

MEASURE

For the people of Hewlett-Packard

July-August 1982

THE
PEOPLE
GROWERS



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MEASURE

"Man is the measure of all things."
—Protagoras (circa 481-411 B.C.)

Measure is published six times a year for employees and associates of Hewlett-Packard Company. Produced by Corporate Public Relations, Internal Communications Department, Gordon Brown, manager. Address correspondence to *Measure*, Hewlett-Packard Company 20BR, PO Box 10301, Palo Alto, California 94303-0890 USA. Report change of address to your local personnel department.

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Hewlett-Packard Company designs and manufactures computers, electronic test equipment, handheld calculators, electronic components, medical electronic equipment and instrumentation for chemical analysis. Manufacturing facilities are located in 22 U.S. cities in seven states and in 10 cities in nine countries in the rest of the world. HP sales and service offices can be found in more than 80 U.S. cities and (including distributorships) in approximately 200 cities in 70 countries around the world.

ON THE COVER:

The special qualities an HP supervisor or manager must have to "grow" employees are described in our cover story, written by staffer Joanne Engelhardt. Cover photo by Glenn Steiner.

UPFRONT

Behind-the-scenes effort crucial to successful HP picnics around the world.

The summer months bring games, entertainment, food and sunshine to HP employees via a time-honored tradition—the HP picnic. What makes the annual event at every location so special is the tremendous voluntary effort that goes into each picnic.

That work is usually as transparent to the picnickers as the hours of development that go into introducing an HP product are to customers.

But nowhere is that effort more visible than at the Little Basin recreation area in the Santa Cruz mountains. This summer there will be nine picnics for Bay Area divisions on the 530-acre parcel of redwood forests.

Each picnic will bring together about 3,000 people, 35 crates of corn, 30 pounds each of celery and radishes, 15 pounds of onions, four crates of tomatoes, 450 pints of milk, 170 pounds of butter, 3,000 ice cream desserts, 150 dozen French rolls, 2,000 steaks, 75 pounds of hot dogs, 85 pounds of hamburger, 30 kegs of beer and many gallons of soft drinks.

Behind the scenes are a picnic committee and a volunteer staff of several

hundred employees choreographing the food service, entertainment and games for each picnic.

That same kind of special effort was needed this spring to open the Little Basin recreation area. While the park area itself was relatively undamaged by the January storms described in the March-April *Measure*, the access road to the property was closed. Mudslides caused three sections of the narrow roadway to drop into the canyon.

Since the one and three-quarter-mile county-owned roadway also served local homeowners, the repair operation had to be a coordinated effort. Until negotiations were complete and a contractor signed, there was even a possibility that no picnics would be held this year at Little Basin (a Bay Area tradition since HP first bought the property 20 years ago).

Everything was ironed out. The road crew got the work done in time for the first picnic on June 12. And most of the 27,000 people who will drive the access road to Little Basin will be oblivious to the effort that made their picnic a reality. **M**



Picnic plans for HP Bay Area employees were in jeopardy when three sections of this road fell into the canyon in January. But the access road was repaired in time for the first picnic at the Little Basin recreation area.

JIM HARTSELL

THE PEOPLE GROWERS



Having the knack for helping others grow—that is, develop their potential—is a rare and valuable trait. Such growers seem to share a number of characteristics: being sensitive to the needs of others, offering challenging (but not impossible) assignments, and possessing a healthy amount of self-esteem.

Coach, mentor, godfather, counselor, people developer. These words are used over and over again by employees who feel their lives have been significantly affected by one of these special people. Though the quality is uncommon, HP seems to have the type of environment that encourages and fosters a “people-helping-people” attitude.

Pause a moment to ask yourself the question, “Was any one person instrumental in helping me work toward my potential?” If you are lucky enough to answer “yes,” you’ll recognize that much of what the people mentioned in this article have done sounds familiar.

When Mei-Lin Cheng was promoted to EDP manager in Singapore in 1977, just a year out of college, she says she felt that then-Singapore controller Dennis Raney was “out of his mind.

“That’s the way Dennis is,” Mei-Lin reflects. “He always feels that when he believes in and trusts you, he’ll push you. But he lets you call your own limits.”

Stan Selby’s method of developing people was different, though no less effective. Now the editor of a new manufacturing managers’ newsletter, Stan set up the Loveland Division in Colorado 20 years ago, later became general manager at Colorado Springs Division, and then was responsible for the Corporate safety and health function.

Larry Holbrook, who now is the Corporate safety and health manager, says his former boss “treats you as though the job is yours—so he lets you do it. He doesn’t really want to get involved in the day-to-day operation of your job.

“The key to being good at developing others is to have a lot of self-esteem. Stan never feels threatened by his subordinates. If he did, he never would have been able to bring along his own



JOANNE ENGELHARDT

Mei-Lin Cheng and Dennis Raney are working together for the second time—first in Singapore and now at Intercon.

replacements—something he has done many times.”

Data Terminals Division production supervisor Inez Dominguez believes in the axiom, “You can bring someone to the table but you can’t make them eat.” That doesn’t stop Inez from always having room at the table for one more.

“I try to give people whatever assistance I can so they can do a good job,” is how she explains her first-line supervisory position. “That includes seeing that employees have the proper tools, that they’re properly rewarded for what they accomplish, and that they move on to more challenging jobs.”

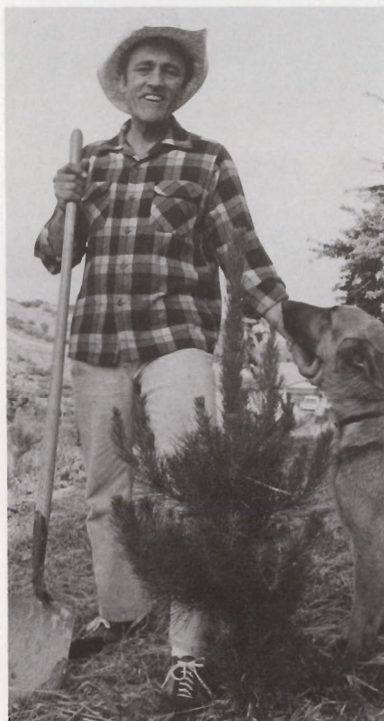
One of Inez’ protégés is Loretta Fields, who worked with Inez for four years. “She has tried to make sure I take the right courses to be ready for any advancement opportunities that come along,” says Loretta, who has just

transferred to Information Networks Division. "She talks to us at least once a month to find out if we are happy with what we are doing."

Quite often HP's people growers are described as "being there to listen

when needed." This is the phrase used by several people who have worked for Elmer Luthman, Corporate compensation manager (see accompanying story). Yvonne Gau says she has regular "chats" with Elmer to "get my head on

straight. I say 'Let's have confession today, Elmer,' and he knows it's time for one of our talks." Yvonne, who has worked for Elmer twice (first in Stanford Park personnel and now in Corporate), adds, "I must enjoy working with



JOANNE ENGELHARDT

Besides being a good "people grower," Elmer Luthman does all right at growing Christmas trees on his suburban acreage. Katie (the dog) thinks Elmer's great, too.

HOW TO GROW A BUMPER CROP

Five minutes with Elmer Luthman convinces anyone that he is a people person. This genuine interest in people has been evident throughout his life—when he was a Jesuit priest, dean of the University of Santa Clara's college of

sciences, and an HP marketing engineer.

But when he went into personnel work at Stanford Park Division in 1972, his people skills really came to fruition. Some of his former staff members, like Charlie Marshall, think he has had a hand in developing more current HP personnel managers than anyone else.

Charlie, who has just returned to the United States after a two-and-one-half-year stint as Singapore's personnel manager, says Elmer was "very instrumental in my decision to move from marketing to personnel because he had successfully done so himself."

Other alumni of the "Elmer Luthman University" include personnel managers Barbara Jordan, Spokane Division; Dave Prindiville, Roseville Division; Ardis Boland, Vancouver Division; and Aaron Kennedy, SMC Operation.

"Elmer was the first person to come up with the personnel liaison structure on an official basis," recalls Dave, "so each of his personnel administrators was, in essence, a 'mini' personnel manager."

Barbara points out that Elmer was particularly good at giving women in his department opportunities to develop. "He showed no favoritism but gave all of us an equal chance to grow," she says.

"If you really look at what Elmer did—he just gave us an awful lot of responsibility. He was an excellent mentor," Barbara adds.

Since 1978 Elmer has been Cor-

porate compensation manager, but that hasn't lessened his willingness to help develop his staff.

"Elmer has this uncanny ability to give you help when you want it, but not to spoonfeed you," affirms Shirley Jankowski, whom Elmer talked into coming to HP three years ago in a clerical position. A former teacher, she says he made sure she took all the HP courses she needed, and last August he promoted her to supervisor. "All of my growth has been due to Elmer," she says.

According to Shirley, Elmer "defines part of his job as motivating people and being there to listen when you need him."

Yvonne Gau, who has worked for Elmer twice—first in Stanford Park Division personnel and now as a compensation administrator—feels he helped her most when he advised her to trust herself. "That has always stuck with me," she declares.

Does all this sound too saccharine? Not really. Charlie Marshall remembers that Elmer "demanded hard work, but everyone enjoyed being part of his team."

Barbara Jordan also points out the mixed blessings of Elmer's people-developing efforts. A few months ago she was up to her neck in personnel reports, community work and employment at the growing Spokane plant when she found the perfect greeting card to send to Elmer. The succinct message: "Thanks for getting me into this mess."



SHIRLEY GILBERT

Inez Dominguez (right) at Data Terminals Division goes over a report with assembler Loretta Fields.

him, else why would I be doing it a second time?"

In Europe, Eberhard Knoblauch's name is synonymous with people development. According to Robert Levy, Corporate personnel development manager, Eberhard "has had a hand in developing nearly every general manager in Germany."

David Rose, former general manager at Boeblingen and now GM at the Grenoble manufacturing plant, puts Eberhard "right alongside John Young and Doug Chance in having an influence on my career. His strong point is people—that's what is really neat about Eberhard. I can recall so many instances when he went out of his way to help someone. This certainly developed a lot of loyalty among his staff."

A lifelong athlete, Eberhard sees himself as a team coach, says David. "He is always there on the sideline to cheer you on. I know whenever I have a problem, I can talk it over with him. Even now that I'm in Grenoble, I still call up and ask him for advice."

Counseling is also one of Stan Selby's strengths, according to Larry Holbrook. "You always feel you can bounce ideas off him and he'll give you his input and guidance."

Both Larry and Joe Barr, Corporate sales financing manager, recognize Stan's skill at giving people as much responsibility as they can handle. "His style has been to give his managers an awful lot of responsibility," recalls Joe. "What is even more astounding is that he lets you take the credit when you do a good job, but he is always there to share the blame if something goes wrong. That's awfully important."

When Stan went to Loveland to start up the operation there, he chose a management team that "somehow had the right kind of chemistry," according to Joe who was part of that original management team. "Some people were weak in one area but strong in another. The combination meant there was an exchange of skills, and I think everyone grew as a result of it."

"Stan was very, very important to me," acknowledges Joe. "I learned a lot of my managerial skills from him, and I hope I'm now using them with the people I manage."

"The job of a supervisor is to make the rest of the people look good, to help them do their job the best; and if you can do that, you quickly earn their respect. But if you think that all of a sudden you're a supervisor, and you're it, then you're in trouble! It's the people who must be successful. If they are successful, then you are successful."

—Ralph Lee, executive vice president (retired)

Loveland Division manufacturing manager Don Cullen also gives Stan high marks. "When I first started with HP he was my ideal as well as my boss," he says. "He would believe in your ability to do a job 100 percent, then you had to work like crazy to live up to his belief."

"'Growing our own' people results in a strong upward flow of supervisors and managers knowledgeable not only in terms of their profession but also the company and its business."

—John Young, HP president

Dennis Raney made his mark as a people grower when he originated an informal program to recruit foreign nationals. Recalls Mei-Lin Cheng, now Intercontinental regional information systems manager. "I had just graduated from Stanford University in 1975, and applied for a job at HP as a programmer analyst. Dennis called me from Singapore and on the basis of a 15-minute overseas phone call, he made the decision to hire me."

About a year later, a promising young Singapore native named Koh Boon Hwee was graduating from Harvard University. Once again Dennis went to work wooing Koh to the company, and once again Dennis succeeded in his recruiting effort.

Koh, who started as a financial analyst and is now controller for the Singapore manufacturing plant, praises Dennis for his "good intuitive feel for how far he can stretch the people who work for him. He has brought countless



individuals to the realization of their full potential."

Koh remembers the assignment Dennis gave him two and one-half months after he joined HP. "He wanted us to have an interactive on-line targeting system and he chose me to lead the project." Koh and Mei-Lin worked evenings, weekends and far into the night "defining the specs, coding and testing for our targeting system," says Koh. "I don't think Dennis ever knew how much time we spent on that project."

"At the time, Mei-Lin and I had no thought about how instrumental this task was to our career development, but I know we both felt a tremendous sense of accomplishment and gained more self-confidence by doing it."

Some people just seem to have a natural knack for helping others. John Flaherty, who recently became Corporate personnel administration manager, is seen by many HP people as a "natural" people grower. Spokane Division personnel manager Barbara Jordan describes him as a "father of wisdom," much the same as does Harry Portwood, Corporate staffing manager, who calls John simply "the godfather."

"He's like your patron," says Barbara. "He's always ready to listen, and he gives solid, realistic advice."

Harry considers himself fortunate to have had not only John Flaherty, but many others "who helped me out in one way or another" during his nine years with the company. His list includes Turk Bethal and Byron Anderson, both now in Santa Rosa; Paul Ely, executive vice president; Mike Cuevas of Stanford Park Division marketing; and Howard Smith, R&D manager at Computer Systems Division.

Harry credits Sylvia Gerst of the Corporate affirmative action department with "developing a number of people, especially women." And Sylvia, in turn, says Harry has the ability to "help people help themselves."

Sylvia feels there are few women and minority people growers, principally



GREGG PIBURN

Stan Selby is noted for his ability to help others develop by giving them a lot of responsibility.

"Give a person a job, responsibility and authority, and leave that person alone. I recognize it is simple and yet difficult to do. I've seen Ralph Lee apply this principle. He would give you a project and then leave you alone. About once a month he would come by and ask, 'How are you doing?' Unless you ran into some sort of hang-up, he'd give you a lot of room to use your own resources and initiative."

—Stan Selby, former Loveland and Colorado Springs general manager

because "many have yet to believe they have something to offer others. This is an evolutionary process and will certainly become more widespread in the future."

One veteran female employee who has done a lot of "behind-the-scenes" mentoring of people is Betty Sox, now manager of the Corporate treasury retirement fund. When Betty was manager of the information systems department, many people sought her counsel about career changes.

Recalls Joyce Hanna, who worked with Betty for nine years, "She encouraged people to first learn the requirements of the new job. She urged you to prepare yourself and then go for it."

In Germany, Theo Tishner spent 12 years managing the technical apprenticeship programs for the Boeblingen plant. During that time he helped shepherd more than 60 people through the programs "with a lot of caring and extra effort," according to Ernst von Glasow, HP's public relations manager in Germany. Now in the customs department, Theo still keeps his hand in employee concerns as former chairman of the Works Council and vice chairman of the Supervisory Board. "He's certainly highly regarded as someone who has developed a lot of young people," says Ernst.

So what makes a people grower?

- Giving a lot of responsibility.
- Allowing you to take credit for good work, but being there to share the blame if things go wrong.
- Listening, coaching, and advising (in just the right amounts).
- Showing complete trust in your ability to get things done.

All of these qualities are essential, but it's the combination that makes it work. Add to this the open, informal atmosphere of HP and the result is a "bumper crop" of able, promotable people. **M**

Key
LINUS
Shadow
GENIE
EPOC
 ginger
ERNIE
MUD
 R2D2
CHIPMUNK
GEMINI
Cyclops
BANJO
Scrumpy



CREATURES OF THE LAB

Who comes up with all those lovable code names for projects that are still in the lab stage?

Once upon a time, HP discouraged such pet monikers, preferring to always call infant products by the no-nonsense model numbers that they'd carry into the marketplace. But in recent years the urge to make projects more personal during the investigation and lab stages by attaching code names has swept through most divisions. Granted, it's a lot easier to write weekly progress reports about *Quickstep* than the "78660A defibrillator monitor." (Like many project code names, *Quickstep* had a special meaning: it was McMinnville Division's first portable product of that type, and also a big step in filling out the line.)

Project code names are strictly a local pick, and nobody keeps a central roster. Usually they're the brainchild of a division's R&D project team with an occasional suggestion from marketing.

HP Labs supplied some code names for basic technology that divisions adopted, such as Boise Division's use of *EPOC* (an acronym for "electrophotographic output from computer") which was an epochal leap into the future with the laser printing system. In the Applied Physics Lab, grit-wheel paper transport technology was *Sweetheart* (sweet for easy to use, heart for use in Andover Division's cardiac instrumentation). When San Diego Division used *Sweetheart* for a plotter with a low inertia plotting system, the first letters of those words led to the code name *Sweetlips*—which sounds more comely if you don't know the derivation.

Many code names are shorthand for some characteristic of a future product. Stanford Park Division liked *Scrumpy*—a cheap, hard English cider—for an inexpensive signal generator "with a lot of kick." In Corvallis, a low-cost calculator became *Scrooge*. Avondale Division's *Lazarus* was "a significant new version of an old product that was dying out." Boeblingen Medical Division's *Rifleshot* was a bedside patient monitor aimed at a particular market. *Gemini* stood for the HP 3000 Model 64, with two computers working

side by side. (At least three divisions have used that name.)

Merlin was a natural for a data-capture device at the Grenoble Division. *Dumbo* was Desktop Computer Division's floppy disc which reminded someone of the elephant with big floppy ears. Optoelectronics Division chose *Python* for a plastic link which employed an unusually fat fiber cable. At Scientific Instruments Division, an ultraviolet spectrophotometer became *Mimir*, the Norse god of the rainbow. When DCD was developing its first desktop computer with a regular typewriter keyboard, the code name *Qwert* came from the first five lefthand letters in the top row.

And *Linus*, the cartoon kid with his security blanket, lent his name to a Disc Memory Division disc drive with a small, backup tape drive that a user could carry home for data security.

Some divisions have gone with a series of code names, such as Colorado Springs Division's "critters," the spice series at Corvallis and Computer Systems Division's *Grizzly* and *Cub*.

Other inspiration has come from movies (*R2D2*, *Bonnie and Clyde*), astronomy (*Orion*, *Pisces*, *Capricorn*), mythology, puns (such as *Rtesian* for RTE software), foreign words (*Sisu*, the Finnish word for guts and determination) or just the names of real people in the lab or a project manager's family.

And when divisions in Corvallis and Loveland were recently on a parallel track developing their products for a combined introduction of the Hewlett-Packard Interface Loop (HP-IL), both used *Key* as a code name. It stood for "the key to productivity: perfect design, perfect parts, perfect processes."

Beguiling as code names are, they're dropped as a product goes out into manufacturing and is assigned a model number. Corporate Technical Legal emphasizes that HP's private nicknames for projects in the cradle must not get out into the marketplace—or the company might become liable for trademark infringement.

That's the reason why *Chipmunk*, *Mr. Spock*, *Bilbo*, *Orange Julius*, *Big Bertha* and all those other whimsical creatures of the imagination stay forever in the lab. **M**

HEWLETT-PACKARD
IN SOUTH AFRICA:
TOUGH
TEST
FOR THE
HP WAY?

HP is an international company. Its people and products span the globe, transferred and translated into a wide variety of cultures and climates. This international nature of HP's products and operations presents both real challenges and real rewards.

Of all the places HP is located, perhaps none presents as much of a challenge as the Republic of South Africa. Some 10,000 miles from HP's birthplace in Palo Alto, South Africa's temperate climate, beautiful beaches and fertile plains would feel familiar to a visitor from California.

It is less likely that South Africa's social structure would seem familiar to any visitor. Here, historical forces have produced a society that is legally segregated and economically stratified on the basis of race. It is also a society that is experiencing rapid economic and social change.

There is no consensus—either from within South Africa or from without—as to the rightness of the course the country has charted. Nor is there any consensus as to what should be the country's future direction. And there is certainly debate about the role U.S. companies should play, evidenced by the number of American companies—HP included—that have had the issue raised by their stockholders.

HP established a sales subsidiary in Johannesburg in 1968 with a staff of eight who tapped the market for HP test instruments needed by the telecommunications industry. Today, HP South Africa has 232 sales and service personnel, with branch offices in Cape Town, Durban, Pretoria, and Port Elizabeth. Sales in 1981 were \$38 million, up 45 percent from the previous year. And in February of this year HP opened its new South Africa headquarters, an occasion marked by a visit from Dean Morton, HP executive vice president.

HP's products have been well accepted in South Africa. Like the South African landscape, the country's economy is rich and diversified, open to a wide variety of applications for HP products.

A pioneering coal gasification project uses HP gas chromatographs and mass spectrometers. HP personal computing products are sold in a large number of

retail stores. The nation's telecommunications network still provides a major market for HP instrumentation. An HP 3000 computer helps in coal mine planning, using the parameters of coal seams and varying financial factors to create models of where, when and how deep to mine. The country's medical care industry, including its history-making heart surgeons, have used a wide representation of HP intensive care, monitoring, ECG and diagnostic instruments.

HP's business style has also been translated into the South African context. How does the company conduct itself in a culture so far removed from its home ground?

The answer is simple: HP goes on being HP. The company's corporate objectives include commitments to employees and to being a good corporate citizen. In South Africa, fulfilling those objectives has remained as great a priority as anywhere else. The HP way is alive and well in South Africa.

HP is one of 300 U.S. companies presently operating in South Africa. Since 1977, more than 130 of that group have endorsed a set of guidelines called the Sullivan Principles. Originally drafted by the Reverend Leon Sullivan, an American minister, the guidelines set out specific goals for U.S. companies operating in South Africa.

HP was one of the early endorsers of the Sullivan Principles, which include commitment to non-segregated work areas and functions; equal pay for equal work; emphasis on training, development and advancement opportunities for all employees; and improvement of housing, transportation, health care and recreational opportunities in non-white communities.

Companies who have signed the Sullivan Principles are audited annually by an independent consulting firm that rates each participating company on its progress. HP has consistently been rated among those companies making "good progress" toward achieving Sullivan goals, which is the highest ranking given to participating firms.

"HP is very gratified to receive such a high ranking as a Sullivan company," says Chuck Bonza, HP's country manager in South Africa. "But I must say it's not an extraordinary effort for us.



South Africa's 24 million inhabitants occupy a land one-eighth the size of the U.S. and two-thirds the size of Western Europe. There's plenty of room for cities like Johannesburg and open plains with zebras.

We don't do any of those things just because we're a Sullivan company. We do them because we're HP, and that's the way HP operates."

The HP way of operating in South Africa has both internal and external manifestations. Internally, it means more than the full integration of HP facilities, equal pay and benefits, and promotions based on performance. It means real efforts to recruit and develop non-white personnel.

Recruiting qualified personnel is a challenge for HP in South Africa. Limited educational opportunities for large segments of the population have resulted in a nationwide shortage of skilled workers. A 1980 report from the National Development and Management Foundation estimated that a full 40 percent of South Africa's skilled jobs were unfilled. HP's response to the shortage has been increased dialogue with educational institutions serving the country's non-white students.

"We're getting more sophisticated in our dealings with universities," explains Chuck. "Now, when we're asked for equipment grants, we request that the universities let us get involved with their students. We've introduced more summer jobs programs. This gives us a chance to know the promising students and help them develop. Some of those students later come to work for HP, so everybody wins."

HP's internal training programs help, too. The goal is to get each employee into at least one HP training class a year, says personnel manager Tom Pierson. Tom expects the number of HP courses offered this year to almost double.

The combination of good recruiting and good training opportunities has



South African mothers bring their children to the Alexandra Clinic for medical care. Through HP's efforts, clinic equipment, training and facilities have been improved.

JOYCE LINCOLN

produced some success stories that are unusual in the South African context. HP's staff now includes non-whites in such key positions as sales representative, customer engineer, inventory controller, personnel representative and staff engineer.

"I want to emphasize one thing about these non-white employees," says Chuck emphatically. "They haven't advanced just because we hired them or trained them. Their advancement comes from their own good work and initiative. HP didn't do it for them; we just made it possible."

While HP employees in South Africa may see the advancement of their non-white colleagues as a natural occurrence, some people outside of HP may not. The company is aware that some customers may have initial reactions of shock or dismay. HP is willing to take that risk, says Dean Morton, because the company knows that in the end people will realize that HP standards of professionalism remain constant.

Chuck's experience supports Dean's view. "It's been interesting to see our own people go from shades of resentment, to neutrality, to mild acceptance, to simple unconcern about the racial identity of an employee they're working with. We find ourselves in the forefront of some attitude changes."

Within the 232-person microcosm that is HP's world in South Africa, it is quite easy to feel the flavor of the HP way. Outside of HP, that flavor gets somewhat diluted, but that doesn't deter the company from involvement in the communities that are home to its employees.

Home to some of HP's non-white em-

ployees is the community of Alexandra. Located just two miles from HP's Johannesburg facility, Alexandra's population of 75,000 non-whites lacks adequate utilities, housing and schools.

Much of HP's community involvement has been aimed at improving conditions in Alexandra. The township has only recently been recognized by the government. HP has been working through such agencies as the Sandton mayor's office and the Alexandra Liaison Committee to gain official recognition of the need for government-sponsored improvements in community facilities.

Instrument Group manager Bill Hulme has served as HP's representative on the Alexandra Liaison Committee and explains the reasons for his participation:

"We want to demonstrate the interest HP management has in our employees. The closest, officially recognized Black township to our office is Soweto, but it's miles away. Like many other companies, we furnish a bus service for our employees because there isn't adequate public transportation. I'd like to see more adequate housing and other services. We all feel the frustration of slow progress but want to be in the front line when the barriers come down and the problems are solved."

HP's efforts in Alexandra do not rest with petitioning for government action. Where the company can take direct action, it does so. Adequate medical care is a real need, so HP donated fetal monitoring equipment and funds for nurse training to the Alexandra Clinic. The clinic's patient-examining cubicles were also rebuilt and

expanded through HP efforts, enabling the staff to double the number of patients it can treat.

"Actually, we organized a contractor's donation," explains Chuck. "We were just the facilitators. Our role is often to create the conditions whereby people who were already on the scene can act together, as well as raise the visibility of such efforts in the eyes of South African companies."

Education is another need that HP is trying to help fill. Alexandra represents only part of HP's activities in education—a primary school adopted, a library established, a high school teacher's salary paid in 1981.

HP's involvement reaches other communities, too. Part of Soweto's new high school was funded by HP, as were toys and furniture for a Katlehong preschool, equipment for the Chamdor Training Centre and product donations to the University of Witwatersand and the University of Stellenbosch. Scholarship grants are also targeted for a five-fold increase.

The list of all the times the HP way has touched lives in South Africa would take more space than *Measure* can provide and offer more detail than *Measure* readers wish. Besides, the real summation of the HP impact in South Africa is not tangible or quantifiable. That impact is perhaps best represented in the hundreds of decisions and coaching opportunities HP managers encounter daily.

Don Sykes, service administrative manager, offers a glimpse of it when he described such a commonplace occurrence as an HP-sponsored Junior Achievement group.

"Junior Achievement changed the Black kids' perception of capitalism. Where capitalism was previously seen as a means of exploitation, it is now seen as a positive business practice and philosophy available to all."

HP doesn't underestimate the challenge of effecting such changes in attitude or the complexity of the issues confronting South African society. Nor does the company expect to single-handedly solve all the problems. HP hopes, however, that its role will be to quietly touch enough people and places so that the HP imprint will be positively felt and remembered by all South Africans.

BALVANT PATEL Putting the customer first is the way Balvant Patel has most successfully dealt with the cultural diversity of his workday. None of the customers whose HP equipment he services speak Gujarati, the Indian dialect which is Balvant's native tongue. Alternately speaking English and Afrikaans poses no problem to him, because he has a simple way of gaining customer confidence.

"You don't neglect the customer. You don't make vague promises. If you say you're going to do something, you take direct action. That's how to build confidence."

Balvant joined HP in 1979 and expects to continue to grow with the company.

"With HP I've found that there is no end to advancing. You find that if you have the capabilities they don't leave you alone. There's always someone pushing you on."

NOLAN LAMBERT Job satisfaction and his relationship with co-workers are what have made Nolan Lambert so pleased with his role as an HP personnel representative.

"With HP, you feel you belong in the company," explains Nolan. "Everybody is very sociable. In other companies I always felt I could go only so far because I wasn't white. I'd like to be a personnel manager of an HP branch office some day, and I can see myself moving in that direction."

Nolan has strong beliefs about how HP should exercise its citizenship responsibilities in South Africa.

"The best way anybody can help South Africa is with education. That will benefit both the individual and South Africa. We have a shortage of skilled labor.

"I don't mean just training our own HP staff. I mean contributing to the townships. We need to zero in on the teachers. Without them there would be no education. We can help with their training and support. We need to get down to the student level and help them through their whole school life—not just financial assistance but also with our time and interest."

EUNICE MAKHASANE As an inventory controller, Eunice Makhasane's job is to ensure that orders for HP equipment are promptly entered into the system and delivered. She is working toward her goal of becoming a full-time computer programmer by taking classes in BASIC. Then she intends to develop her own inventory control program for the HP 85.

Eunice likes the way HP supervisors interact with their employees. She's also pleased to have a female boss for the first time in her life.

"What makes me happy about HP is that we can address the boss by her first name. That makes a difference. You really feel free here, and you don't get that anywhere else.

"Most people, especially whites, do not understand how we Blacks feel. At most places, we feel that we are just there to work, and nothing else. You always feel the boss' presence. If you get called into an office, it's because you've done something wrong. But at HP you really feel like you are something—not just someone who comes to work and goes home."

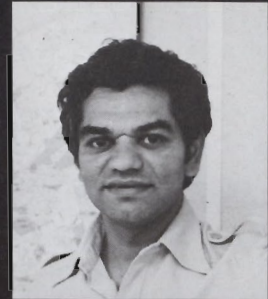
MIKE DANNATT "I've spent my life looking for somewhere to work that is like HP," says Mike Dannatt. "I have a supportive nature, and you can't be that way in an authoritarian organization.

"The tone of the company has to come from the top, and that's what I found at HP. HP's way is very intangible. It means making decisions based on what is best for the people you work with, not just looking out for yourself. I don't mean that we always know exactly what we ought to do, but we really try to do what's ethical."

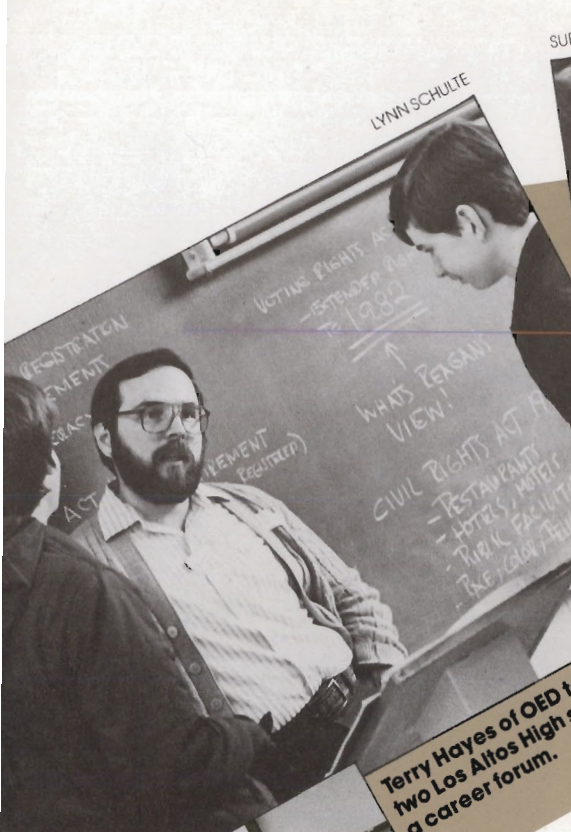
Mike believes in individual action. "I work as a counselor for my church, and sometimes I get depressed when people's problems can't be solved because government policy or bureaucracy stands in the way. When I feel that way, one of the sisters there reminds me that if enough of us light enough candles, then something will happen.

"I'm not a great believer in giving money. I believe in doing little things, like talking to each other as equals. We're lighting candles every day here at HP." **M**

—Story by Katie Nutter, profiles by Joyce Lincoln.



PHOTOS BY JOYCE LINCOLN



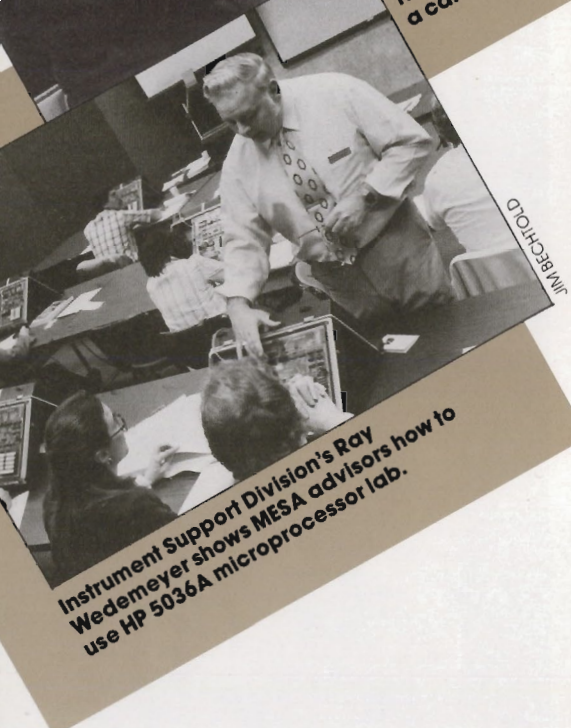
Terry Hayes of OED talks with two Los Altos High students at a career forum.



Development engineer Mary Carter explains disc drive design at Boise conference.



Concentrating on JA project in Loveland.



Instrument Support Division's Ray Wedemeyer shows MESA advisors how to use HP 5036A microprocessor lab.

HP's ALBUM OF YOUNG FRIENDS

Start thinking early about the job you want and prepare realistically for it in your studies. That's the message HP people are passing along to students in junior and senior high schools.

The fresh young faces on these four pages are one appealing way to tell the story of how—and why—Hewlett-Packard is paying an increasing amount of attention to education in the pre-college years.

"Career patterns are often set at an early age," Dave Packard told a group of computer scientists recently. "If pre-college education is inadequate, young people will not qualify for the kind of education they need in order to be future contributors to your industry." HP has been sounding the alarm that the projected need for engineers and computer scientists far exceeds the expected supply of future graduates.

To do something positive about that concern, a separate Corporate educational relations function headed by Jack Grout was established last September. His charge is to focus company strategies and resources and apply them to all levels of education—including the pre-college years.

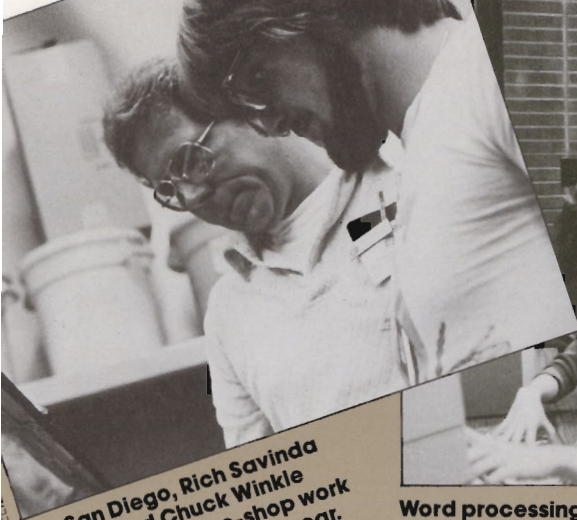
"Part of the reason HP has been suc-

cessful as a company is that we've invested in education," Jack points out. "HP is in partnership with education."

It's a tradition which dates back to the 1950s. Each summer a group of bright high school students was introduced to engineering through working at HP. Bill Hewlett made a point of having lunch with them and talking about their interests.

Throughout the company today, HP locations have come up with a variety of ways to help young people look toward their future.

Some of these local programs are still directed at the educationally gifted, often with special emphasis on minority students. And some are directed at under achievers. Some bring students to an HP site for a tour, or for a weekly class—perhaps in office skills or computer technology—or for a day-long conference about jobs and education.



In San Diego, Rich Savinda (left) hired Chuck Winkle after his machine-shop work experience class last year.



Word processing was included in an 11-week class about the job world given by Sharon Williams and others at Neely Los Angeles office.

CURT OLSEN



Ultrasound demo by Rick Schul (left) was on Andover Division tour for top junior high science students.

LORRAINE LEAVITT

Or the direction may be reversed, with HP reaching out to become a presence on the high school campus. It might be an HP engineer, an employment counselor or a classroom volunteer who would represent HP in the classroom in a personal way.

Some programs are directed at teachers and counselors who are interested in updating their knowledge of the specific job needs of industry. And in California, HP people serve as advisors for major new electricity/electronics and drafting curricula for junior high school through junior college.

Summer jobs and work-experience programs for students at HP can be the cap to getting a realistic picture of industry.

That brief listing—which leaves out all the work that HP people do with other youth groups in the community—is one important part of the story.

The other part is the contribution of HP products to schools (see box, page 15), to students as incentives in academic contests or to non-profit organizations which serve young people. Money is important, too—this year 232 dependents of HP people will start college with \$1,000 scholarships, largely provided through contributions of U.S. employees.

Here are some snapshots of HP and its teen-age friends:

- When the school bus from Yoder, Wyoming, pulled up to the Loveland Instrument Division this spring, Tammy Waycotte of public relations had the day all planned. From February through April, the peak months for tours, she set up visits for 500 students from all

over Colorado and three nearby states.

LID offers technical, semi-technical or general tours and holds a training session for guides at the beginning of the year. One policy: no question goes unanswered—even if it requires a letter.

Tammy has developed a number of custom-tailored tours, including one for a group from a halfway house for kids who had been expelled from school. They heard some straight talk from a supervisor they could relate to. "We wanted to get them to understand that there's life after high school," Tammy says.

- In California, the initials MESA stand for Mathematics, Engineering & Science Achievement Program. Centers on 16 major university campuses serve as a hub for industry-supported programs to encourage Hispanic, Black, American Indian and Puerto Rican students to start early to take the right courses for careers in math and science. (One prerequisite for getting into MESA is to be enrolled in geometry in grade 10.)

This year HP's 11 South Peninsula divisions, working with San Jose State University, developed a tactical plan to give their MESA activity a strong thrust. Nancy Thomas, project manager at the Instrument Support Division, is the coordinator, with Henry Gage of General Systems Division and Jose Moran of Data Systems Division playing key roles. Each division has adopted one school, assisting the

teacher who is its MESA advisor to plan field trips and projects. MESA students often meet in study groups or get individual tutoring, meeting up to five days a week.

Each HP division has contributed \$200 toward buying several HP 5036A microprocessor labs which are rotated among the schools.

As Dean Morton, HP executive vice president, told a MESA leadership conference in January, the company supports MESA with time and money "because it works. More than 90 percent of all MESA students have gone on to study at the college level, and two-thirds have chosen majors in technical fields."

- "All I cared about was getting out of high school—not what I took," said the young woman with real regret. It's exactly the sentiment that Roseville Division's new low-budget, high-impact slide show with sound track is intended to counter.

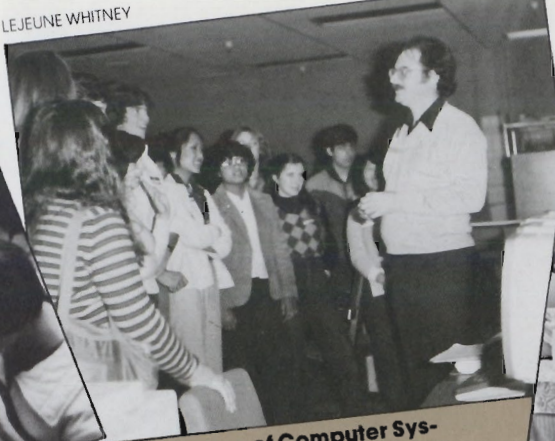
Titled "If I Had Only Known," it gains interest from using local settings and professors to outline the career opportunities in engineering today, and to encourage students to prepare in time. It's been shown in 150 area schools since February. Personnel manager Dave Prindiville spearheaded the production, working with people from another local firm.

- Jack Clagett of the Desktop Computer Division played a lead in establishing the first Junior Achievement club sponsored by HP in Northern Colorado. He's advised a lot of high school



KEN PARKER

At Maybeck High in Berkeley, Calif., students who are building electronics for a telescope check items found in HP's free "school stock."



LEJEUNE WHITNEY

Tom Aguirre of Computer Systems Division gave a Saturday morning computer programming class at Cupertino site.



JOAN SOLLERS

At Colorado Telecom, PBX operator Mary Esteve, who is blind, explains her job to two visually impaired students.

students how to set up and run their own small manufacturing business and close the books, all in one year.

Colorado Springs Division people did their own JA trailblazing several years ago when they co-sponsored the first company for handicapped students, at the Colorado School for the Deaf and the Blind. Now both local HP divisions help support a unique JA activity at the school that includes a typical JA company, sub-contracting for HP, visits to the HP sites to work with role models in the job world and extra counseling on employment opportunities.

During the 1980-81 school year, 156 HP advisors worked with 40 JA companies. Other HP people served on fundraising teams or taught basic economics to eighth graders (Project Business). As part of HP's own substantial support of the activity, the grant of an HP 3000 was made to JA national headquarters in Stamford, Connecticut.

- To help young people 16 to 18 understand industry a little better, five people at United Kingdom sales headquarters in Pinewood spent seven months advising the "Young Enterprise Project" which is much like JA, except the company president becomes "managing director." Their product: bird boxes made from old desks.
- Each time the two divisions at the Boise, Idaho, site hold an all-day High School Career Conference, the attendance seems to grow. This year 300 sophomores and juniors with a wide variety of backgrounds came to learn about career opportunities, needs of

electronics firms for the future, and course work they should be looking at. A popular new addition to the program was a panel of HP engineers discussing the different types of work they do. Counselors were invited in ahead of time for a capsule account of the same current career information.

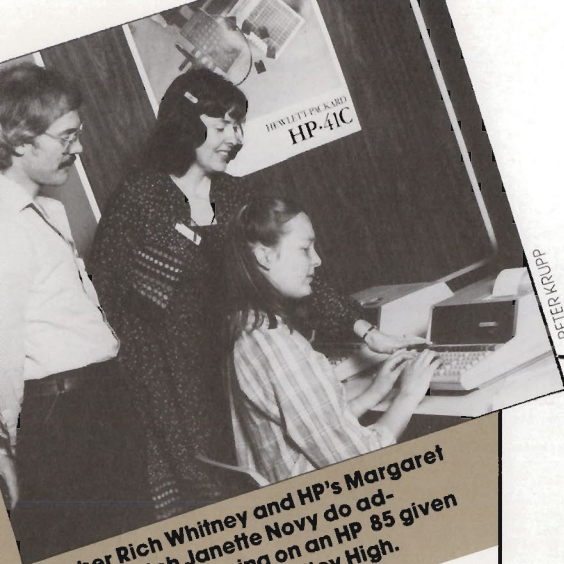
- The speakers bureau which was started this year with 10 engineers from the Signal Analysis Division is now expanding to include all Santa Rosa, California, operations. Requests from science classes have ranged from the subject of basic math to physics or calculus, so the HP speakers decide which level appeals to them. Presentations with slides and overheads have been developed.

Vera Borbon-Burwell of personnel, who organized the speakers bureau, also runs a two-day session on effective interviewing for students with learning disabilities. On the second day she critiques the job applications they have filled out and conducts role-playing interviews. "First impressions are important," she reminds them.

- Employees at Neely Los Angeles had an idea. "Why can't our office do something aimed at helping kids?" The result, after talking it over with the Loyde High School faculty, was an accredited 11-week experimental work experience program that met twice weekly in the "real-life" setting of the HP office. After studying core material on the job world, students could choose among computer programming, electronic technology or the office of the future.
- In Singapore, eight senior high schools (called junior colleges) com-

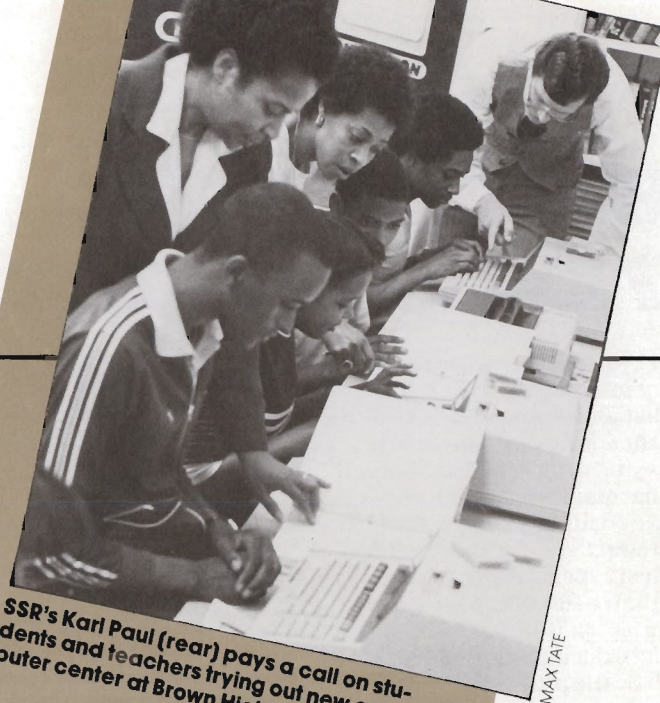
peted spiritedly this spring in a series of electronic quizzes sponsored by HP Singapore. Two teams met in the final event, held at the plant. Local science institutions provided questions on the basic principles and theories in electronics. The winning school received an HP 85, with each team member taking home a handheld calculator.

- In Palo Alto, Rick Pering of HP Labs volunteers to help 7th and 8th graders in a computer center operated by Interactive Sciences Inc. at Jordan Middle School. More than 500 students a year learn the basics of computers, with many becoming "computer tutors" who teach other students, staff, parents and senior citizens. HP's Peninsula Contributions Committee has just given the non-profit ISI two HP 87 personal computer systems with graphics plotters for its model computer-literacy programs.
- In the Bay Area, HP divisions send surplus and obsolete parts and equipment to "school stock" in Palo Alto, which is open to schools and other non-profit groups doing training. High schools receive about one-fourth of the 50 pallets of material that is given away every six weeks.
- Paul Misino, 16, who is taking math and computer science in high school, was one of 14 students who spent two weeks on the work experience program in HP Australia's Melbourne office. Assigned to the systems engineering group, he first reorganized training



Teacher Rich Whitney and HP's Margaret Watson watch Janette Novy do advanced programming on an HP 85 given to Corvallis' Crescent Valley High.

PETER KRUPP



SSR's Karl Paul (rear) pays a call on students and teachers trying out new computer center at Brown High.

MAX TATE

CLOSE-UP ON ATLANTA

When Karl Paul, employment manager for the Southern Sales Region, recently dropped by Brown High School in Atlanta, Georgia, the faculty and some inquisitive kids were eager to show off their newly installed computer center which opens next fall.

Karl had played a key role in bringing Brown High—an inner-city school with strong math and science departments but no equipment for teaching micro-computer technology—to the attention of HP's Personal Computation Group. The group has adopted the long-range strategy of helping college-bound students feel at home with computers. This fiscal year the group will contribute some 70 HP personal computer systems along with handheld calculators (total list price, \$350,000) to selected high schools throughout the U.S.

Margaret Watson, who administers that philanthropic program, agreed to provide eight HP 85s and other related equipment (list value, \$31,000) to Brown High for a pilot program. This June HP's Atlanta office gave three days of special training on the HP 85 to eight Brown teachers who have modeled courses in physics, math, calculus and language arts around the computer.

Putting this substantial package together wasn't all that difficult, according to Karl, who serves as vice chair of the Atlanta Public Schools SECME Advisory Committee. (SECME is the ac-

ronym for the Southeastern Consortium for Minorities in Engineering, organized in 1975 to encourage academically talented minority students to take the proper courses for the study of engineering.)

"I thought, 'Heck, HP does a lot of good things for schools. I'll just let our people know that for many years Brown has graduated a number of top-notch people and it's time for the school to have some computers.'"

Karl hopes the HP grant to Brown High will serve as a model for other companies and SECME advisory boards throughout the Southeast. The 21 universities in SECME each work with secondary school systems in their area and have had a strong impact. In 1980, 55 percent of the high school graduates in the program reported they planned to study engineering. With a total of 237 high schools and 26,000 students (half of them minority) in SECME, that's a healthy stream of future engineers.

It looks as though the popular HP Series 80 personal computers will be in use at an increasing number of other U.S. schools from junior high on up. Barbara Williams, who administers the HP Employee Product Gift Program at Corporate, reports growing interest in a new program which makes it possible for HP people to give their favorite pre-college school an HP 85 or HP 87 at 35 percent of list price. **M**

material and the layout of the Tech SEO room—then had the chance to help with product demonstrations at the "Productivity 82" computer roadshow.

• There is some activity related to high schools just about every week at HP's Cupertino, Calif., site which is headquarters for the Business Computer and Technical Computer groups and a number of computer divisions. In early May the site hosted groups of Black, Hispanic and Asian students from local high schools—300 students in all—for a day-long look at careers in the electronics industry that has been a tradition for a number of years.

Among the community-relations events which LeJeune Whitney has coordinated for the site are a number of computer awareness seminars (designed either for students or for teachers) and an 11-week course on computers given each Saturday morning for 30 students selected by the math and science departments in the Fremont Union High School District. Bob Ashford, sales development engineer for the Business Computer Group, is one of the HP people who regularly gives young people an introduction to basic programming and HP computer hardware.

THE COST OF ONE OF EVERYTHING: \$23,338,150

In 1941 you could have purchased one of every product on Hewlett-Packard's price list for less than \$2,500. At the time, the young company sold just 12 items—the most expensive being a \$550 harmonic wave analyzer.

In the ensuing 41 years, the company's product offering has exploded. The most expensive product now costs more than \$160,000, and that one-page price list is now a 2,500-page computerized document produced every month by the product file group of Corporate Marketing Services.

It's not as easy to calculate a total price for all HP products as it was 41 years ago. The task is made more difficult because so many HP products have options. In fact, there are more options (12,683) than products (7,115) on the May 1982 price list. There are options to meet the voltage requirements of different countries, to rack-mount your instrument, to include a built-in printer, to add a remote control and many, many others. There are a number of products you can't order unless you also order an option.

If you total the current prices for all 7,115 products on the list, you arrive at \$17,482,244. When you add in the available options, the grand total is \$23,338,150—nearly 10,000 times the 1941 total! The document that contains this wealth of information, HP's 2,500-page price list, is impressive in its own right. It is distributed to 3,200 sales and order processing people around the world each month. Fortunately, it's reduced to a small packet of microfiche that weighs a fraction of the

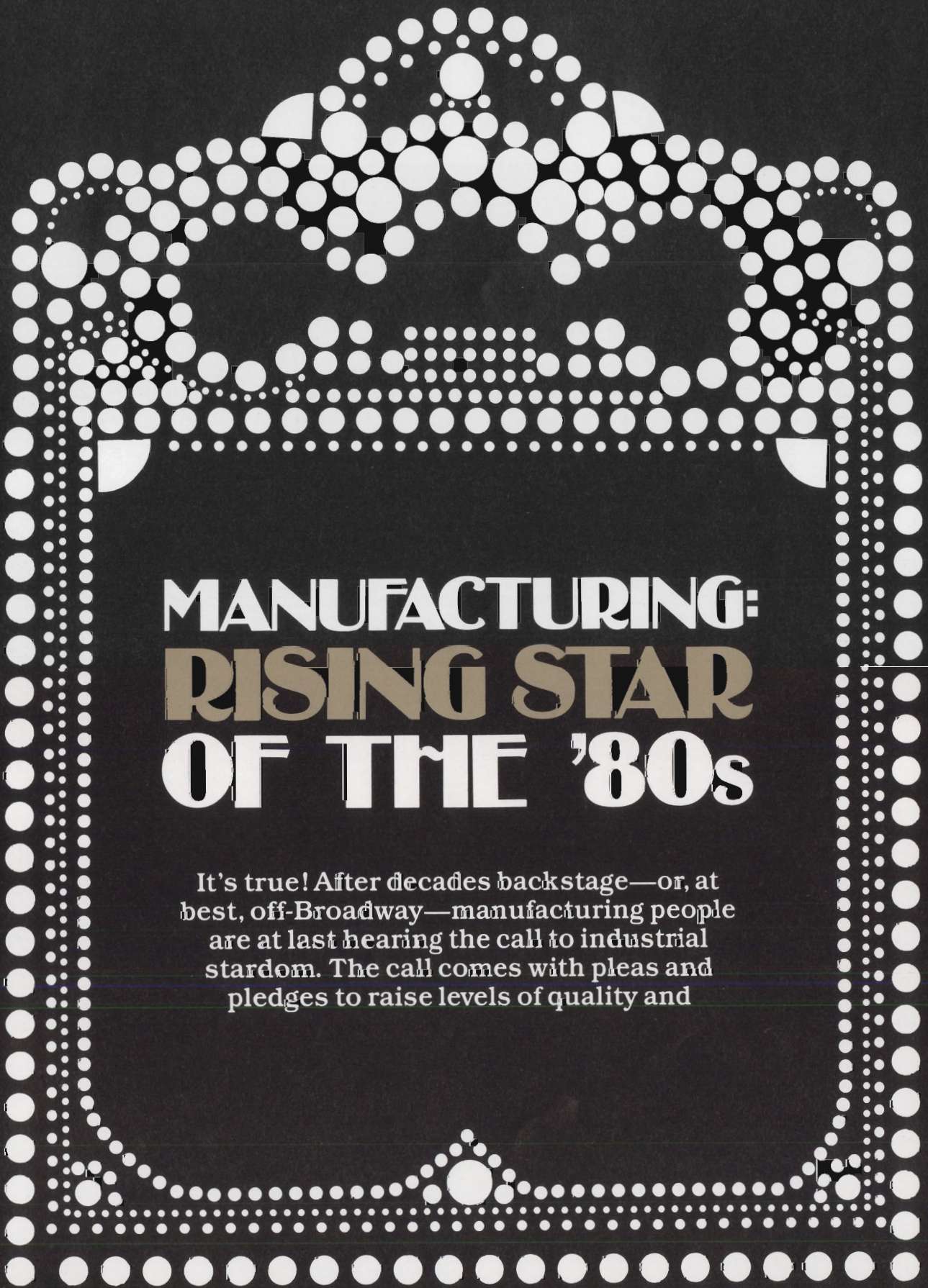
paper version. Its companion piece, the 34-page availability schedule, is duplicated for 6,000 HP people twice each month. The availability schedules are produced on HP's laser printer on letter-sized paper.

In addition, price lists are prepared by several European and Intercontinental countries to allow for local pricing considerations. And as if those aren't enough, HP has a parts list that's 12 times longer than its price list. At last count there were 251,000 parts on the microfiche list produced by the Corporate Parts Center.

Assuming you had the \$23 million you needed to buy one of everything HP makes, you'd still be faced with one major problem. Where in the world would you keep it all? **M**

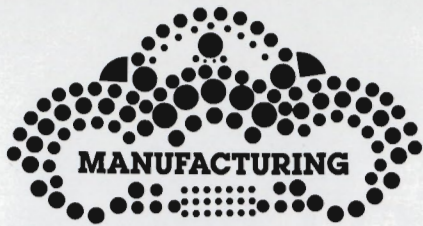


The 1941 price list fit on a single sheet of paper. By contrast, the May 1982 price list consists of 2,500 pages of computer printout.



MANUFACTURING: RISING STAR OF THE '80s

It's true! After decades backstage—or, at best, off-Broadway—manufacturing people are at last hearing the call to industrial stardom. The call comes with pleas and pledges to raise levels of quality and



NANIGUEK

"The common element in the 11 seminars is a way of thinking—a framework rather than a cookbook approach. The goal is to encourage innovative thinking in solving problems." Claudia Davis, Corp. Training.



NANIGUEK

productivity, to make better use of assets, to bring on automation, to conserve energy and to reduce costs.

The times and the staging are indeed right for manufacturing to take on a leading role—to bring about the long-promised "factory of the future." Competition in world markets is intense. Products that win or survive in this climate need more than innovative features, styling changes or marketing support—they must also have quality and price values. Meanwhile, many important advantages that could be had from doing "the basics" better, as well as using new manufacturing strategies and technologies, remain largely unexploited, at least in most of the Western industrial countries.

Hewlett-Packard has been aware for a number of years of the challenges and opportunities in this situation. The company's program for helping its manufacturing organizations attain stardom is no longer a secret.

A CORPORATE STRATEGY

Headed by Ray Demere, vice president-Manufacturing Services, the

three-year-old Manufacturing Managers' Council last year issued a 10-point corporate manufacturing strategy which, in turn, provides a framework for the factory organizations to generate their own plans. A key statement in the strategy notes that "The achievement of improved efficiency and lower cost alone do not comprise our mission. The manufacturing function is a vital part of the Corporate strategic process. The strategic statements and principles that guide manufacturing decisions also support and enhance the business strategy of the company and play a key role in shaping that strategy."

MANUFACTURING SEMINARS

The council also initiated a program that calls for sharing the best company practices in manufacturing through training and communication. Out of this grew the massive, companywide program of seminars that recently introduced hundreds of manufacturing management people to a "new way of thinking" about their roles.

Using "massive" to describe the seminars may not seem the right choice of words: At any one HP manufacturing entity, no more than 20 people participated in any one session, usually for four classroom hours a week.

It's the overall logistics that are impressive: More than 1,500 manufacturing people in 65 divisions and operations around the world will soon have completed the 11-week series involving 45 classroom hours, which started in mid-March at most locations. Each session or module is backed by special videotape presentations (13.5 total hours, 31 different speakers) and a thick workbook of case studies, articles and exercises in factory management. Each is led by a local manager who has taken special "facilitator" training in that particular subject. The range of subjects includes business strategy, manufacturing strategy, marketing, new product development, quality/productivity, asset utilization, managing manufacturing costs, materials management, information systems, automation and long-range capacity planning.

Getting the program to the point of delivery was equally impressive. After the decision was made in 1980 to create such a program, Claudia Davis of Corporate Training and Management Development set about assessing its

"The function of manufacturing in HP has more or less been taken for granted. This can no longer hold true. Manufacturing must take the lead in driving costs down and improving quality." Lee Ting at HP Singapore.



"The seminars have been a very interactive learning experience. We've already begun to identify processes and techniques we can usefully apply in Computer Systems Division." Bob Tellez, section manager.

particular needs and coordinating its complex and far-ranging activity. In the next year and a half, some 350 people contributed materials and ideas based on outlines developed by 11 task forces. HP-TV produced videotapes featuring HP people, including President John Young, as well as outside consultants. As a launching point, all manufacturing managers spent a week together last November focusing on both their common and individual relationships to HP's overall strategy.

Other sessions and seminars will continue to be held in the future. They will eventually be expanded to reach first-line supervisors and perhaps other people from other departments who have something to gain through a better understanding of HP manufacturing operations and strategies.

NEW STRUCTURES

A whole series of manufacturing-oriented sub-councils, committees and task forces has been created to deal with common, companywide policies and programs ranging from assembly automation to subcontracting. Behind each of them is the intent to share and assess ideas that have been successful inside as well as outside the company.

QUALITY TEAMS

Almost 700 quality teams have been formed around the company, many of them linked to manufacturing. Each sets its own problem-solving goals, in most cases directly related to improving quality and productivity of a product or process. Results, though hard to quantify overall, are generally rated as excellent—a worthwhile investment of time by thousands of HP people.

A NEW PUBLICATION

Manufacturing Forum has been developed to provide a continuing interchange of ideas and information useful to HP manufacturing people.

The goal of all the foregoing activity is summarized in the new "logo" or symbol developed by Dave Weindorf, manufacturing support manager in Corporate Manufacturing Services. First shown at the 1982 general managers' meeting, it's now seen around the walls and halls of all HP manufacturing facilities: "quality—productivity—asset utilization" all revolving around "contribution."

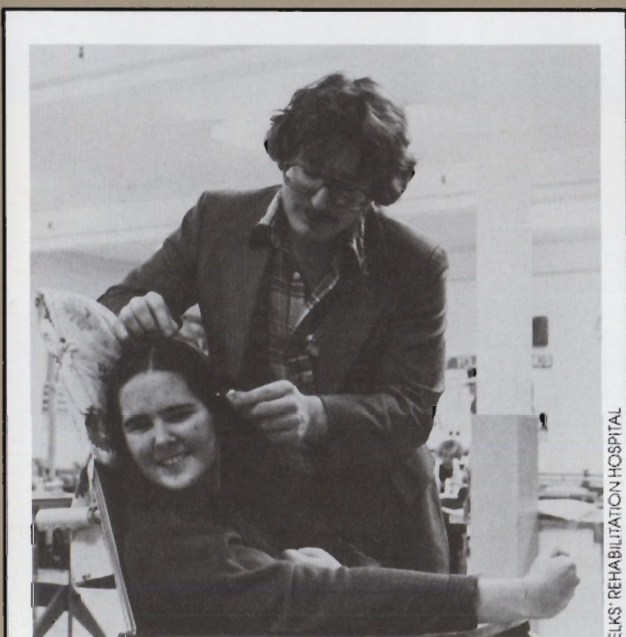
Are these rather plain words the stuff of stardom? HP manufacturing people are betting on it, providing—as John Young has said—we put these words into action. **M**



Quality is no longer looked on as just a cost but as an enhancer of productivity leading to better use of our assets. Everyone's contribution is vital—that's the message in HP Manufacturing's new logo adapted here.

CLOSEUP

Zooms in on the ever-changing world of HP people, products and places.



ELKS' REHABILITATION HOSPITAL

HEADS-UP DESIGN

Dick Sevier is one of three engineers at HP's Disc Memory Division who volunteer their time and professional skills to develop new therapy tools for the Elks' Rehabilitation Hospital in Boise, Idaho.

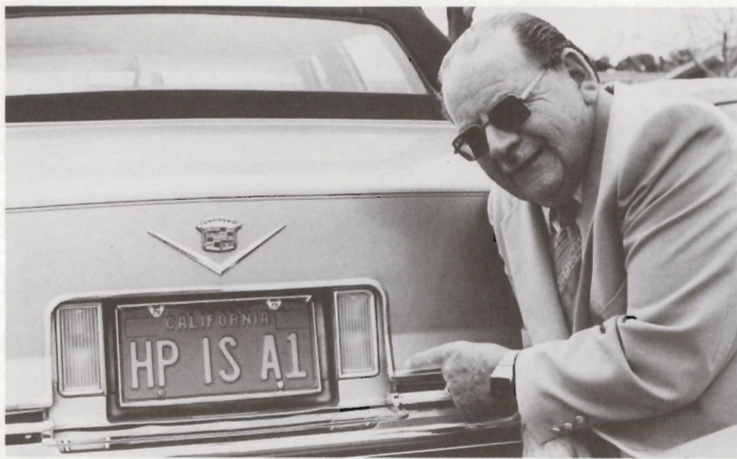
Dick modified a radio that would encourage a young patient to hold her head upright. Aware of Leslie's love for music, Dick built headphones that play only when her head is held up. "It's remarkable," says her therapist. "After all those days of talking to her and asking her to try a little harder, she now does what we wanted her to do. It happened overnight."



CLEANING UP WITH COOKBOOKS

Thanks to a bright idea of the custodial crew at HP's Santa Rosa site, the United Way campaign will have a few more dollars and HP employees can own a special cookbook.

Recipes are being collected from site employees to be included in Gastronomic Digest . . . a Santa Rosa recipe book. Also included will be photos of food, judged for their photographic excellence by the camera club at the site. Proceeds from the sale of the books will support the 1982 United Way campaign.



MARY DANEHOWER

HP-OETIC LICENSE

Few people declare their loyalty to their employers as proudly or as publicly as Jack Benson, materials analyst in Corporate Industrial Design.

Jack's silver Cadillac sports license plates that declare his allegiance to Hewlett-Packard: HP IS A1.

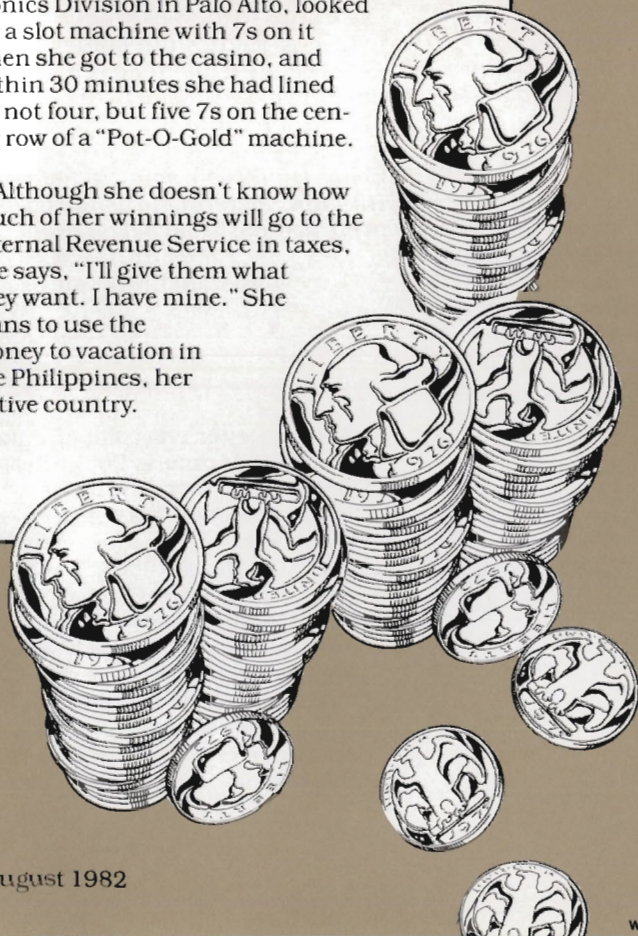
Although his personalized license plates make a lot of sense to other Silicon Valley drivers, they might confuse some of Jack's fellow countrymen. HP and A1 are competitive brands of steak sauce in his native England.

A DREAM OF A JACKPOT

Abella Santiago had a dream about winning money with four 7s, drove to Reno, Nevada, and came home \$250,000 richer.

Abella, a skill specialist at the Optoelectronics Division in Palo Alto, looked for a slot machine with 7s on it when she got to the casino, and within 30 minutes she had lined up not four, but five 7s on the center row of a "Pot-O-Gold" machine.

Although she doesn't know how much of her winnings will go to the Internal Revenue Service in taxes, she says, "I'll give them what they want. I have mine." She plans to use the money to vacation in the Philippines, her native country.



GOING TO BLAZES

"As soon as I hear a siren or get a fire call on my radio receiver, I'm gone," says Larry Giddings, McMinnville Division plastic molding journeyman and one of that city's 90 volunteer firefighters. Larry, who's been on the volunteer force for nine years, says he goes out on about 200 calls a year—everything from smoke checks to blazing grain elevator fires. About a year ago a second HP McMinnville employee, machine operator Gregg Robinson, joined the unpaid firefighters.

Larry says he gets few workday calls "but whenever I do I have the OK from my supervisor to take off." For his many years of service, Larry has been voted firefighter of the year (in 1976), was appointed lieutenant in 1979, and last year was promoted to captain.

YOUR TURN

Invites you to question or comment on matters of importance to *Measure* readers.

IDENTITY CRISIS

While I'm writing, let me compliment you on the bright and lively mag. Now the grouse—the January-February Newsclips attributed the new 3779C/D primary multiplex analyzer to Colorado Telecommunications Division instead of Queensferry Telecommunications Division. Those of us here who took part in the "major engineering effort" were a bit stunned, but we charitably thought of several innocent ways for this mistake to happen. Next time, however . . .

MARK DYKES
Queensferry Telecom Division

Our apologies to all at South Queensferry—the home of the new multiplex analyzers.—Ed.

WHERE DID IT ALL COME FROM?

I have a question about the distribution of HP stock. Has all of it been distributed through the employee purchase plan or has some of it been put on the open market and offered to non-HP people first? (I would count stock that Hewlett, Packard and other HP executives have received not as "open market" stock, but as stock that went to HP employees first.)

PAT HAFFORD
Desktop Computer Division
Fort Collins

Except in the case of mergers or stock splits, HP common stock has always been distributed first to HP employees. Stock was first made available to employees in 1957 pursuant to an employee-restricted stock option plan and through the grant of stock bonuses to employees. The stock purchase plan started in 1959. Since then shares have also been issued to employees as part of the 10-year service award policy and the HP incentive stock option plans.

CRAIG NORDLUND
Assistant Corporate Secretary
Palo Alto

IRAs ON THE WAY?

I'm probably not the first to ask, but . . . does HP have any plans to come up with some kind of Individual Retirement Account (IRA) for employees, now that they are legal for us—either "stand-alones" or in conjunction with our company-paid profit-sharing retirement plan?

I realize the HP Credit Union has IRA offerings, but I'm asking about anything under the trusteeship of HP itself. I would hate to commit my money to a private plan and later learn that HP was offering something better—especially if it involved "matching funds."

Even if the company hasn't decided yet, but is considering it, I think many employees would appreciate knowing.

CRAIG CALLAWAY
Computer Systems Division
Cupertino

Tax laws effective for 1982 allow HP's U.S. employees, even though participating in HP's retirement plans, to contribute to IRAs. An individual may put up to \$2,000 per year (or 100 percent of pay, whichever is less) into an IRA. If you are married and your spouse doesn't work, you may put up to \$2,250 into an IRA. In family situations where both the husband and wife work, the \$2,000 maximum applies to each person.

There are literally hundreds of IRAs available, generally requiring a commitment to that IRA of a year to a year and a half. HP does not plan to offer IRAs based on data available at this time. A considerable amount of computer programming and administration would have to be added to provide a benefit we believe to be marginal at best since IRAs are so widely available.

We always try to evaluate the impact of tax laws and regulations as they evolve.

ART YOUNG
Corporate Personnel
Palo Alto

REINVESTING DIVIDENDS

I read recently that under a new U.S. tax law, a married couple is allowed a \$1,500 tax reduction (or tax-free dividend) if dividends are reinvested. Another advantage to reinvesting dividends is that you can pick up additional shares of stock without paying a broker's commission. For those of us on the HP employee stock purchase plan, how can we sign up to have our dividends reinvested? I hope HP will be able to give us this option.

NAME WITHHELD UPON REQUEST

The new dividend exclusion applies only to a dividend reinvestment program offered by public utilities and therefore wouldn't be available to HP shareholders.

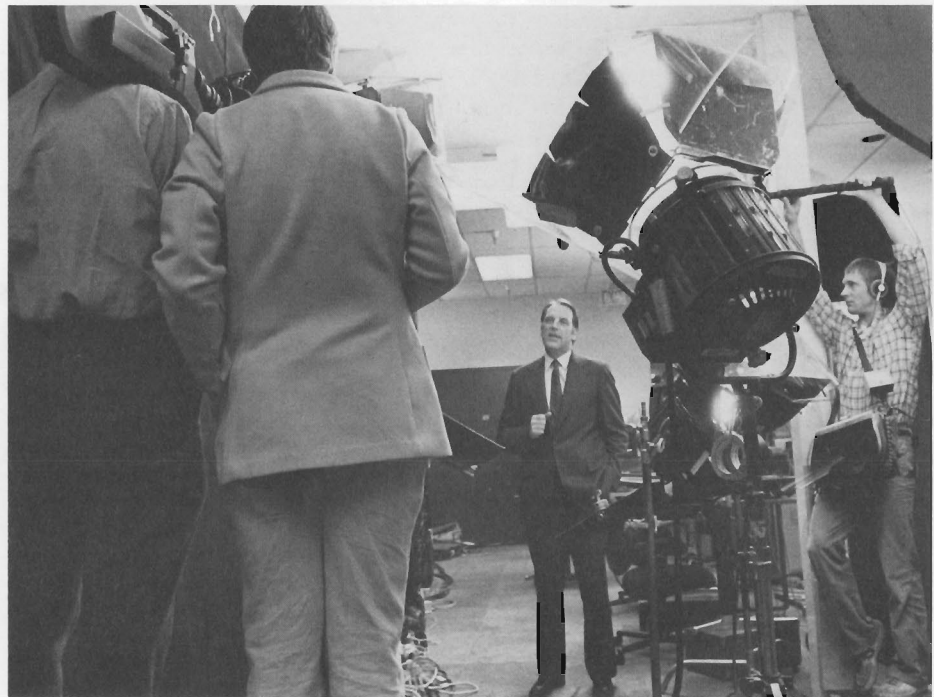
From time to time the company has looked into the feasibility of offering a dividend reinvestment program, but has concluded it wouldn't provide a significant advantage to shareholders at this time. Large shareholders typically do not participate in such programs. And with our current dividend rate of six cents per quarter and a stock price in the \$40 range, it would take most small shareholders many years before a dividend reinvestment program would result in the purchase of even one share. The company can't justify the additional bookkeeping expense for the very small benefit to the HP shareholders who would be likely to participate in such a program.

CRAIG NORDLUND
Assistant Corporate Secretary
Palo Alto

Address letters via company mail to Editor, *Measure*, Public Relations Department, Building 20BR, Palo Alto. Via regular postal service, the address is *Measure*, Hewlett-Packard Company 20BR, PO Box 10301, Palo Alto, CA 94303-0890. Try to limit your letter to 200 words. Please sign your letter and give your location. Names will be withheld on request. Where a response is indicated, the best available company source will be sought.

JOHN YOUNG

HP's president describes first-half results for FY82: a good start



PHOTOS BY LAWRENCE BOOTH

The makeup man applies the finishing touches to John Young moments before he appears in front of the cameras in a 30-second television commercial for *Business Week*.

The first half of 1982 has provided a continuing set of operating challenges. Most of our major markets in Europe, the United States, Japan and Canada saw little relief from the recessionary condition of recent quarters. Most foreign currencies were weak compared with the dollar, thus increasing the cost to international customers for products shipped from U.S. divisions and adding to our difficulties in generating orders.

Despite all this, I feel we did quite well, especially when compared with reports from companies against whom we compete. We have allowed our R&D expenditures to increase to somewhat higher than normal levels, but in return we have very strong new-product offerings this year. Coupled with timely manufacturing and an aggressive sales effort, this has made the difference, with shipments for the half growing by 22 per cent from 1981 to cross the \$2-billion mark for the first time.

Perhaps the most important accomplishment during the period was to improve our operating profit as a percent of sales. For the preceding five quarters our product costs and expenses had increased more rapidly than sales—a situation that could not continue without fundamentally impairing our business. In looking over the figures I see that many groups were able to lower their manufacturing costs and thus improve this fundamental ratio.

Expenses grew by six percent in the second quarter of '82 over the first quarter, indicating just how difficult

it is to lower expense growth rates even when we're doing very little hiring. At this point expenses are close to being in line with shipments.

So, at the half-year point, orders are roughly in balance with shipments, we've been able to modify the course of cost and expense trends, and with the benefit of the new U.S. tax laws, report a substantial improvement in earnings per share.

In my view we still have some period of time ahead of us in which business conditions will remain mixed. High interest rates and an alarming budget deficit hang over the U.S. economy. Other key countries in most cases have strong ties to the dollar plus social and financial problems of their own.

Since many groups had to reduce backlogs in the first half to meet their shipping goals, order levels remain critical. In this situation we need to continue our program of emphasis on new products, aggressive marketing efforts, cost and expense management and tight control of hiring.

I'd like to add a few words about people, payroll costs, productivity and profit sharing. The number of employees eligible for profit sharing increased by 15 percent from the first half of '81 to the first half of '82. However, payroll costs increased by 22 percent, reflecting the high level of salary increases. The pretax profit sharing base increased only 15 percent. This clearly means that the profit sharing percentage must be lower and it was; 7.03 percent vs 7.46 a year ago.

There are a number of influences that affect the relationship between pretax profits and eligible profit-sharing payroll, such as the rate of hiring of new employees, product pricing and salary increases. However a very positive effect is increased productivity. That is, the shipments and associated operating profit we can develop per person. To return to the profit sharing levels of one to two years ago (8 to 9 percent), we must find ways of working more effectively to get additional shipments per person. This is the only way to offset the increased payroll cost per employee and have an adequate operating profit.

We shipped \$56,000 per person in 1981. This figure has to increase by about 10 percent each year for us to remain in balance—that is, about \$60,000 is required in 1982. This will not be easy to achieve, but is absolutely essential if we are to remain competitive. This is why we constantly ask everyone to reexamine every area to make sure each job is being done just as effectively as possible. We hope each of you will give this your special attention.



MOVED LATELY? CHANGE OF ADDRESS SHOULD BE REPORTED TO YOUR PERSONNEL DEPARTMENT.

NEWSCLIPS

Recaps the newsworthy events, changes and achievements within HP.

FIRST-HALF RESULTS

Sales increased 22 percent and net earnings were up 34 percent for the second quarter of FY 1982 that ended April 30. For the second consecutive quarter, incoming orders exceeded \$1 billion.

The following is a summary of FY82 results, with comparable FY81 figures in brackets:

Sales for the second quarter were \$1.06 billion (\$867 million), with net earnings at \$94 million (\$70 million). First-half sales were \$2.01 billion (\$1.64 billion), with net earnings totaling \$167 million (\$133 million) equal to \$1.35 per share (\$1.09).

Orders for the first half totaled \$2.17 billion (\$1.92 billion), with domestic orders of \$1.14 billion up 17 percent, and international orders at \$1.03 billion up 9 percent.

Profit-sharing percentage for the first half was 7.03 percent (7.43 percent).

[For the record, here's a correction in the Newsclips item on first quarter results, March-April 1982 *Measure*: Net earnings amounted to \$73 million, equal to 59 cents per share on approximately 123 million shares of stock outstanding.]

CHART CHANGES

A new Integrated Circuits Division has been formed within the Electronic Measurements Group effective June 1. It comprises IC activities at the Santa Clara, Loveland Instrument, and Colorado Springs divisions, which remain in their present locations. GM is Art Darbie, who will also serve as group engineering manager. . . . Optoelectronics Division has formed two operations:

Visible Products Operation (for LED lamp, annunciator and display activities) and Interface Products Operation (isolator, fiber optics, bar code reading and motion sensing products). Operations managers are Mike Cowley and Rick Kniss, respectively.

MANUFACTURING

Also in new managerial roles: Jose (Pepe) Grapa has been named operations manager for the computer manufacturing facility which the Business Computer Group plans to start in Guadalajara, Mexico, this summer. (It will be known as the Guadalajara Computer Operation.) . . . Lee Ting will return to the U.S. from Singapore July 1 to become operations manager for the Systems Re-marketing Operation. Succeeding him as managing director, Southeast Asia Operations, will be Walt Sousa. . . . Doug Carnahan has been appointed operations manager for the Computer Peripherals Group's operation planned for Bristol, England. . . . At the Colorado Springs Division, Dave Dayton is now operations manager for the Logic Systems Operation.

OTHER NEW HATS

Fred Schroeder retired as director of Corporate Development on May 14 after a 23-year career of key management posts in Europe and the U.S. His successor is Dave Sanders. . . . Shirley Hufstедler, who has served in the past as U.S. Secretary of Education and as a U.S. Court of Appeals judge, was named to the HP board of directors. She is the first woman to serve in that capacity. . . . Harry Portwood is now Corporate Staffing manager and John Flaherty heads a new department of Personnel Administration in Corporate Personnel. . . . Don Rowe is the new Intercon Latin America Area general manager. . . . In Europe, Jean Baillod has been named GM for the South East Region and Alfredo Zingale becomes director, administrative services, Europe.

MARKETING

Colorado Springs Division has announced price reductions of up to 16 percent on its two most popular 100 MHz oscilloscopes—believed to be the first significant price reduction in the scope market in 10 years. . . . New in marketing manager posts: Larry Potter to Electronic Measurements Group, Dick Watts to Santa Clara Division (instruments), Mac Juneau to Loveland Instrument Division.

MOVES

General Systems Division is in the midst of a phased move to Sunnyvale, Calif., to share a site with Data Terminals Division. Completion is set for October 1. . . . HP moved up to 110 (from 120) in *Fortune* magazine's annual directory of the 500 largest U.S. industries, based on 1981 figures.

PRODUCTS

Waltham Division has introduced two improved ultrasound systems: the HP 77020AC for cardiac imaging which makes it possible to compute automatically such cardiac performance indicators as fractional shortening and stroke volume; and the HP 77020AR that simplifies estimates of fetal growth and maturity. . . . From the Loveland Instrument Division: the HP 4145A Semiconductor Parameter Analyzer which stimulates voltage and current-sensitive semiconductor devices and measures their resulting current and voltage responses—useful for researchers. . . . The Optoelectronics Division has introduced HP's first high-resolution digital wand (HEDS-3200) for reading bar-code.