and dynamic changes taking place in the pharmaceutical and biotechnology industries.

And, we'll capitalize on our core technology strength by looking for strong alliances, partnerships and, if appropriate, acquisitions. We aim to be the world's best at what we do.

Bill Sullivan, Semiconductor Products Group (SPG)

The future is very bright for the Semiconductor Products Group



J. ANDRUKA



The autonomy created by "NewCo's" split from Hewlett-Packard will allow the Chemical Analysis Group to respond faster to emerging market opportunities, says G.M. Rick Kniss (right), during lunch with Steve Clark, controller at HP's Little Falls (Delaware) Analytical Division.



displays—that empower an increasingly connected world. Our technology portfolio is strong and our cost structure is highly competitive, so we're confident that we can be a major contributor to "NewCo's" profitability and to our customers' continuing success.

Byron Anderson,
Electronic Products and Solutions Group (EPSG)

We have a rich history in EPSG and the formation of "NewCo" gives us an even broader range of opportunities to pursue.

We make the electronic tools that help our customers bring new technologies to commercial applications so they can launch and grow new businesses. We are now helping to enable the wireless and digital revolutions.

Our product offering is the broadest in the industry. We are the world's leader in test-and-measurement

instrumentation. Our field sales, support and services reach and help many more customers than anyone else. We use this breadth of product, customer reach and our close relationships with electronic industry leaders to gain early insight into emerging needs that we can capitalize on with our measurement expertise.

We've been the incubator for many businesses over the years, the most recent being CSG and ATG. We look forward to contributing to our customers' successes and carrying forward our proud tradition as the world's

Our field sales, support and services reach and help many more customers than anyone else.

because we are focused on delivering much of the underlying technology that makes fast and inexpensive communications possible.

People around the world are logging onto the Internet in record numbers and are sharing more kinds of information faster than ever before—text, graphics, video and voice—over a combination of wired and wireless connections. Wherever that information is created, stored, processed, transported and displayed, there is likely to be an opportunity for SPG in one of our customers' products.

We supply many of the critical communications devices—image-capture semiconductors, fiber-optics transceivers, high-speed integrated circuits and ASICs, wireless semiconductor components and micro-

Byron Anderson, G.M. of the Electronic Products and Solutions Group, discusses EPSG strategy with Steve Feo, program manager for Telecom 99, Geneva, Switzerland, then meets with Rosemary Napolitan in Human Resources.



DOUGLAS L. PECK



pre-eminent test-and-measurement solutions supplier.

Tom White, Communications Solutions Group (CSG)

As we enter a new era of global communications, CSG will play an important role in helping our customers accelerate to the next generation of networks and services needed to make it happen.

We are focused on helping to solve some of the top insomnia topics of our customers, primarily network equipment manufacturers, communications service providers and enterprise accounts. CSG provides a broad range of solutions and services to help these customers design, build, test, operate and manage their networks and services.

The explosive growth of the Internet, coupled with new enabling

technologies, make this industry one of the most dynamic places to be and presents CSG with an unprecedented opportunity.

CSG's core strengths in anticipating and solving customer needs, coupled with increased agility as part of "NewCo," will enable us to continue on our growth path and contribute greatly to stockholder value as we go forward.

John Scruggs, Automated Test Group (ATG)

Every day we are amazed and delighted by some exciting new electronic appliance that computes, controls, communicates, amuses or in some other way affects our lives. The most amazing thing perhaps is not that

"Making Technology Pervasive" is a 24-hour-a-day, seven-day-a-week endeavor that is going to keep ATG busy in every corner of the world, as creativity continues to make the extraordinary ordinary.

someone could envision such devices, but that they can be produced by the millions, at a very affordable price. That is where ATG fits in.

Our mission is to partner with our customers in "Making Technology

Pervasive." "Making" denotes our focus on high-volume manufacturing, accelerating our customers' time-to-market (TTM), time-to-volume (TTV), time-to-profit (TT\$). "Technology" refers to our ability to test the leading edge all along the electronic food chain, from semiconductors and PC boards to final assemblies. Making this "pervasive" involves dealing with a huge variety of products and applications; high enough quality for automobile air bags, low enough cost for your kids' lighted tennis shoes.

As they say, "It takes one to know one," and it also takes high tech to test high tech. Our goal must be to innovate test products and services that stay ahead of our customers' most ingenious new offerings.

"Making Technology Pervasive" is a 24-hour-a-day, seven-day-a-week endeavor that is going to keep ATG busy in every corner of the world, as creativity continues to make the extraordinary ordinary. **M**

In Loveland, Colorado, John Scruggs (center), G.M. of the Automated Test Group (ATG), meets with Shane Fazzio (left), hardware engineer in the Manufacturing Test Division, and Bill Martin, ATG R&D manager. John also confers with Loran Due, Loveland Manufacturing Center asset administrator.



While most HP employees are focused on business-as-usual and "keeping the plane flying," a core group concentrates on the intricacies of splitting off HP's measurement-and-components business. Most of the meetings take place in the Rapid Decision Center in Palo Alto, California.



STEVE CASTILLO PHOTOS

Building a new company

With more than 600 locations worldwide, dividing the bricks and mortar part of HP and "NewCo" is no small task.

However, with lightning speed, HP Corporate Real Estate made building assignments a top priority for the transition. In May, HP announced that 95 current HP locations will become "NewCo" sites. More than half of the 600 locations will house both HP and "NewCo" employees.

For real estate updates, check the HP.Now Web site. Here are the "NewCo" locations as of July 1, 1999.

Geog./Country	State/Province	Site Name	Geog./Country	State/Province	Site Name
Americas					
USA	California	California Avenue site, Palo Alto	Europe/Middle East	Belgium	Gent office
		395 Page Mill Road site, Palo Alto			France
		HP Labs Deer Creek, Palo Alto		Germany	
		Fremont site			Böblingen, Christ warehouse
		Mt. View (Evelyn Road) Service Ctr			Monheim office
		Newark site			Sindelfingen, Haug warehouse
	San Jose site	Waldbronn site			
	Santa Clara site	Israel		Tel-Aviv Nirim office	
	Santa Clara Bldgs. 86-88			Italy	Bari office
	California	Rohnert Park site			Firenze office
		Other			Roseville RL location
				Santa Rosa site	Milano Villa Fiorita office
				West Lake Village office	Roma Vittorini office
	Colorado	Boulder office		Russia	Moscow Ectarinburg office
		Colorado Springs Centennial Boulevard office			Moscow Novosibirsk office
		Colorado Springs site		Spain	Las Rozas ES II office
		Fort Collins site, Bldgs. 1 and 2			Switzerland
		Hermitt Park and Sourdough rec. sites		Turkey	
		Loveland site			United Kingdom
	TMO Call Center, Englewood	Winnersh Customer Service Ctr.			
	Delaware	Little Falls site		Scotland	Butterstone Loch recreation site
	Florida	Melbourne office			South Queensferry site
Georgia	Barrett Service Center, Atlanta	Asia Pacific			
Illinois	Arlington Service Center, Chicago	Australia	Melbourne Forest Hill 1 office		
Indiana	Kokomo office	China	Beijing Crosston Plaza office		
Massachusetts	Andover site		Qingdao site		
	Sandwich recreation site		Shanghai Cang-wu site		
New Jersey	Westford office	Japan	Akita office		
	Rockaway site		All YAN locations		
New York	Fishkill office		Fujimi Lodge recreation site		
	Syracuse office		Fukuoka office		
Pennsylvania	Camp Akenac recreation site		Hachioji ABC site		
Tennessee	Hixson office		Hiroshima office		
Washington	Heartstream site, Seattle		Kobe site		
	Lake Stevens site		Mizonokuchi office		
	Spokane site		Nagoya office		
Canada	Alberta		Calgary CPDC office	Sapporo office	
			Vancouver AND office	Sendai office	
Costa Rica	San Jose office	Takaido NAF office	Malaysia	Penang site	
Singapore	Corporation Place site				
	Depot Close site	South Korea	KIO Kasan site		
KIO Kasan 2	Taiwan		Chungli office		

Taking partnerships to a new level

With about 170 media representatives attending on May 18, HP served up its e-services strategy, showcasing partners who are teaming with HP to enable an e-services world.



A year ago, few people knew much about the concept of electronic services (e-services)—a way to dramatically change the way businesses and consumers use the Internet. In fact, harnessing the power of the Internet and having the Web work for you was little more than a concept.

HP changed all of that on May 18. With about 170 media representatives attending from around the world, HP

Because e-speak is scheduled to be available free to developers on the Web, HP is looking to ongoing income from various services delivered online.

showcased its e-services strategy, launched its e-speak technology (code named Fremont)—a common “language” that all e-services understand—and introduced nearly two dozen partners who are teaming with HP to enable an e-services world.

For example:

- Internet Travel Network can build a personalized trip via the Web for every traveler, linking multiple travel services such as airline tickets, hotels and cars.

- HP is investing \$500 million in technology so that medium-sized companies can run SAP software over Qwest Communications International Inc.’s network. HP gets a per-month fee for providing these Web-based applications, or “apps-on-tap.”

- Seagate Technology, Inc., is using e-speak to create storage services and products of virtually unlimited capacity on the Internet.

Developed by HP Labs, HP’s e-speak technology makes it easier and faster to create, deploy, manage and connect e-services. With HP’s e-speak, e-services can locate other e-services anywhere on the Internet and link them through a process of



Partners played a key role on May 18 when HP unveiled its e-services strategy to the media. Ann Livermore, president and CEO of HP's Enterprise Computing organization, introduced (from left) Dag Osterman, chief information officer of the Tax Authority of the Government of Sweden; Gadi Maier, CEO of Internet Travel Network; and Alan Snyder, CEO of Answer Financial.

HARDING MARKETING COMMUNICATIONS, INC.

our ability to move fast with agility will carry the day.”

Because e-speak is scheduled to be available free to developers on the Web, HP will earn income from various services delivered online and through new revenue sharing models.

“Chapter 2 of the Internet is primarily a transaction- and usage-based economy,” says Nick Earle, EC chief marketing officer and HP senior V.P. “Quite frankly, our strategy has left our competitors flat-footed. But we see these service revenues as an annuity stream that will continue to fuel the HP growth engine.”

To keep pace with the ever-changing world of e-services, check HP's Web site at <http://enterprise.hp.com/eservices>. **M**

“dynamic brokering”—even if sites were built using a different technology.

E-services' success hinges on the partnerships HP develops. We already have more than three dozen e-services relationships and the list is growing every day.

“Strategic partnerships have always been key to HP's success in delivering total solutions in the marketplace, such as what we've done with Oracle and Cisco for the Mission



“Our strategy has left our competitors flat-footed,” says Nick Earle, Enterprise Computing chief marketing officer and HP senior V.P.

Critical Computing platform,” says Ann Livermore, president and CEO, HP Enterprise Computing (EC). “But they may be even more important as we move into the next chapter of Internet computing, in which

HP's e-partners

Andersen Consulting
BEA Systems, Inc.
British Telecom
BroadVision
Comptel
dbn
EDS
Ernst & Young
FedEx
Frontier GlobalCenter
Government of Sweden
GRIC Communications

GTE Internetworking
Helsinki Telephone Corporation
Insurance Answer Center
Insynq
Intel
Internet Travel Network
Lexacom
LPG Innovations Ltd.
Microsoft

Qwest
SAP
Sapient
Seagate Technology, Inc.
Siemens
Sonera SmarTrust
Usinternetworking Inc.
ViaLink Company
Viant
Yomi Media



Making the grade with new graduates

The interview tables are turning—especially in this time of transition—and HP must compete aggressively to attract and hire the best new college grads.

By Muoi Tran

LOS ANGELES— Even in the dimly lit banquet hall, hundreds of fresh, young faces shine. These are the faces of some of the brightest engineering students, who have worked hard to prepare for the 1999 National Technical and Career Conference (NTCC), held each year by the Society of Hispanic Professional Engineers.

The gala dinner is a short break for the students. Early the next day, they must be prepared for numerous interviews at the career fair, the culmination of the four-day conference. As the evening continues, energy and enthusiasm continue to radiate from bright smiles and sparkling eyes, successfully disguising any bit of fatigue or weariness caused by three consecutive days of non-stop technical workshops and meetings.

But the students—more prepared than ever with their extensive course work and job experience—aren't the only ones putting their best faces forward, ready to impress. Among them are representatives from more than 250 major companies—including HP—who partake in all events, with the hopes of recruiting top candidates.

NTCC is only one of eight major technical and business conferences at which HP recruits annually, besides going directly to more than 75 college campuses nationwide. Corporations

MARK STEPHENSON PHOTOS



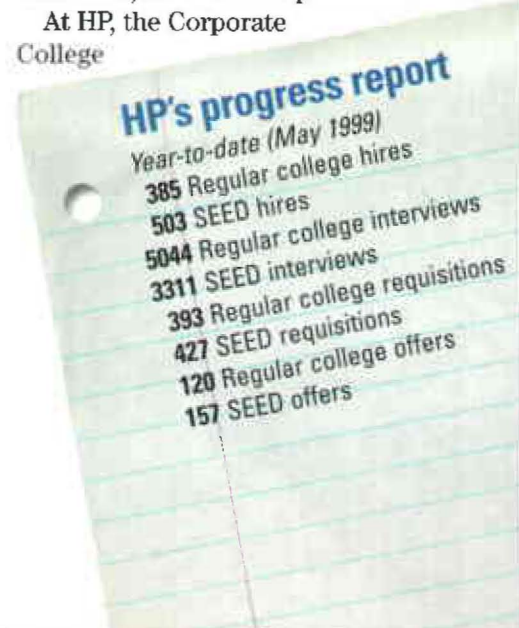
usually sponsor most of the activities to gain visibility and to contribute to the enrichment of the students by offering technical workshops and other resources, such as resume-writing rooms.

According to NC³ (National Corporate College Consultants), a premier college-recruiting firm that helps Fortune 500 companies and others design and implement recruiting programs, "Fewer than 40,000 graduates in technology-related

fields have a choice from among about 200,000 available positions."

At HP, the Corporate College

"The college market has become the most competitive in history for the kinds of students in which we're interested."





Product raffles, a prominent location and enthusiastic recruiters make HP the career fair's hub of activity.

completed for the spring. But shortly after the news became public, "Many recruiters received frantic phone calls from students who already had HP offers, questioning how the split would affect the businesses they would be joining," Jim says.

"I'm aware of at least one student who turned us down after already accepting an offer," Jim adds. "Students are understandably anxious about what it means, but we just don't know the answers to many of their questions at this time. Hopefully, we'll know a lot more by this fall—when recruiting peaks again."

Although there was a slowdown in recruiting in the past year, "this didn't create significant problems in terms of attracting students because HP still was able to maintain high visibility on college campuses and at recruiting events," Jim says. "But it has made a significant impact on hiring—where it counts most, and where recruiting efforts are measured ultimately.

"Fewer college and SEED requisitions were open in the fall of '98 when we needed them open," Jim adds. "So, many top candidates that recruiters interviewed—and highly recommended—weren't offered jobs at HP.

"As we had feared, in February and March, hundreds of requisitions were opened, but many will go unfilled because HP will not find the type of candidates we want," Jim says.

And how does HP compare to our competitors in the college-recruiting arena? "Other companies use similar approaches, such as having direct contacts with schools and having a presence at conferences and job

fairs," says Fouzia Zaheer, Diversity Recruiting Program manager. "But most of the companies do not have big teams like HP. I'm always asked how I manage such a large team."

HP recruiting teams consist of volunteer interviewers and mentors who work in technical and business positions, and are extremely knowledgeable about the positions for which they recruit.

Their role is to identify and interview top students. Beyond this, they work hard to see that their students are hired by HP. "At each conference, I'm always amazed by the dedication of HP recruiters. They're always asking me if they can help in any way, and they're very enthusiastic when speaking to students," Fouzia says. "Companies try to reach out to students, and HP teams are excellent at doing that."

One of the major areas where HP can improve, however, is reducing the

"As we had feared, in February and March, hundreds of requisitions were opened, but many will go unfilled because HP will not find the type of candidates we want."

Recruiting department (CCR) is well aware of the tough competition. "The college market has become the most competitive in history for the kinds of students in which we're interested," says Jim Shunk, CCR department manager. "Many students have five to 10 offers to choose from."

With the split of HP, there's a greater need to focus on college recruiting than ever, Jim adds. "The challenge for our recruiting teams is to interest and interview students for two soon-to-be-separate companies."

By the March 2 announcement of HP's split, most of the on-campus interviews were



Equipped with HP PCs and LaserJet printers, the HP resume-writing room conveniently allows students Stephanie Aragon (left) and Jessica Loyola to perfect their resumes and print them out after getting pointers from HP recruiters.

Regular college hires:

- 40% Women
- 8% African American
- 24% Asian
- 10% Latino
- 1% American Indian

SEED hires:

- 43% Women
- 11% African American
- 20% Asian
- 18% Latino
- 1% American Indian

For more information, visit the HP Corporate College Recruiting Web site at <http://persweb.corp.hp.com/staffing/ccrwebb/ccrhome.htm>.

Graduates

One of the major areas where HP can improve, however, is reducing the time between when the interviews are conducted and when the hiring managers contact favored candidates.

time between when the interviews are conducted and when the hiring managers contact favored candidates. "Other companies' hiring processes are a lot faster than HP's," Fouzia says. "They really move on these candidates; they are very aggressive

in keeping in touch with the students; and some companies have referral rewards and signing bonuses."

A major competitor, Intel, offers a very attractive signing bonus, Fouzia says. It sometimes pays up to three months' worth of salary—on top of

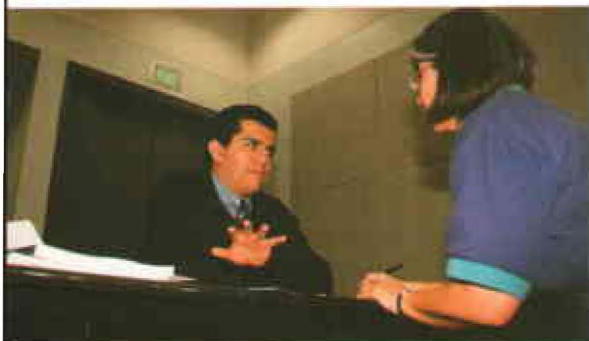
MARK STEPHENSON PHOTOS



"Most students are excited about our work culture, our values, our benefits and their opportunity to work in the frontier areas of technology." **M**

Salvador Cacho, Jr.—the first in his family to go to college—is one of the first candidates selected for HP's next, more formal round of interviews.

Manuel Dominguez, Jr., currently an intern at Weyerhaeuser Company, takes a break from recruiting to discuss his classes and volunteer activities with Norma Abe for a possible internship at HP.



relocation and stock options. HP is feeling pressure from start-ups as well. They move on candidates very quickly and give students deadlines to make a decision.

"Despite these hurdles, our top competitors, such as IBM and Intel, consider us a top competitor, i.e., those they lose many candidates to," Jim says.

"For all the reasons that have made HP a unique company for decades, we are still able to compete favorably for today's college graduates," Jim adds.

A student perspective

Edgar Valenzuela (right) knows what it's like to be a star athlete, courted by all of the top teams.

In September, Edgar, computer-science major with a 4.0 grade-point average, will be a senior at California State



Norma Abe and Daniel Cerda, an intern Norma recruited last year, are impressed by Edgar Valenzuela's achievements and positive attitude.

Polytechnic University, Pomona.

Three months ago, he poured over summer job offers at HP—where he interned during the summer of '98—Microsoft, Lucent, Merck, Dreamworks and Raytheon before choosing Microsoft.

Meeting customers on their own turf

Factory workers at HP's Dublin (Ireland) Inkjet Manufacturing Operation get a unique face-to-face experience with customers.

By Todd Shapera

DUBLIN, Ireland—Vic Murphy was a little nervous about his first face-to-face encounter with HP customers at the Compustore in Dublin, Ireland's St. Stephen's Green shopping district.

A production employee from HP's Dublin Inkjet Manufacturing Operation (DIMO), Vic was one of 126 employees who volunteered to be HP sales ambassadors in retail stores during the 1998 December holiday season. Because HP's sales brochures were seen as too technical, Vic took a personal approach.

"I scanned photos of our new baby and pointed out that these were produced by me—a factory worker—in my sister's home," Vic says.

Although the Compustore was thought to be a stronghold for Epson

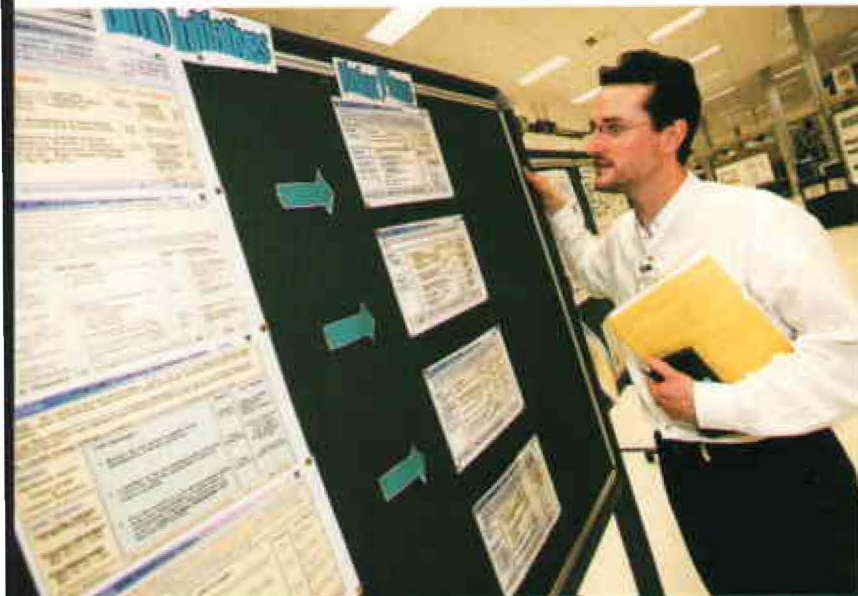
and Lexmark printers, HP's holiday sales for scanners and printers stunned everyone. Indeed, they shot up to claim a 70 percent market share across Dublin's three Compustores, a doubling from the previous year. In the process, sales rocketed 250 percent ahead of the previous year.

What prompted the turnaround? HP credits the voluntary "floor walkers" with making a big impression with customers in the three Compustores during the seven pre-holiday shopping weekends. The scheme was a cost-effective response to aggressive tactics by competitors who were capturing customers

Margaret Fox, a production-development assistant at HP's Dublin (Ireland) Inkjet Manufacturing Operation, explains the inner workings of an HP Deskjet printer to a customer in a Compustore showroom in Dublin. The customer was so impressed, he bought the product.



Customers



Kevin Meehan, DIMO's quality-programs manager, who devised the manufacturing floor-walker program to meet customers face-to-face, checks DIMO initiatives and results.

Paschal Hamilton (right), DIMO production manager, who confers with Formula Operator Jean Kelly, volunteered for the meet-the-customer program because, "I wanted to see whether we are as good as we think we are."

through in-store merchandising reps and aggressive pricing.

The DIMO plan was inspired partly by HP's Demo Days in the United States, where HP representatives go out to stores to learn about customer needs, says Kevin Meehan, DIMO's quality-programs manager. DIMO's plan was more aggressive and broad-based, Kevin explains.

DIMO recruited its retail sales ambassadors through an invitation to all 1,300 DIMO employees. No added compensation was offered, only comparable vacation time for the weekend day that workers spent in a computer store.

"We got flooded," Kevin says of responses to the letter. The 126 volunteers represented nearly 10 percent of the organization and a cross-section of employees, from manufacturing to senior management. Within a month, the employees were trained and dispatched.

According to Kevin, credit for the rapid deployment goes to a multidisciplinary project team that included Martin Hurren, HP's Ireland retail-program manager; Brian Kennan, DIMO's supply chain manager; Linda O'Connell from DIMO training; Gary Tierney, the channel manager for HP Ireland; and Deirdre Humphreys, Vic and Kevin from

"We didn't pay much attention to that," Kevin says. More important than in-depth knowledge of the machines, the Dublin team banked on volunteers' passion and their embodiment of the HP Way as the core skills needed to boost sales.

"We did three hours of technical training for each volunteer," Kevin says. "That's it: four sessions over two days. And that was just to show people the print system and give them confidence so they could engage with the customer."

Kevin's remarks to volunteers at the training sessions amounted to a brief pep talk: "We just said 'go out and be yourself. Say what you know and what you don't know and lean on the HP Way as far as integrity and flexibility go.'" Then he added, "Make sure that you aren't unprofessional in your words and behaviors in regard to our competitors and their products."

One to three volunteers worked in three stores each Saturday and Sunday for seven weeks. For volunteer Athena Pappas, the opportunity to interact with customers dovetailed nicely with her mandate to set up a DIMO committee on the "psycho-visual

measurement of print quality." Like many volunteers, Athena

DIMO quality programs.

Skeptics within HP warned that a huge risk to the operation was the volunteers' lack of product knowledge. They argued that costly training would be necessary.

was a bit nervous when first driving to the store, unsure as to whether she could credibly answer customer questions. Once on the floor, though, she got a sale almost right away.

"I was surprised at the amount of confidence the customers had in us," she recalls. Indeed, the first customer asked her to review three printer models. She recommended the middle-of-the-line HP 690C, based on his needs. "And the customer responded, 'OK, I will take that.'"

Athena smiles about the experience. "I used to sell Apple computers to schools in Portland, Oregon, and I never had a sale that easy."

Paschal Hamilton, a production manager, says he volunteered for the sales force because he felt "HP can be insular. We think HP is great and unbeatable. I wanted to see whether we are as good as we think we are."

His answer: "We're better than we think we are." Paschal says he had a great time, and spent much of it jockeying to outsell his boss, Jim Carey. "We didn't just sell printers, we sold every type of HP product you can think of—cables, media, cartridges," he says. Paschal, a burly guy, adds that he relied on candor and straight talk with customers. "I'm not going to give them the big sales palaver."

Throughout the seven-week sales program, debriefings were held to review the various challenges that arose in stores during preceding weekends. As the program evolved, HP's volunteers learned that product knowledge was only part of the challenge. Early on, HP printers and scanners weren't even plugged in for demonstrations. Where possible, the volunteers corrected the problem immediately. Volunteers also found themselves tidying up displays and making print samples to hand out.





IAN WHITE PHOTOS

“Now they know why we keep pushing these quality goals and why we measure in parts per million.”

Equally resourceful, when volunteer Margaret Fox felt stumped by a customer’s software question, she simply rang her fiancé at home for the answer—and he doesn’t even work for HP. Margaret, who normally peers into a microscope, performing autopsies of flawed print cartridges, volunteered for this program because she “feels passionate about sales” and “wanted to get out there and mix and mingle.”

The sales teams learned that their challenges required dealing like Gandhi with competitors’ merchandising representatives in the stores, who at times were antagonistic. On Margaret’s watch, one rep kept telling customers “don’t go near HP.” Margaret countered by calmly approaching and offering, “I’m available if you need any help.”

When one rep attempted to pawn off HP printer samples as his company’s products, Paschal and Jim Carey used it to their advantage, without ever confronting the man.

“We stood on each end of the aisle so the customer

had to run into us. And we said, ‘Would you like to see where those print samples came from?’”

Paschal adds that if Compustore’s own staff was initially skeptical about the IHP presence, they soon gleaned that it was boosting sales and giving customers added conviction when making their purchases. “They started bringing us their customers, further demoralizing the agents of the other manufacturers,” Paschal adds.

One initially wary store manager was Graham Bly, from the St. Stephen’s Green Compustore. He was concerned that customers would feel that IHP products were being foisted upon them. He soon observed, though, that customers valued the informative—but non-pushy—attention from HP’s people.

Graham says the program made him more amenable to enhancing IHP displays in his store. “The more support we get from manufacturers, the more we will look after them.” Over time, blue-and-white HP boxes went from being displayed sporadically to becoming highly visible holiday displays.

The end-of-program sales numbers tell a compelling story. Sales at the three stores over the seven-week holiday shopping period jumped to 8,000 inkjet printers, a 250 percent

increase over the 3,000 units sold during the holiday season one year earlier. More importantly, Kevin asserts that the inroads made with store managers have been responsible for HP retaining its dominant market share since the program ended.

Beyond boosting sales, Kevin says the experience has helped reinforce a passion among the participants about the importance of DIMO’s quality system. “Now they know why we keep pushing these quality goals and why we measure in parts per million.”

The program was so successful that DIMO is considering using the same approach during the ’99 holiday season. Moreover, many participants believe the experience can provide a useful model for HP outside of Ireland.

“HP has a large competitive advantage—tens of thousands of employees who are very dedicated and committed to the company,” Kevin says. “We have a unique thing called ‘the HP Way’ that competitors don’t have. And from the results we have on this tiny island, and in this small drop of time, it seems this effort made a significant impact on sales.” **M**

(Todd Shapera is a free-lance writer who lives in the Hudson Valley of New York state.—Editor)



Growing a fruitful relationship

Hard work, a solid team and a collaborative customer spell success for Lee Lenhardt, HP's top sales rep of 1998.

By Barbara Kawamoto

"It's easy to sell HP services and support because the company has such high values and integrity," says Lee Lenhardt confidently. Lee, an HP sales rep, says there's goodwill in the HP name. "It alone lends us instant credibility."

Belief in those values has always helped motivate Lee. In 1998, he was recognized as HP's top sales rep, and achieved an impressive 612 percent of quota.

Ask Lee what he attributes to that success, and he immediately says, "team effort."

Growing up in Medford, Oregon, Lee thought he'd eventually take over his father's insurance agency. But while studying computer engineering at the Oregon Institute of Technology, he attended an HP campus interview in 1987 that changed his career path. He still recalls how enthused he was to be interviewed by HP. His girlfriend Kristy (now his wife) had given him a vial of M&Ms, labeled "HP Pills" for good luck.

He always thought highly of and heard good things about HP from his uncle, who worked in R&D at HP's Vancouver, Washington, site. So Lee didn't hesitate when HP offered him a job as a computer engineer in the Wilsonville, Oregon, sales and service office.

After five years of what he fondly refers to as "vacuuming out dirty printers and carrying around a tool bag," Lee transferred into sales. Since then, his energetic spirit and leadership have brought a new dimension to customer care.

In late 1997, Albertson's, Inc., one of the largest retail food and drug-store chains in America,

"(Lee) has a thirst for understanding customer needs," says Pat Steele (right), chief information officer for Albertson's food and drug-store chain, of Lee Lenhardt, HP's reigning top sales rep.

planned to put two or three PCs in each of its 900 stores. Albertson's considered PCs from IBM, DEC and HP. The chain already operated on an IBM platform. It also liked DEC's emphasis on rollout and support capabilities.

That's the environment Lee faced when he joined the Albertson's account. For months, he and his team made it their top priority to nurture the customer relationship begun years earlier by Steve Evans, HP's early rep on the Albertson's account. Even Rick Belluzzo, then head of HP's former Computer Products Organization (CPO), and Dick Hackborn, HP board member and retired executive vice president and general manager of CPO, worked on the account with Albertson's Chief Information Officer Pat Steele.

To maintain the intimacy of those bonds, Lee held special HP team meetings before every meeting with Albertson's. Everyone was indoctrinated on all aspects of the account. "We owed it to Albertson's to be up to speed on everything," says Lee.

In the midst of preparing for the Albertson's account and making roundtrips from Albertson's headquarters in Boise, Idaho, to his home in Portland, Oregon, Lee still made time for his home team—his wife, Kristy, and their four children, Lauren, Heather, Marcus and Luke. Often, after his children were all tucked

"HP's new alignment helped us act as a unified team. We weren't bound by separate goals or businesses. That helped us increase our customer focus."





into bed, Lee went back to work. He spent late hours in his home office, preparing for the next meeting and consistently leaving voice-mail messages of thanks or encouragement for his HP team.

"Lee always made sure that communication was flowing across the team," says Judy Kennedy, who oversaw Albertson's consulting services in the role of trusted advisor. "He always strived for the win-win, people-oriented and people-focused solutions."

According to Lee, about the time his team was pulled together, HP's enterprise computer organization was combined under Ann Livermore, who now heads Enterprise Computing. "No longer were we separate service providers," Lee says. "HP's new alignment helped us act as a unified team. We weren't bound by separate goals or businesses. That helped us increase our customer focus."

Lee's manager, Pat McNiff, emphasizes that Lee's strong leadership would have driven the team to success—regardless of the company's struc-

tural changes. "Lee has the leadership qualities that can really energize people," says Pat, America's Northwest district sales manager for sales force 10. "He has a great sense of direction and always stays on track."

Pat can list numerous accounts and awards that attest to Lee's reputation as a sales rep. For example, Lee's work with the Hollywood Entertainment account includes service and support for all of the video store chain's HP Netserver systems and personal computers in the United States.

Albertson's was looking for knowledge transfer. Lee and his team knew that, so they offered to assist it and work alongside it. "We stood firmly on our three pillars of HP support services: people, technology and tools, and processes." This cinched it for HP.

"We delivered an affordable, manageable, secure and stable desktop environment," Lee says. "Today, it's like there's Albertson's gear and HP gear, and we keep both gears turning

and engaging so quickly that there's no room for the competition to get in."

Pat Steele, Albertson's CIO, recognized that HP brought in the winning solution, plus the processes and standards that no other company had to offer. "In a very short time, HP assembled a great team," Pat recalls. "Lee clearly understood our needs and helped deliver a customized solution. He has a thirst for understanding customer needs."

As Lee reflects on his team's winning sales proposition, he credits everyone on his team. He also credits Albertson's CIO, whom he says taught him that a leader guides with hope and vision.

And that's a pretty good description of Lee Lenhardt, too. **M**

(Barbara Kawamoto is a San Jose, California-based communications consultant.—Editor)

Everyone's heard about speed, focus and accountability. "NewCo's" president and CEO explains what they will mean in the new company.

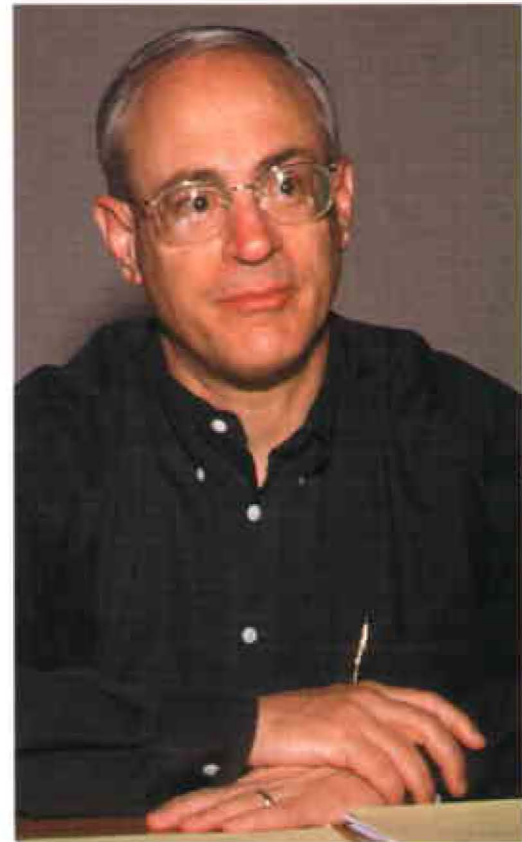
It's been an exhausting few months since March 2, when we announced our intention to split HP into two companies. Whether you're keeping HP's business on a successful track or helping ensure a fast and satisfactory transition, you've no doubt been working as hard as ever.

I especially appreciate your efforts because effectively separating the two companies allows "NewCo" to begin establishing itself as an independent company and get off to a strong start. Our goal has been to create two new companies, each made stronger by the separation and positioned for improved performance.

In "NewCo," we have a once-in-a-lifetime opportunity to create a new company that has all the best qualities from our HP heritage, including our values, our technology base and global presence, and our 45,000 talented and energetic employees.

There also are some things we need to change. Specifically, we need to improve our speed, focus and accountability to be successful as a standalone, publicly held, diversified technology company.

Let's look at each of these attributes individually, starting with focus, which underpins the other two.



Focus

As a new company that must attract and retain investors, as well as customers and outstanding employees, we will be under great pressure to continually increase our performance. It's essential that we concentrate our resources on those few things that are most important and not allow ourselves to get distracted. This means having a crisp business portfolio and clearly defining our key processes, key technologies and key new business opportunities.

We plan to actively manage "NewCo's" portfolio of businesses. This is different from what we're used to in HP. We will be making decisions at the highest level of the company about the businesses we are in, about alliances, acquisitions and divestitures, and about the best use of the company's assets.

We also plan to be more aggressive in making acquisitions and redirecting resources when necessary. I expect some of these decisions will be difficult, but they are necessary to ensure

the growth of our company. We will have to have a disciplined approach. That means avoiding getting overly attached to certain products or businesses. It also means that we can't pass up opportunities because of our historical biases. I don't pretend this will be easy, but I believe that every one of us can see the benefit of such a disciplined approach, even when it doesn't match our personal preference.

Speed

Speed is another area for improvement. But what exactly do we need to accelerate?

There are also some things we need to change. Specifically, we need to improve our speed, focus and accountability to be successful as a standalone, publicly held, diversified technology company.

Certainly, we've talked for at least a decade about the need to expedite product development and to minimize new product slippages. Competitors exploit these delays and shareholders will not be as forgiving once we're a separate company. Nor can we allow decision-making to be slowed by getting complete

agreement from everyone. In the future, decisions will involve fewer people and will need to be made quickly in order for us to keep pace with customers' and shareholders' expectations and to remain competitive against increasingly aggressive

and nimble rivals. This may be uncomfortable at first, but if we stay focused on our goal, I think we can all adapt to this new environment and learn to trust and accept decisions made by others.

Accountability

As an independent company, we will no longer simply be one-sixth of the larger Hewlett-Packard Company. As a result, the impact of our actions will have six times more impact than we've been used to. For this reason, it's imperative that every "NewCo" employee feels responsible for our results and for delivering real value to our customers.

One way we expect to instill more accountability for results is by instituting a pay-for-results compensation program deeper and wider than has been done in HP. Although we haven't yet worked out the details, I can tell you that more managers' pay will be directly affected by the results they achieve. Results will be defined by specific criteria, such as growth, profitability, cash generation and asset management.

Every "NewCo" employee should feel the heightened attention to speed, focus and accountability. In truth, it's essential that all of us understand these basic principles, embrace them enthusiastically and begin to think about and incorporate them into how we do our jobs.

In "NewCo," we have the opportunity to build a great new diversified technology company, but it will require unremitting attention to these principles—speed, focus and accountability—to attract investors, to satisfy customers, to continue to recruit the most talented employees and to win against tough competitors.

Despite this challenge and many others that lie ahead of us, I can honestly say that I haven't been this excited at any time in my 32-year HP career. I hope you are as enthusiastic as I am and as willing to make these necessary changes in order to achieve success.



There's still work to do, but HP's chairman and CEO says we're well prepared for Y2K.

As I write this letter, HP is on the threshold of a number of significant events. These include continuing to split the organization into two new companies, determining a permanent name for "NewCo" and announcing the next CEO for HP.

Overlaid on these major HP historical events is the unprecedented challenge of preparing for Y2K—the beginning of the new millennium and the potential technical problems that could occur among the world's information-based products.

A year ago, I was very concerned about HP's readiness—internally, as well as the status of our products, customers and suppliers. But I'm pleased to report that I'm now much more comfortable because we have an outstanding program in place.

I'm very proud of the way HP people around the world have interrupted

other high-priority jobs to respond to the Y2K challenge. We may have started a bit later than some of our competitors, but in typical HP fashion, our people have rallied to build a thorough and solid program.

That's not just my opinion. Management consultants from the High-Tech Consortium—a group of some 80 companies sharing methods and information about Y2K readiness—recently audited HP. They told us that they think HP is one of the best companies in the world in terms of our Y2K communications and contingency plans.

This doesn't surprise me when I look at the work done by Bernard de Valence, general manager of HP's Y2K program office, his team and HP people around the world. Bernard has established a Y2K board, which manages HP product and customer readiness, and a Y2K council, which focuses on our internal preparation as well as our relationships with

suppliers and business partners. In less than two years, HP has tested and documented the Y2K compliance of more than 83,000 active and obsolete products. We've held more than 3,000 meetings with customers all

Are you ready?

What are you doing to prepare HP, your customers and yourself for Y2K?

The Web is one of the most popular ways to track business and personal Y2K readiness. Check out:

<http://www.hp.com/year2000>—HP's external Y2K Web site, active since 1997, attracts more than 250,000 visitors a month. More than 140,000 of those visitors go to see HP's compliance database, which

lists more than 100,000 current and past HP products.

<http://y2kweb.rose.hp.com>—HP's internal site offers a number of Y2K resources, including material on communicating with various customers, communities, investors, employees and the media.

<http://y2kweb.rose.hp.com/checklist.html>—So, are you prepared for Y2K? Check out HP's own readiness guide.





During a trip to China in May, Lew participated in a broadcast to CEOs of major Chinese companies. Also part of the broadcast were (from left), Rei-min Zhang, president of the Haier Group Company, the largest company in China, and Zhi Ling Xie, the moderator.

HP CHINA PHOTO

Y2K gives us an incredibly rich opportunity to create high levels of customer satisfaction and differentiate HP in the marketplace.

over the world. Thousands of employees in all businesses, sales and support operations worldwide have been part of the largest effort ever to reach and engage our customers.

July 31, 1999, is our "ready date." On that date we want to

have all our operations ready for the year 2000 and have business plans in place, with contingencies to get beyond any glitches. Then we can use the rest of the year to test and validate those plans.

Preparing for Y2K is like bracing for an earthquake, tornado or other natural disaster. However, there's one big difference: We usually know what precautions to take for a major weather disturbance; with Y2K, it's virtually impossible to know if we've underestimated or overestimated the problem. No one's ever faced a technical challenge like this one.

The good news is that Y2K gives us an incredibly rich opportunity to create high levels of customer satis-

faction and differentiate HP in the marketplace. We can do this in two ways:

1. Internal readiness. HP has one of the largest information-technology networks in the world. We're also a very decentralized company. In all, 322 individual operations manage and track their Y2K progress regularly. That gives us an impressive benchmark with which to check our suppliers and business partners.

From the reports I've seen, it's hard to imagine many companies of our size and complexity being as prepared as we are.

2. Product and customer readiness. HP manufactures, sells and ships more than 29,000 different products. We've sold 100 million printers and PCs in the last five years alone. We've spent a great deal of time in the last few years talking with our top customers to ensure that they are prepared for Y2K.

In the final analysis, some customers are well prepared and others aren't. We may need to step up at the 11th hour to help rescue them. Again, we can demonstrate that HP will be there in the good times and the hard times.

It's clear that the next five months will be a period of incredible uncertainty. The times will require the max-

imum amount of flexibility by HP employees. The whole organization needs to be ready to respond—to drop what we're doing and help our customers.

We've already moved two important events—the President's Club and the General Managers Meeting—out of the December–January period. This will ensure that our top executives and salespeople will be available to serve customers, should they have any problems.

We've also sent out notices that all employees may need to make some sacrifices at the end of the year. Instead of time off work for holidays, we may need to put customer priorities ahead of our personal priorities. Employees are saying that they understand what needs to be done and they'll do it.

All things considered, I'm approaching Y2K with a great deal of confidence. I'm sure we may have overlooked a few things, but our program is solid, we have good supplier contingency plans in place and we're working hard to prepare our customers. I believe that people will look back on our Y2K efforts and say, "That was HP at its best."

ASK Dr. CyberSpace

As time goes by, things are changing, including *MEASURE*.

MEASURE conjures up lots of nostalgia for many HP folks, including me, kind of like the 1942 Hollywood classic, *Casablanca*. It's a story of love, adventure, politics and fate—every silver-screen cliché rolled up in one film. But, like the movies, everything comes to an end, and the credits will roll for *MEASURE* magazine in May–June 2000.

Don't pull out the tissues yet. *MEASURE*-ish stories will start guest-starring on HPNow, and 'ya know, I think this could be the beginning of a beautiful friendship.

But before we move forward, join me for a stroll down memory lane. Let's look back on some of the Doctor's classic *MEASURE* moments. Play it again, Sam!



Jump back in time to my 1995 debut in *MEASURE*. I introduced this new cool thing called the Internet. Remember lines like, "Whoa, you're surf'in' the 'Net now, dude." Ick, geek out! Did I really say that?



In 1996, I talked about Jack Applin's Web Walker, an independent solution that did a pretty good job of making sense of HP's intranet. Wow, we've come a long way—remember we're talkin' Internet years here. Since then, Jack squashed his spider, and



Sherlock—a search engine powered by Infoseek—lurked onto the scene.

Now here's a golden moment. In 1997, I hosted the first (and only) Cybic awards. I asked employees to nominate Web sites that had helped make their HP jobs easier. I thought I'd take a moment to relive the past and check out the winning URLs for the intranet category. Too bad six out of the 10 winners were 404-ed—in other words, they no longer exist. Oh boy, was it that long ago?



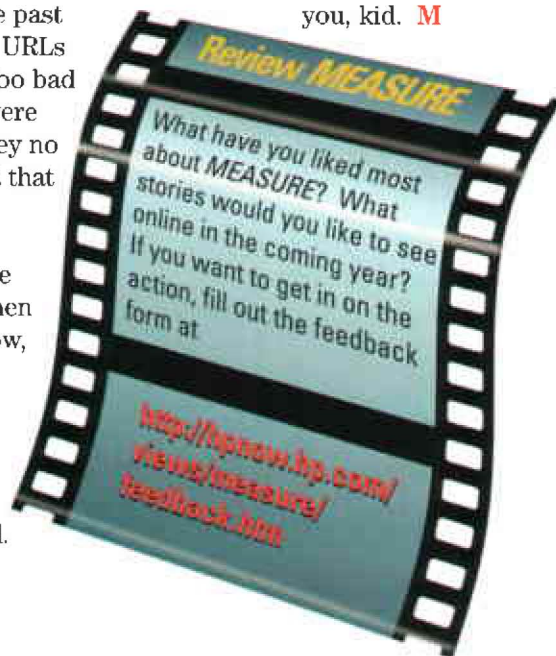
In 1998, I gave you a tour of then year-old HPNow, home to my clinic and lots of other useful information. A nifty site, if I say so myself, which sets us up for the sequel—not the end.



MEASURE, in its printed form, may disappear, only to be reincarnated and reinvented on HPNow. You'll still

find your favorite features covering HP's businesses and HP people, plus a whole lot more.

Thanks for the memories, *MEASURE*. Here's looking at you, kid. **M**



KATHLEEN MITCHELL

YOUR TURN

MEASURE readers share their views on matters of importance.

No more time for the Web

It's a shame that the print version of *MEASURE* is going away. I enjoy reading it with a cup of coffee in hand while sitting in my favorite chair at home.

I understand the selling points expressed about a move to the Web (timeliness of articles, etc.). However, I spend a lot of time on the Web, working with my PC in general. I look for ways to do it less, rather than more. It's nice to have alternative experiences to enjoy.

I'll go from a confirmed *MEASURE* follower to a sometimes-I'll-catch-it, most-times-I-won't kind of reader.

EARL EVENS
Santa Clara, California

The paper chase

It's good that *MEASURE* is going online. This will save a ton of paper.

PAULA WARNEKE
Palo Alto, California

A bad move

It's too bad that *MEASURE* is moving to the e-side. It's not likely that I'll remember or make the time to read it.

DENISE TAKIMOTO
Mississauga, Ontario, Canada

HP in his bloodstream

I am sad to learn of the demise of your magazine, which I have enjoyed since the first summer I worked for HP in Colorado Springs, Colorado, in 1971. With four additional summers at several U.S. divisions, a year in South Queensferry, Scotland, friends and former students scattered throughout, I hold it in a dear spot in my heart.

Each quarter as I greet my new students at Georgia Tech, I tell them that they should know the biases of their professors—and mine is evidenced by the HP logos carried on my red blood cells.

In addition to "outside" friends like me, I hope you will figure out a way to pull families into the fold, as *MEASURE* has done so well in the past.

JOHN PEATMAN
College of Engineering
Georgia Institute of Technology
Atlanta, Georgia

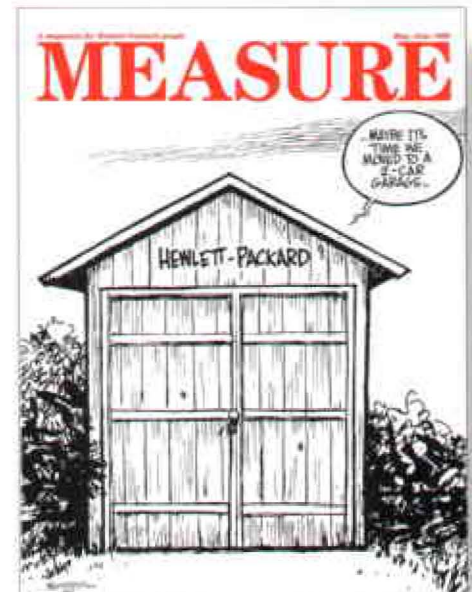
Keep your name, HP

I can understand some Measurement Organization (MO) employees weeping at the loss of the HP name (*MEASURE* May–June 1999), but I have a slightly different perspective on the issue. In my view, the HP name has been considerably devalued over the last few years through the move of computing divisions into the consumer and other highly price-sensitive markets.

This is no reflection of the employees of those divisions. But because of this drive into the pile 'em high and sell 'em cheap markets, we are now offering products that are very little different from our competitors' offerings in terms of technology, and are latterly of perceivably lower quality in many cases. Just look in various Usenet newsgroups for a sampling of users' frustration. Even within HP, there are many employees who would hesitate to recommend HP PCs and printers to friends these days.

Don't get me wrong—I have a lot of respect for my colleagues in the computing-and-imaging company. It's just that it's being driven in a direction that is not comfortable for us MO types.

As a Chemical Analysis Group employee of many years, I relish being part of a company that delivers products that are technologically more advanced than those of our competitors, and that provide real value to our customers by offering solutions rather than high-volume, low-profit boxes.



At last we can rid ourselves of the delusion that somehow the various bits of the Measurement Organization have benefited from being part of a computer company. For instance, how can it be right that a customer can buy an HP PC for an HP ChemStation cheaper than our manufacturing division can? Perhaps in the future, we in "NewCo" will be able—like our competitors—to ask, "Which computing platform would you like our software on?"

Goodbye to being locked out of deals because we only run on HP-UX. Oh, and goodbye to unwanted organizational and other changes imposed because the computing behemoth needed them.

So, good luck to HP, but we in "NewCo" are going to dry our eyes, take back our heritage (if not our name) and get out there to build a wonderful future for ourselves.

STEVE SOUTH
Bristol, United Kingdom

Missing milestones

The *MEASURE* chart (May–June) on the evolution of HP was very interesting, except I think you left out several significant milestones.

HP's acquisition of its sales rep companies (Necely Enterprises and the others) in about 1964 was a major and large step. This allowed growth that might not have happened otherwise.

You also omitted the acquisition of Harrison Labs. This was a strong

Please send mail

Do you have comments about something in *MEASURE*? If we publish your letter, you'll receive a Dr. Cyberspace *MEASURE* T-shirt.

Send your comments to Editor Jay Coleman. The addresses and fax number are on page 3. Please limit your letter to 150 words, sign your name and give your location. We reserve the right to edit letters.

contributor and put us in the power-supply business.

JIM KIRKES
San Diego, California

For the record

The historical chart in the May-June *MEASURE* shows a picture of HP Bracknell (Amen Corner), but the text identifies the site as Bristol, England. The two sites are about 80 miles apart.



JASON COOK
Bracknell,
United Kingdom
*Thanks, Jason,
for correcting
our geographical
goof.—Editor*

Archivally speaking

MEASURE is balanced, well thought out, organized and well edited. It has coffee table appeal.

When you go online, make sure you have an archive of past issues with a good search engine and keyword index.

JOHN P. TAYLOR
Boise, Idaho

Classy issues

MEASURE has been wonderful and first class. I've enjoyed every issue.

Thank you!
NANCY MALON
Santa Rosa, California

Life in the normal world

I think the decision to stop production of *MEASURE* is a bad one and a typical Silicon Valley view of the world. Not everybody has access or wants access to the Internet.

The further you get away from "Intergalactic Headquarters (Palo Alto)," the more normal things are.

PETE DOBSON
Cupertino, California

The same old story

I used to read the *HP Journal* when it was printed, but don't any more since it went online only.

I always read *MEASURE*, but expect the same will happen when it goes online only.

GREG HOFER
Greeley, Colorado

A jam-packed issue

The May-June issue is really full. It's like reading an edition of *Fortune* magazine. The magazine is well rounded from business, people and partners.

Congratulations for a very interesting edition of *MEASURE*.

CARLA PASION
Makati City, Philippines

The right move

That's a great move to put *MEASURE* on the Web!

PHIL WALKER
Loveland, Colorado

Read all about it

If you're stopping (the printed *MEASURE*) due to the company split—OK. However, I believe that companies need a printed employee publication. Families don't read and share online.

BILL TERRY
(retired HP executive V.P.)
Palo Alto, California

Room in the garage?

The two-car garage should still include room for a hard-copy publication the quality of *MEASURE*. It has been a great PR tool for years, sitting on reception tables at HP offices, mailed to thousands of outside people who requested it and given to customers and potential customers as an example of the quality of the com-

pany called Hewlett-Packard. Its demise is a darned shame.

JOANNE ENGELHARDT
Cupertino, California

Measuring the cost

Will *MEASURE* be available from my home Internet connection? If employees can only read *MEASURE* internally, it could add tremendous costs or overhead if each employee spends 30 minutes reading the publication while at work.

LEO CLARKE
Corvallis, Oregon

Name that tune

Paraphrasing singer Joni Mitchell, "You just don't know what you've got 'til it's gone..."

DAN FREDERICK
St. Paul, Minnesota

Disappearing act

Familiar things such as *MEASURE* keep disappearing. Make sure that the online replacement helps us feel grounded with the past.

DAVID STARK
Boise, Idaho

By press time, MEASURE had received more than 300 responses from employees, retirees and others since our May-June announcement that we plan to move from print to the intranet after the September-October 1999 edition.

After giving this decision a great deal of thought, we've decided to continue printing MEASURE through May-June 2000—the approximate time of the split between HP's computing and imaging company and "NewCo" (see the column on page 2). In November, we'll begin posting MEASURE-like stories on the HP.Now Web site. We hope this dual approach better serves our multiple audiences. Thanks for your feedback.—Editor

EXTRAMEASURE

News from around the HP world

By Muoi Tran

Dial HP for help

Ever wonder where hundreds of customer calls to HP go every day? The Call Representative Group (CRG) of the Boise Call Center certainly can answer that question—and many more.

To provide efficient and expedient customer-support service, CRG offers four main numbers to U.S.-based customers. For technical support of current products, customers should call 1/208-323-2551. Questions about products that

are out of warranty should be directed to 1/900-555-1500 or 1/800-999-1148. The fourth, 1/800-752-0900, specializes in offering customers general information for various products, and helps customers decide which ones will best meet their needs.



Besides these quick references, you can find more numbers by searching through the latest

version of KICS (Keep Incoming Calls Simple) at <http://psdos1.external.hp.com/kics>.

New for you

No matter where you're located in HP—corporate offices in Palo Alto, California, manufacturing plants in Penang, Malaysia, sales offices in Buenos Aires, Argentina, research labs in Bristol, England, or

anywhere else around the world—HP's Standards of Business Conduct (SBC) apply to you. An updated version of the SBC brochure was released in May.

The SBC informs employees of their ethical and legal obligations to HP, including conflicts of interest; dealings with customers, resellers, competitors and suppliers; and handling of company assets and information.

Now, the SBC is more accessible online at <http://sbc.corp.hp.com/> and printed in eight languages. Go to the SBC FAQs Web page for recent updates and answers to other common questions.

An HP legend

Legends don't fade, even after they're shut down, as in the case of HP Desk, HP's pioneer e-mail system. Sometime in 1999, the last HP Desk server will be unplugged, but not forgotten.

"HP Desk, implemented in 1982, provided HP with a competitive advantage," says Sharon Costello, Messaging Center of Expertise—Americas lead. "In the early 1980s, when e-mail in most companies was

fragmented and limited, by contrast, HP Desk was a reliable e-mail network that enabled users to send and receive e-mail to virtually anyone else in the company."

Then and now

The number of HP Desk users peaked at 100,000 in 1994, two years before its phaseout. But compared to today's standards, the gap between HP Desk and HP's current messaging system, OpenMail, is astonishing. Here are a few fun facts from then (HP Desk in 1984) and now (OpenMail in 1999):

Size of single database

HP Desk: 2 gigabytes
OpenMail: 202 gigabytes

Capacity of server

HP Desk: 80 gigabytes
OpenMail: 5 terabytes

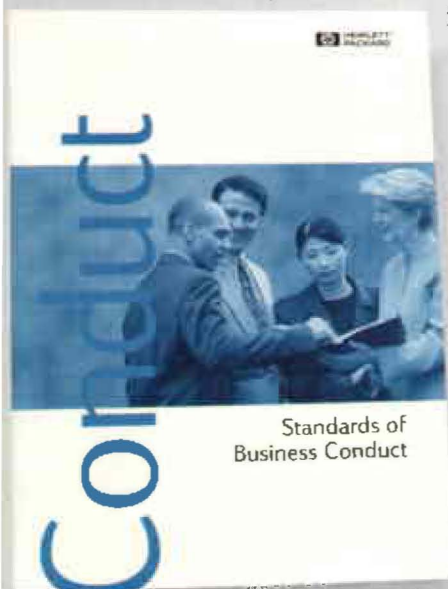
Average delivery time

HP Desk: 1984—more than 48 hours
1987—4 hours
1990—1 hour
1994—8 minutes
OpenMail: less than 3 minutes

SHERRI PEDERSEN PHOTOS



To make the right connection, HP representatives Everardo Torrez (far left) and Tami Olson of the Boise Call Center always carefully listen to each customer request.



In this year's Assistant Device Design Contest, sponsored by HP Taiwan and the country's National Science Committee, a physically challenged first-grader from Wu-Chia Primary School demonstrates the ease of using a computer input device for the disabled.

No.1 by design

With HP as the official information technology sponsor, it's been smooth sailing for the design team of *AmericaOne*. The San

Francisco-based team is the challenger for the 2000 America's Cup—international sailing's most prestigious competition. HP provides desktop and palmtop PCs, storage devices, scanners, printers, digital cameras and high-performance workstations and HP Exemplar servers for the research and design of the entire boat—from keel to hull to sail.

"We have a very limited time to get through the analysis phase, complete the engineering drawings and then get the boat built and delivered in time for the sailors to get their on-the-water practice before the races begin in October," says John Hamilton, an *AmericaOne* design team engineer. "It's a great advantage to have HP's speed and reliability."

For more information about HP's partnership with *AmericaOne*, check out the Sports Marketing Web site at <http://marketing.corp.hp.com/brand/sponsorship/>.

In keeping with the America's Cup racing rules, *AmericaOne* will carry a 16-person crew, plus one guest who is forbidden from taking part in sailing the boat.



Retiring People In the News (grams) Products Plaudits at Teachers'

People

Larry Langdon, V.P. and director of Tax, Licensing and Customs, will retire November 30 after 21 years with HP.

Dotty Hayes has been named "NewCo's" V.P. and controller. Langdon will succeed her as the HP/"NewCo" transition G.M.

Two new HP V.P.s have been appointed: **Laine Meyer**, V.P. and director of Real Estate and General Workplace Services; and **Dave Logan**, V.P. and director of Corporate Development.

Yoh Narimatsu has been named "NewCo" president in Japan; **Masao Terazawa** will be president of HP in Japan.

Maureen Conway is now CIO for Enterprise Computing. **Howard Bain** succeeds her as E:BIS manager.

Split decisions

"NewCo" has selected the former HP site at **395 Page Mill Road** in Palo Alto, California, for its headquarters. The new facility should be completed in spring 2000.

The worldwide global functions in HP will assume responsibility for all the **infrastructure employees** within the **Geographic Operations**.

Almost all of HP's 600 **owned or leased properties** around the world have been **allocated** to either HP or "NewCo." HP will take about 500 of the facilities; "NewCo" will take about 90.

Money matters

HP's three credit unions in the United States will merge by the end of the year into the **HP Employees Federal Credit Union**. The merged organization will serve all U.S. employees—and their families—of both HP and "NewCo."

Philanthropy

HP has been directly involved in **donating** about \$316,000 (U.S.) in **cash and equipment** to assist the Kosovo relief effort.

Presence

HP has established a legal entity in **Almaty, Kazakhstan**.

For more information, search Newsgrams at <http://hpnw.hp.com/news/nghome.htm>.

HP "Harmonizers," (from left) engineers Randy LaPorte, Kevin Stevenson, Greg Wells and Craig Hoyt, put their minds together to ensure HP products function well together.

ERIK SIMONSON

WEN-NAN LEE

PATRICIA BARRY-LEVY



Proven ability

TAIWAN—It was one tough assignment, but students from 16 colleges and universities took on the challenge at this year's Assistant Device Design Contest—a competition encouraging innovation in the design and creation of devices that aid people with physical or mental disabilities. HP Taiwan and the country's

National Science Committee sponsored the May event, held at Foo Yin Institute of Technology.

With HP's contribution of U.S. \$30,000, used for materials and equipment, the three-person teams—which included at least one disabled person per team—proved their abilities to collaborate and construct helpful tools for the disabled.

First place went to National Cheng Kung University for a wheelchair and supported-positioning device for severe cerebral palsy patients and to Fortune Junior College of Technology and Commerce for an assistant communication system based on a notebook computer.

The Plug Fest test

HP's computer products work alone just fine, but engineers won't rest until they pass the Plug Fest test—a series of tests of various configurations with other peripherals.

As part of Project Harmony—HP's cross-divisional effort to ensure that all HP PC products not only work correctly right out of the box, but also work together with other HP products—Plug Fests began in 1998 and are

held a couple of times a year at various locations.

At the most recent Plug Fest, held in Colorado in February, engineers from HP sites worldwide convened and plugged together HP Deskjet and LaserJet

printers, digital cameras, scanners, all-in-one devices and CD writers to test how well the products work together.

Find out about the next Plug Fest, scheduled for October, at the Project Harmony Web site at <http://vcsepsweb.vcd.hp.com/ca/harmony/>.



URLs inside HP

This issue's related Web addresses:

<http://hpnow.hp.com/>
HPNow Web site

http://hpnow.hp.com/news/two/infra/real_qa.htm

Real estate allocation Q&As

<http://enterprise.hp.com/eservices>

E-services Web site

<http://persweb.corp.hp.com/staffing/ccrwebb/ccrhome.htm>

Corporate College Recruiting Web site

<http://y2kweb.rose.hp.com>
HP internal Y2K Web site

<http://y2kweb.rose.hp.com/checklist.html>
Y2K readiness guide

<http://psdos1.external.hp.com/kics>

Keep Incoming Calls Simple (KICS) Web site

<http://sbc.corp.hp.com/>
HP Standards of Business Conduct

<http://marketing.corp.hp.com/brand/sponsorship/>
HP Sports Marketing Web site

<http://vcsepsweb.vcd.hp.com/ca/harmony/>
Project Harmony Web site

http://sctis.sc.hp.com/tis/jrnl_toc.html
Chris Brown's travel journals

URLs outside HP

This issue's related Web addresses:

<http://www.ritzcarlton.com/toc.htm>
Ritz-Carlton Web site

<http://www.hp.com/year2000/>
HPY2K Web site

<http://www.americaone.org>
AmericaOne Web site

The journey of a lifetime

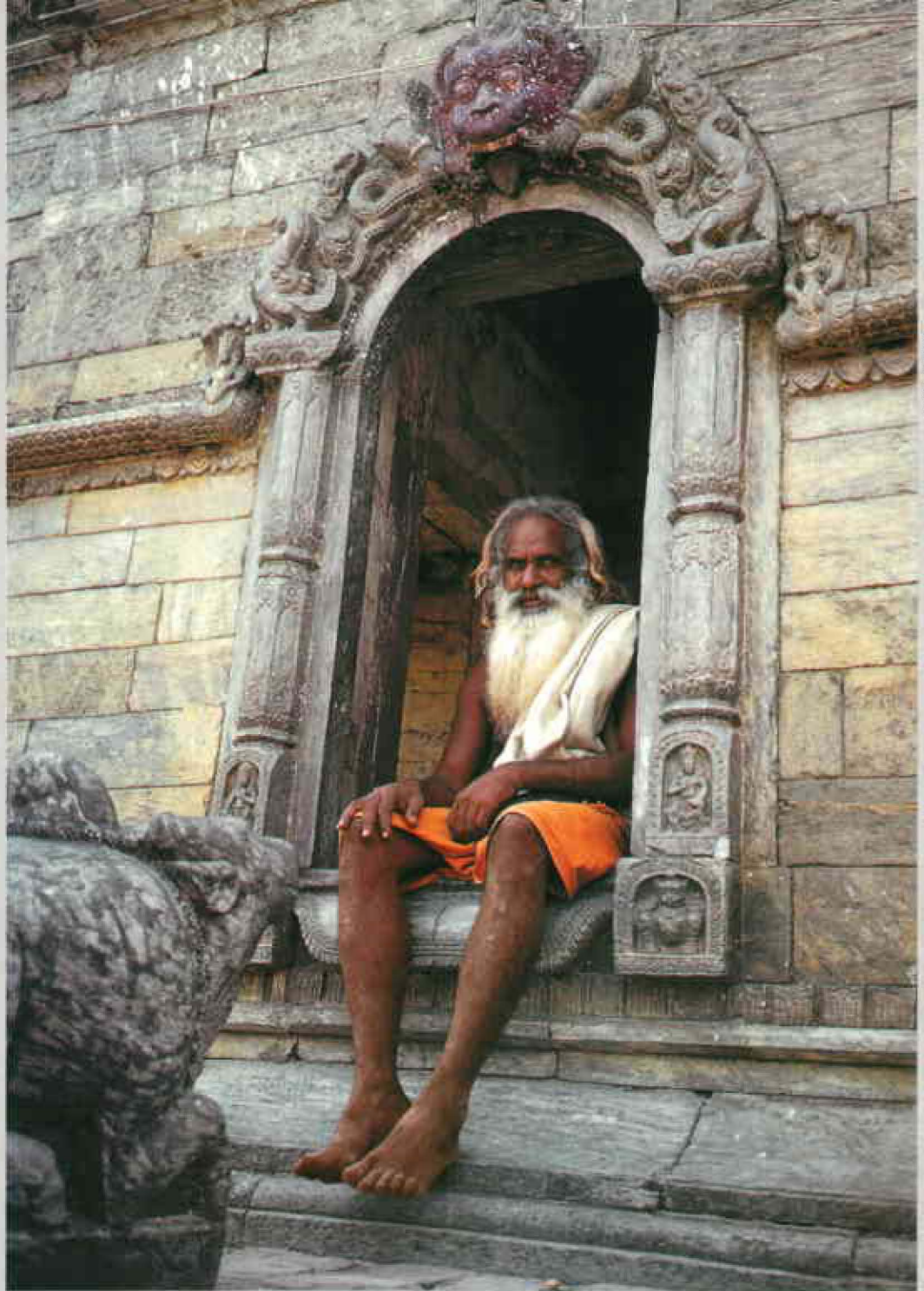
KATHMANDU, Nepal—Many dream about trekking through exotic locations of the Far East, but few are as fortunate as HP Santa Clara's Christiane (Chris) Brown.

In spring 1998, while on assignment to spend six weeks at HP's China Test and Measurement Operation in Beijing, Chris planned for two additional weeks in the Himalayas.

It was a risky journey because she was traveling alone and wasn't familiar with the region, but her passion overcame her fears. "If we decide to stay only within those familiar experiences where we feel completely safe," Chris says, "we will never truly test our own limits and know what we are actually capable of accomplishing."

Visiting both the Buddhist kingdom of Bhutan and the Kathmandu Valley in Nepal, she was enthralled by the Himalayan culture and the people—particularly the sadhus, or "wandering ascetic Hindu holy men," Chris says.

Before taking a picture of this sadhu, Chris removed her sunglasses. "I stood below the sadhu, looking



up at him, and the image was quite startling; his demeanor was quite intense," Chris recalls. "That may have been a very rude thing for me to do, but I didn't want to be

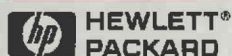
one more jaded, picture-snapping tourist.

"With a slight hand and eye movement, I requested his permission to take the photo," Chris says. "He nodded, and then I snapped the shot—feeling far more

respectful and grounded than I had 15 seconds before."

For more details of Chris' entire trip, check out her journals at http://sctis.sc.hp.com/tis/jrnl_toc.html. M

For U.S. address changes, use Change of Address form in Personnel on the Web at <http://persweb.corp.hp.com>.



MEASURE Magazine
PO Box 10301
Palo Alto, California 94303-0890

Bulk Rate
U.S. Postage
Paid
Permit 3917
Portland, OR