

intercom

HP Intercontinental News

FY1984-Third Quarter

H-P aims again for the consumer market



New 'Nomad' portable is firm's latest break from traditional base

By Mary A.C. Fallon
Business Writer

Hewlett-Packard Co. today will test the market for its new portable computer.

HP set to market new portable PC

Hewlett-Packard Co., a giant electronics company based in Palo Alto, Calif., jumped into the portable personal computer market Thursday.

Los Angeles Times

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NIKKEI BUSINESS

Japan's Leading Business Magazine



H-P's new 8 1/2-pound portable will have a list price of about \$3,000

Portable computers

Hewlett-Packard entry

Hewlett-Packard Co. of Palo Alto, Calif., has joined the list of major computer makers introducing portable computers. Its machine, called the Portable, carries a suggested retail price of \$4,999 (Cdn.) — which is at the high end of the price range for portable computers.

Hewlett-Packard said the 1.2-lb. from Lotus Development Corp. of Cambridge, Mass. — a best-selling financial-analysis program — is built into its portable, as is a word-processing program. The Portable will be available in June.



high-tech roundup

Hewlett-Packard will establish joint venture to sell goods to China

Hewlett-Packard Co. and the China Electronics Import & Export Corp. have an agreement to establish a joint-venture company to sell and support HP products in China and to manufacture selected products from HP's current product lines.

The new company will be called China Hewlett-Packard.



Hewlett-Packard OKs deal

BOISE (AP) — Hewlett-Packard Co. has agreed to form a joint-venture company with Deso Sociedad de Fomento Industrial in Mexico.

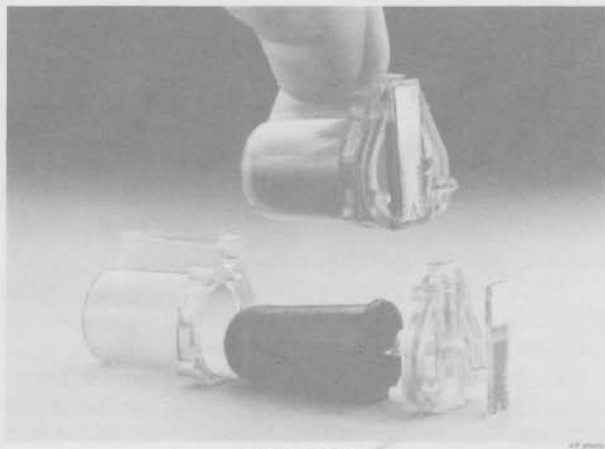
The new company, Micro-Computadoras Hewlett-Packard, will distribute and manufacture H-P 150 touchscreen personal computers and future H-P personal-computer products in Mexico.

Deso will own 51 percent of the company and H-P will own 49 percent if the agreement is approved by the Mexican government. A timetable to start operations will be established following approval, company officials said Thursday.

H-P is a computer and electronics company based in Palo Alto, Calif., with operations in Boise.

FORTUNE

January 9, 1984



'Thinkjet'

the calculator eyes of

Partnerships formed in China and Mexico

by Alan Bickell

The last issue of *Intercom* reported on the signing of an agreement between Hewlett-Packard and Samsung Electronics to form a joint venture in Korea. Now two additional joint venture companies have been agreed upon, the first in China between Hewlett-Packard and China Electronics Import/Export Corporation; and the second in Mexico between Hewlett-Packard Mexicana and Grupo DESC, one of Mexico's leading industrial groups.



Toasting the success of the new joint venture in China are HP senior vice president-international Dick Alberding, Jiang Zemin, minister of the China electronics industry, and M.W. Searles, Jr., commercial counselor with the U.S. embassy in China.

The China joint-venture agreement builds on several years of painstaking effort by the HP team under the leadership of Chi-ning Liu. In commenting on the joint-venture agreement, John Young observed: "Our company has been developing a long-term business relationship with China since the early 1970s. We are very supportive of the development of the electronics industry in China and believe this joint-venture agreement can make a contribution in terms of both technological capability and management techniques.

"We will be working together in the coming months to define the business plan of the new organization and will announce its key managers as they are identified."

Similarly, the Mexico joint venture represents an opportunity for Hewlett-Packard to participate in an active personal computation market in Mexico which otherwise would be unavailable to us if we weren't able to structure an organization there with majority Mexican

ownership. Our partnership with Grupo DESC will provide not only market access for our products but also significant additional opportunities for HP and DESC to work together in mutually beneficial ways to develop our respective businesses, a truly synergistic partnership.

It is one thing to undertake the painstaking negotiations which are required to develop these agreements. It's quite another to actually breathe life into these organizations and make them effective contributors to their parent companies' objectives. This latter task is assigned to their general managers and the teams they assemble to implement the objectives and strategies envisioned in the joint-venture agreements.

In the case of Samsung-Hewlett-Packard, I'm extremely pleased to announce that George Cobbe has agreed to assume the position of president and general manager of this subsidiary. George is well-known to all of us at Intercontinental for his over 12 years of service here at headquarters, first as Instruments regional marketing manager and most recently as our general marketing manager, with responsibility for coordinating our discipline sales management activities



George Cobbe

and the management of the Japan, Far East, Australasia and Latin America sales regions. To his new assignment, George brings a wealth of Hewlett-Packard experience, personal maturity, and the leadership and drive that a position like this requires.



ON THE COVER HP's new visibility in the press is examined on page 11 and exemplified by excerpts from a Japanese journalist's interview with Dave Packard on page 4.

Our new joint-venture company in Mexico, Micro-computadoras Hewlett-Packard, will have as its



Manuel Diaz

president and general manager Manuel Diaz, who will time-share between this responsibility and his current duties as general manager of Hewlett-Packard Mexicana. Again, we are fortunate to have a senior and experienced manager and an appropriate supporting functional management team ready and available in Mexico to take on this new and

important assignment.

In addition to the three joint-venture companies which we are now actively implementing, a fourth and strategically important move has been made to organize our manufacturing and procurement activities in the Asia Pacific geography. I've asked Walt Sousa to take on this responsibility in addition to those he currently carries as general manager of our manufacturing activities in Singapore and Malaysia. For lack of a more concise name, we've chosen to call him manager of Asia Pacific manufacturing and procurement. The primary responsibility of this job is to investigate the manufacturing capabilities of this geographic area and to develop a plan to avail ourselves of local manufacturing resources and procurement opportunities which can provide Hewlett-Packard with purchased parts, subcontracted products, and some light manufacturing.

Our objectives are not only to provide HP with the best possible alternatives in cost, quality and availability of material, but also to improve HP's marketing position in these key countries. The main consideration here is HP's contribution in terms of exports, transfer of technology, and employment in these countries where we are increasingly facing restricted entry.

Intercontinental continues to move aggressively forward, tailoring its organization's structure and management to fit each specific market situation we face, country by country. We are determined to fully capitalize on the opportunities available to us and to significantly enhance our position in each country market for which we are responsible. The programs I've outlined here are bold additional moves in this direction. The individuals taking on the leadership responsibilities will need our full support and I'm sure that they can count on it. I hope that you are as pleased as I am with the progress we are making. ■

Alan Bickell is managing director of Intercontinental.



Yesterday, today and tomorrow...

In April, Intercom had an opportunity to sit in on an interview with Dave Packard, co-founder of Hewlett-Packard and current chairman of HP's board of directors. The location was the Monterey Bay Aquarium, a setting with some personal overtones. The Packard Foundation is funding the building of this major public aquarium which, when it opens in November, will focus on the diverse marine life of Monterey Bay with more than 70,000 square feet of exhibits.

Yomiuri Shimbun, Japan's largest newspaper and, according to Time magazine's report of 13.6 million circulation, the largest newspaper in the world, requested the interview. Representing the paper was Akira Saito who has spent a total of nine years in the U.S. as a student at the University of California and later as a correspondent in Washington, D.C. He was back in the U.S. to research stories on high technology and as he told Dave, "I wanted to interview you because you are one of the best-known businessmen in the world in the area of high tech."

Here are some excerpts from their discussion.

On the relationship between the business and academic communities; between Stanford University and Silicon Valley.

Since the turn of the century, Stanford University in Palo Alto has been involved in the development of the wireless, then the radio, and finally electronics. A young man named Cyrus Elwell graduated from Stanford about 1900 and he was hired by a group of people to look into some patents on wireless transmissions. He raised some money in San Francisco, probably one of the first venture-capital efforts, and started the Federal Telegraph Company about 1905 in Palo Alto, now HP's home and the headquarters of other electronics firms. In 1908, Lee DeForest, who was working for Federal Telegraph, invented the vacuum tube in Palo Alto. The company operated in that city until 1928. It moved to New Jersey and became the basis of the International Telephone and Telegraph Company.

A number of people who worked for Federal Telegraph were Stanford graduates including Charlie Litton of Litton Industries and Ralph Heinz, who built the first radio transmitters and receivers for aircraft.

Fred Terman, who later gave a good deal of encouragement and support to Bill Hewlett and me, was a Stanford student in the 1920s. Fred and Herbert Hoover Jr., among others, developed an interest in the field of radio which became electronics in the late '30s. In 1928, he became an associate professor in Stanford's electrical engineering department. He published a book called

Radio Engineering, the most widely read book on the subject in the 1930s. Bill and I took his course, based on the first comprehensive textbook on the subject, and that background gave us special exposure to the field.

Bill and I graduated during the depression. We weren't sure whether we could get jobs, so we talked about starting our own company. I was fortunate to find a place at General Electric in New York where I worked for three and a half years. You know, it's interesting that students then were advised not to take electronics because there was no future in it. The future, we were told, was in electrical engineering: building power plants, locomotives, transformers and motors. I didn't believe that, so I found a place in the vacuum tube engineering department.

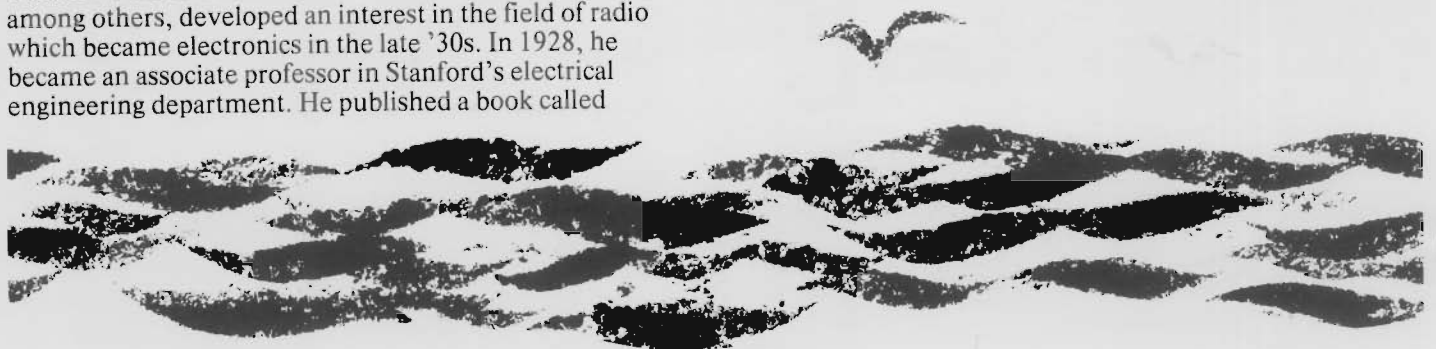
In 1938, Fred Terman arranged a fellowship for me to do some research work on a high-frequency tube. Bill and I intended to get our business going and that's what we did in 1939. There already had been a number of small radio companies started by Stanford graduates in the San Francisco Bay area. That gave us some encouragement because we thought if they can do it, we probably could too.

In those days, there was very little venture capital and not much need for it. We needed a small machine shop with a drill press, some tools and a soldering iron. Bill and I could actually build all the products ourselves.

Fred Terman left to head the radio research laboratory at Harvard during World War II. When he came back to Stanford, where he eventually became dean of the engineering school, he brought a number of young people with him which provided a nucleus of scientists and engineers. We actually hired three or four of his people.

Fred came up with a unique arrangement in which a number of post-graduate positions were guaranteed for our people. We could hire the outstanding graduates at various universities and give them a chance to get their master's degrees at Stanford. In typical Terman style, he told us he could expand the number of graduate students but since tuition paid for only one-half the cost, we'd pay the other half. That gave us a real advantage in attracting top people and enabling them to keep up in the field.

One thing Fred did that I don't think was done at other universities: He encouraged students to learn how to



an interview with Dave Packard

make things and not learn just from books. He didn't have enough money to get all the instruments he needed for his lab, so he had the students make them.

There's a message here: the significance of the relationship between universities and industry. If you look at the basic ideas in the electronics field, most of the ideas came from research at the universities, particularly Stanford. I think it is extremely important to maintain strong research in the universities. People there can do something about the long-term aspects of a problem. They don't have to meet deadlines to get a new product out the next month or the next year.

On the development of the electronics industry in Japan

Japan was prohibited from doing anything in microwave for a number of years after World War II. The electronics industry there began to pick up in the 1950s with concentration on consumer products. At that time, Japan had an almost 10-to-1 advantage in labor costs and that made it very difficult for Americans to compete. Also at that time, the industry, while it was important, was not considered major in the U.S. I think the U.S. let Japan take over the consumer market. . . radios, phonographs. . . without much concern. Japan provided high-quality products and the consumer came out ahead.

The situation has changed to a large extent. Labor costs are closer, although Japan still has almost a 2-to-1 advantage.

As the result of my work on the U.S.-Japan Trade Commission, I've come to the conclusion that we should develop a more cooperative relationship between U.S. and Japanese industries. We would both benefit and indeed there is some cooperation in existence already.

We have number of joint ventures with Japanese companies. In fact we just brought out the new Thinkjet printer, the result of cooperative involvement with the Canon Company. This represents a most attractive situation in which HP is interested in one particular market, in this case computer printers, and Canon is interested in photographic application. The two applications are not competitive, but the technology is common.

On the present and future of the U.S. electronics industry

Given the current technology, you need capital to form a company. You certainly can't start on a shoestring as Bill



Dave Packard surveys Monterey Bay from a walkway outside the aquarium.



and I did. But one of the problems today is that there is too much venture capital available. As a result, there are a lot of people who are not entering business on a solid foundation. There are promoters who think they can make a million bucks overnight. That's not the right objective in this business. Companies have to make a contribution, then worry about how much money they will make. When some of these promoters don't succeed, they have to blame someone, so they blame Japanese companies for unfair competition.

The people I know who are really entrepreneurs didn't start companies because they wanted a lot of money. They did it because they wanted to make a contribution.

Developing new products today is much more complex than in the past. For instance, we decided that at HP we were going to concentrate on the development of electronic excellence. We were able to develop the state of the art of electronic instruments. We knew what we would like to have in better instruments and we figured if we would like to have it, so would others. The ideas were not that complex and we didn't have to do much market research. One or two people could do the design; you didn't need a whole team.

Computer systems are a different story. You've got to understand the basic structure, the application, the peripherals, and you've got to know something about the protocol of how everything goes together. Quite often, it takes a large team of people working together. On the other hand, the Thinkjet printer we recently introduced had just three or four people working on it. Of course, they worked on it for about three years.

Young engineers today know a great deal more than we did when we graduated from school. . . there's a lot more to know. Looking at some of the things they have done, I would have to say they have just as much ingenuity and are just as innovative as we were.

On innovation

Innovation is not a matter of wanting to raise money and it's not a matter of having venture capital. Innovation is trying to find a better way to do things, having a lot of fun doing it, and getting a lot of people very enthusiastic about doing something better than anyone else has done it.

It's interesting that in this field, quite often the same ideas have developed in different parts of the country and the world at about the same time. The reason is very simple: Everybody ran into the same fundamental problems. I can't think of very many discoveries made by accident. You may, by trying to do one thing, end up doing something else. Most of the time, you sit down, decide what you want to do, come up against the limits of technology, find the new technology, and take the next step.

Innovation goes beyond scientific ideas; it's also new products and some intriguing improvements of some-

thing already in existence. The Japanese are very creative in coming up with new product designs, and I am confident that U.S. industry will continue to be quite innovative. You are going to see a lot of good, new products coming from American industry.

On the Monterey Bay Aquarium

We set up the Monterey Bay Aquarium Foundation, hired architects and engineers, and asked all the eminent marine biologists in the area to be on the board. We wanted to concentrate on the natural history of this bay, which is very rich in marine life, while preserving the architectural character of the old cannery. Those were our two premises. We also decided to develop extensive educational activities for school children.

One of the main centers of marine life is the kelp forest, so we are trying to reproduce that forest in one of our tanks. We haven't done it yet, but we think we will be able to. Then we got the idea of using video techniques to see some of the marine life that's not easily visible. We had a whole crew working on this and got some beautiful things with a video camera and a microscope: close-ups, delayed time shots. We wanted a great whale and since we couldn't have a real one, we made a fiberglass model of one more than 40 feet long. I'm building a tide machine at Big Sur (where he has a home and workshop) to show how the tides work with the gravitational force of the sun and the moon. We're going to have a lot of innovation around this place. ■



A new way to look at HP

How do you stay informed, keep current? How do you find out what's going on?

For the 1,000 HP employees who participated in a survey last year at 10 company locations in the U.S., television was cited as a significant news source, particularly among non-management employees.

These findings, along with a favorable response to two pilot video programs, prompted HP to enter the world of television this year with a bimonthly TV magazine. Although original plans called for limiting distribution to the U.S. during the first year of production, Intercon lobbied successfully to make the 13-minute HP Video Magazine available to the regions beginning in April.

"We feel the show is worth sharing with the rest of the HP world," says Intercon managing director Alan Bickell.

Each segment includes four or five stories selected with an eye toward enhancing employee understanding of the seven corporate objectives. For instance, the program might show innovative solutions to customers' problems using HP equipment, outstanding achievements by employees, or employee and company support for community activities.

Essentially HP's Video Magazine is intended to complement the company's existing communications such as *Measure* magazine and local publications. Some stories can best be told visually. For instance, it's no longer possible for Bill Hewlett, Dave Packard and John Young to visit all HP facilities annually. Yet, through television, HP's founders and president can talk to all employees about the early days of the company or explain the HP way.

During the first year of existence, the video magazine's budget is rather conservative so most of the stories covered will originate in the U.S. In spite of that limitation, Intercon regions were featured in the first segment. Among the subjects covered were HP's total quality control efforts in Singapore and the signing of our Korean joint-venture agreement with



HP Video Magazine host Sam Chu Lin (center) and director/cameraman John Pesqueira interview Tom Darnell of the Portable Computer Division in Corvallis about the HP 150 for the program's first edition.

Samsung in Palo Alto. Later, the producers hope to provide even more international flavor to the program.

It's important to remember that the video magazine is not intended as a marketing tool to be shown to customers or any outside groups. It is designed and produced for HP employees only.

Each location determines how, when and where the program will be shown and a lot depends on the number of prospective viewers and the facilities available. The video magazine has been the highlight of all-employee gatherings, department meetings, and lunch hour in the cafeteria. Portable monitors have been set up at coffee stations and in high-traffic areas where the show is put on an automatic-repeat cycle. And one location has chosen to reserve a conference room once every two months exclusively for showings on a first-come, first-served basis.

Initial survey results show that in nine out of 10 cases, watching the video magazine has resulted in stronger positive feelings about HP's corporate objectives and organizational goals. That would indicate that HP is right on target in using TV as a way to reach employees. Within HP, both management and non-management audiences rated the supervisor as the most important source of infor-

mation. That rating is not expected to change.

HP's video magazine is an additional effort to increase employee awareness and understanding of their company. You might say it's a new way to look at HP. ■

The hurdles of distance and dollars don't keep HPTV from covering a worthwhile story. Getting the April Video Magazine story of HP's part in the country-wide energy conservation program in New Zealand illustrates the point.

The lush countryside and miles of pipeland were among the visual magnets which attracted the attention of HP Video Magazine producer Sam Chu Lin. The fact that the project in question involved two HP divisions made it even more appealing. The logistics, however, were prohibitive... a 20-hour, one-way air trip at a cost of \$2,000 per person.

A series of carefully scheduled phone calls put all the pieces together. HP New Zealand general manager Wayne Squires acted as executive, on-site producer. His efforts, along with a hardy crew working from dawn to dusk, generated the handsome piece viewers see in the second edition of HP's Video Magazine.

Traveling on the U.S.-Japan shuttle



In his role as the commission chairman's assistant, Steve Hoffman reviews an analysis he prepared with Dave Packard.

What's the best way to learn or to teach?

Given the choices of reading and listening or interpersonal exchange with hands-on experience, most people, except for an odd hermit or two, prefer the latter. Seeing or showing how it's done has a greater impact than studying a treatise or delivering a lecture.

Intercon controller Larry Tomlinson and Shu Asai, corporate administration and finance manager at YHP, recognize the importance of first-hand experience not only to broaden skills but to develop the personal relationships that make doing business more pleasant and productive. That's why they both enthusiastically support employee exchanges between Intercon headquarters and YHP.

Here are the stories of two such exchanges; one just ended, the other just getting underway. YHP controller for Computers Toshio Nagai returned to Japan in April and Steve Hoffman, who was in financial reporting at headquarters before taking on a special assignment for Dave Packard, left for Tokyo soon after Toshio.

"We're exchanging. . . to understand how we each do what we do and why."

From Steve Hoffman's perspective, moving from Boston, Massachusetts to Houston, Texas required more of a cultural adjustment than he anticipates for the move he made from Palo Alto to Japan in April. Of course, Steve has a lot more familiarity with things Japanese — business, language, people — than most Americans.

His 18-month transfer to YHP was actually scheduled for last September when he received another offer he couldn't refuse. . . the opportunity to assist Dave Packard in his capacity as chairman of the U.S.-Japan Trade Commission.

Actually Steve had a better-than-average acquaintance with Japan before he was selected for the assistant's job. During the summer of 1981 while he was doing graduate work at the University of Chicago, he worked for Nomura Securities, the "Merrill Lynch" of Japan, dealing with foreign investors. "I had always been interested in international business in general, but the experience of living in a company dorm, commuting on the train just like the Japanese, gave me a different perspective."

Steve had no knowledge of the Japanese language to begin with. "This was more of a problem outside of business because my customers were mostly Americans and Europeans."

That lack of fluency has been replaced with an ability to "speak well enough to get by. Reading and writing are going to take longer." Steve accomplished this feat by taking language courses at a local junior college last year and by spending a week of nine-hour days at Berlitz School of Languages the week before he left for Japan.

"Working with the commission was a nice lead into this assignment," Steve says. "The contacts I made in business and government are icing on the cake." He will continue to work on commission business while at YHP, but only for about 20 percent of his time. Until April, Steve was spending full-time doing analyses on various topics for Dave Packard and working with other commission staff members to draft a final report which the commission is expected to approve in July.

"The commission's charter is to bring business leaders and former government officials together to discuss the future of the bilateral relationship between the two nations," he explains. "Japan and the U.S. are the two most economically powerful nations in the free world, and even though our cultures are different, we have common trade and security interests."

Steve has been involved in setting up hearings on everything from computer software to forest products so that the American members are informed and special interest groups have a chance to speak on their own behalf. The entire commission has met every two to three months to formulate recommendations on a variety of issues. "George Schultz (U.S. Secretary of State and President Reagan's liaison to the commission) has often stressed the importance of looking to the future, even when the immediate concerns are short-term."

Another piece of advice which Steve has taken to heart came from Dave Packard. "He told me to think about three things in approaching an assignment: Learn from it; accomplish something; and have fun." Steve admits that he was nervous at his first meeting with the chairman, but "Dave has the ability to make people relax. He has integrity and across American industry, he is considered a

special person. I learned a lot about negotiating from him and he didn't treat me as just a data collector. He'd ask me what I thought, which made me feel like I was making a contribution."

Steve looks upon his stay at YHP as another opportunity for both learning and contributing. Until the end of FY84, he will be in Tokyo to help establish a new worksheet pricing system. Then he goes to the factory in Hachioji to study whether the cost accounting systems still fit the changes made in product manufacturing.

"Early on, several general managers from the U.S. went over to Japan to help start off the joint partnership," Steve explains. "Then they backed off, figuring that the Japanese know their business better than anyone. Now we're exchanging in both directions at the operational level to understand how we each do what we do and why."

What about the third recommendation from Dave Packard, the part about having fun? "I have a lot of friends in Japan from business school and from my work for the commission." And this time during his stay in Japan, Steve will be able to strike up a conversation with his seatmate on the commuter train. ■



"It is very much easier to talk with friends."



Between work assignments, Toshio enjoys professional camaraderie with Larry Tomlinson, Intercon controller.

What impressed Toshio Nagai most about HP in the U.S.? For one thing, the size. "Here it is so big," he observes. "No one can possibly know everything here, so people become experts in specific areas." His 14 months of experience in America will be immensely valuable back in Japan because, according to Toshio, "When YHP needs answers, I can call the United States and ask for someone I know personally. It is very much easier to talk with friends."

Having become better acquainted with both the quality of HP products and HP people, he feels that he can now represent the company more effectively in a world market. "Knowing that Hewlett-Packard is one of the best corporations in the world helps me sell with very great confidence in Japan."

Toshio came to Palo Alto not only to learn but to teach. He helped investigate the successful JIT or "just

in time" Japanese inventory control system. The theory behind the system is very simple: A component arrives "just in time" to be installed in an HP product.

Using JIT, a warehouse receives material and funnels it directly into an assembly area. Storage costs are dramatically reduced and the savings in several areas can be significant. For example, on an HP 150 production line working the JIT way for almost a year, the unit volume is nearly twice what it had been before JIT. And the work is being done in less space and with higher quality.

A JIT system can be difficult to install even in Japan. According to Toshio, "You have to have suppliers you can trust to deliver on time."

At Data Systems Division in Cupertino, south of Intercon headquarters, Toshio investigated the type of cost accounting system most suitable for

an American version of JIT. He documented procedures to change from the present system to the Japanese system. After finishing his work at DSD, Toshio took on a number of new projects for Computer Products. He consolidated management reports at the group level and helped resolve pricing issues between the U.S. and Japan.

His work has allowed Toshio to understand HP's business plans at both higher and lower levels of management, knowledge that has helped him to interpret the company's relationship with YHP.

Toshio learned a lot about the American way of doing things during his stay in the United States. One negative experience had a positive result. After being involved in a traffic accident, he had a brief stay at a local hospital. "The people at Valley Medical Center were very courteous just like in Japan," he says. "The car insurance company was very efficient, covering all the costs smoothly and quickly. In Japan, the process is much more complicated and it usually takes three or four months to settle a claim."

Toshio had a less agreeable encounter with one of the large American banks. He was denied credit and could not get an explanation for his rejection. Toshio asked a friend with better language skills to help, but the friend could not get any satisfaction either. Finally, someone from Intercon headquarters solved the problem after three or four months.

"In Japan," Toshio explains, "banks trust the company you work for. If you work for Hewlett-Packard, you can get a credit card right away." Toshio applied for credit at the Sumitomo Bank in Palo Alto and got a credit card at once. "They understand the Japanese way," he observes.

According to Toshio, the HP way has proven to be an effective bridge between the Japanese way and the American way. ■

Michael Whyte, Intercon's internal public relations representative, interviewed Toshio for this story.

No more "Hewlett-who?"

We've caught the public eye

by Sy Corenson



For many years, since the beginnings of HP and until quite recently, the name "Hewlett-Packard" was not exactly a household term. I wonder how many of you, as I, have had to correct the pronunciation or spelling of our company's name for outsiders and even close friends and relatives? I wish I had kept a record of the many inquiries I have had. Some of them were quite humorous.

There was the letter we received from the mayor of a small Yugoslavian village who wanted a part for an old automobile motor taken from their only taxi when the wheels dropped off — to pump water from the village well. Naturally, the taxi had been a Packard. On another occasion, we received a rather strong complaint from a Central American country where we have no business activity. . . service was unavailable for the repair of a Packard-Bell television set.

The lack of recognition of HP was not limited to small countries where we do little business. The "Hewlett-who?" syndrome seemed to be worldwide, even in major countries where we had been well-established for years, including the U.S. Partly that was caused by HP's style of maintaining a low profile. Sure, we advertised some, particularly in the trade press. We participated in trade shows and exhibits. We produced and distributed a wide assortment of promotional materials and periodicals and we issued news releases on major stories and new products. But somewhat by intent, we reached a rather narrow band

of interested publics: engineers and scientists, educators, physicians, industry, previous customers, the financial community. Seldom did we reach the general public, the consumer. After all, HP was growing about as fast as our self-financed earnings would allow. There did not seem to be a need to aggressively pursue additional growth through external promotion and press coverage.

Things began to change as HP moved into the '70s when our sales volume and reputation as a multi-billion, multi-national company became more conspicuous. Also, we entered the consumer market place with hand-held calculators and, for a time, with the calculator watch. Our substantially-increased advertising and promotional efforts for those product lines helped expose HP to the general public, though sometimes with reverse effects. As some of our early benchmark surveys indicated, we were often recognized as being an almost exclusive producer of hand-helds.

Well, we've come a long way since then. We're still not the type of company that believes in skywriting or fire sales. Nor do we organize massive news extravaganzas that would not be in keeping with our high standards of operation and our personality style.

Putting it a bit more succinctly, we are now large, important and newsworthy. This year HP was rated the 75th largest U.S. industrial firm, based on 1983 sales, in *Fortune* magazine's list of the top 500. And each of the past few years, we've moved up in the rankings. Over the same period of time, a major change has occurred in business reporting worldwide. Many new business publica-

tions here and abroad have emerged because of the thirst for knowledge of business trends in most public sectors. In addition, the well-established business newspapers and magazines have grown in coverage and circulation. Perhaps most importantly, the general daily newspapers most of us read have substantially expanded their business coverage from an occasional article adjoining the stock quotes at the rear of the sports sections. Some newspapers now maintain large staffs of business and high-tech writers, correspondents and editors, and even publish complete business sections.

How then does that affect or involve Intercontinental? The answer is that what's true in the U.S. is very similar, if not identical, in our regions. We're very much in the attention of newspeople and the public. Perhaps news resources and opportunities are a bit greater in the U.S., because of the massive, cohesive and single language and culture media operating in a relatively small geographical area. As a result, the U.S. seems to obtain greater mileage for its publicity and press interview efforts. However, we in Intercon have experienced a tremendous increase in interest in coverage by the press.

It is rare when we do not have several correspondents or editors, from some of the best known newspapers or magazines, for whom we are making arrangements for interviews. Some are coming to an HP facility in the U.S.; others are traveling from the U.S. to one of our field offices or plants.

For example at the time this article is being written, Bob Neff, a foreign correspondent for *International Management Magazine* (a McGraw-Hill publication as is *Business Week*) is completing a visit to Japan. While there, he interviewed Ken Sasaoka, YHP president, for an article he plans to write on the effects of changing relationships and levels of ownership relating to U.S. and Japanese joint ventures. Prior to going to Japan where he had lived for a number of years, becoming fluent in the Japanese language, Bob interviewed Intercon's managing director Alan Bickell on the same subject by phone, all the way from London.

Akira Saito, a reporter for the Japanese newspaper, *Yomiuri Shimbun*, just interviewed Dave Packard at the Monterey Bay Aquarium the Packard Foundation is building. Dave is very well known in Japan, most recently as the head of the U.S.-Japan Trade Commission, so his views on many subjects, particularly on U.S. - Japanese relations, are in great demand. (See interview on page 4.)

Bob Gibson, a former Korean War correspondent and currently an economic correspondent for the large and influential *Los Angeles Times* visited Intercon headquarters to interview Alan Bickell, plus marketing general manager George Cobbe and Instruments marketing manager Suresh Rajpal. Bob's interest is in writing a comprehensive article on the effects of the emergence of the

"four little dragons" — Taiwan, Hong Kong, Korea and Singapore — into high tech manufacturing. Following his headquarters visit, Bob left for the Far East to interview some of our managers out there, in addition to managers in other companies.

From all of this, it's apparent that we are receiving a lot of press. If we accept the fact that publicity for HP is now a natural consequence of our size and importance and that it is desirable, our challenge then is to do everything possible to manage preparations. A good interview can have untold benefits for HP; one not set up correctly can be a disaster and extremely damaging.

Certainly it is fundamental to know what the interviewer's objective is before an interview occurs and better still, it is desirable to have some idea of what type of questions are likely to be asked. With this background, a decision can be made on which facility and what HP person makes the most sense for an interview. Furthermore, the person to be interviewed can then be briefed so he or she can be prepared. Information on the interviewer's background and the publication in which the story will appear are also of value to pass along.

Conversely, the correspondent should be briefed on HP, provided with background data and, most importantly, advised honestly and candidly on the areas, personal and proprietary, that cannot be discussed. Our experience has been that professionals really appreciate such advice and help. What they do not like is vagueness, lack of decisiveness, and obviously unnecessary resistance.

Realizing the importance of publicity, those of us throughout Intercon who make interview arrangements work very hard to ensure that they are thoroughly effective. We know that "Hewlett - who?" can become "Hewlett-Packard" in the minds and perception of our publics, including customers, only if we take full advantage of the right publicity opportunities and if we support and manage them intelligently. ■

Sy Corenson is Intercon's public relations manager.

Expansion in Australia

HP Australia is investing U.S.\$4 million in a new office complex in the Canberra Technology Park in Bruce. The 4,000-square-meter building should be ready for occupancy early next year. In addition to sales, service, demonstrations and administration, the complex will also be used for value-added programs that would increase the local content in hardware and software.

Since 1979, HP Australia sales have increased by 280 percent. In the same period, the number of employees has more than doubled to 600 while HP Australian assets have grown from about \$15 million to nearly \$50 million.

Computer transfer to India

Blue Star of India, HP's representative for over 13 years in that country, will start manufacturing and selling the HP 85B personal computer this summer with the support of HP Brazil. For the first time, the Campinas plant is transferring a manufacturing process and employees at both locations are working hard to smooth the way.

"We have never been able to sell the HP 85B because of restrictive local import regulations," said Blue Star executive director Suneel Advani, who visited Campinas earlier this year.

Brazil Personal Computer general manager Odmair Almeida described BPC's contribution to the development of product sales in India as "supporting local production. We will provide engineering training in both product and process, tools, equipment and materials."

BPC manufacturing manager Danshiro Hirata added, "We expect this project to be just the beginning of a new activity that will help BPC increase its export business."

That export program was one of the subjects discussed when HP senior vice president-International Dick Alberding visited Campinas in March. According to Odmair, the results of the visit were positive because "we had a chance to show Dick the high quality of both our products and our people."

Before departing, Dick talked to BPC employees and reinforced the company's commitment to support activities in Brazil. "I feel like the father who had abandoned his son, but from now on, I'll stay closer to BPC and be part of the team," said Dick, who is a founder of HP Brazil-Sales.

Land purchase in Canada

HP has obtained an option to purchase 25 acres of land in Waterloo, Ontario as a site for a future electronics plant in Canada. It is part of a 650-acre parcel owned by the University of Waterloo and designated for development as a high-technology industrial park. If purchased, the site would become the long-term location for the company's Panam operation acquired a year ago and currently located in Scarborough, Ontario. It now employs 45 people in the design and manufacture of data-acquisition and control systems. No timetable has been set for development of the land, if purchased. Exercise of the option depends on soil tests, traffic studies and other considerations, including continuing favorable business conditions. (See related story in Newsmakers.)

Getting together in Brazil

Although they've been in existence for more than 10 years, HP's Campinas factory and Sao Paulo office never had a joint social event... until April. The employees at Campinas organized a barbecue on a farm not far from the town. The event was so successful that another is being planned for August, close to Sao Paulo City.

HP Word in Spanish

Based on a successful run at a beta test site, July is the target for release of HPWord III, the Spanish translation of the program to be marketed in Mexico, the rest of Spanish-speaking Latin America, and Spain. Guadalajara software development manager Apolos Garcia Casabianca attended a localization workshop at HP's Pinewood, England office. A technical translator was used for the manuals and all related documentation.



Gilberto Blattner (right), engineering supervisor in Campinas, helps train Ulhas Shah, who will be involved in the HP 85B manufacturing process in India.

Analytical transfer in Japan

Yokogawa Hokushin Electric Corporation (YEW) is now serving as the exclusive distributor of HP's laboratory-use analytical products in Japan. HP's sales and service activity in that area was formally transferred April 1 from Yokogawa-Hewlett-Packard (YHP) to YEW which has established a new Analytical Instruments Division responsible for HP's analytical products as well as for a variety of YEW's own existing analytical products. The agreement between YEW and HP opens the way to future cooperation between the two companies in R&D and manufacturing of new products that would be marketed on a worldwide basis. HP and YEW first became associated in 1963 when they formed the joint-venture company, YHP.

Quality team growth

The number of quality teams within Intercon has grown 37 percent over the past two years to reach a total of 433 at the end of the first quarter of FY84. Of that number, 374 teams are operating in YHP and Southeast Asia manufacturing sites where quality teams are part of management's commitment to total quality control. In other Intercon entities, the number of teams, although smaller, represents a 268 percent increase over a two-year period.

Did you know... that 80 percent of Hewlett-Packard's profits come from products produced within the past seven years.

International observations

At the worldwide controllers conference in California earlier this year, Intercon managing director Alan Bickell spoke about future trends on the international front. Two major directions he noted are economic nationalism and global strategic partnerships.

"Each country is protecting its own economic welfare, and at times a group of countries will band together to protect their economic interests," he said.

There is increasing concern about HP's contribution to the development of the countries where the company is located. He pointed to a report by the European Common Market citing HP as not contributing to the creation of jobs because we do not manufacture within Europe a significant portion of products sold there.

"Intercon's concerns are with the developing nations. Their concerns are balance of payments, employment and transfer of technology," Alan said.

Using the HP-Samsung partnership in Korea as an example, he pointed out that joint ventures have three roles to play: The typical HP sales structure is set up; software and hardware have to be adapted to local needs; and there is a great potential for local sourcing of parts and supplies. The main problem, according to Alan, is "to avoid drowning in paperwork. We'll have to arrive at a sensible compromise to keep the level of management reporting high without long, detailed reports and analyses."

At the same conference, HP executive vice president Dean Morton spoke about international business, observing that there has been a steady decline in the growth rate since the late '70s. International business has dropped over the past several years from over 50 percent of total company sales to 41 percent in 1983. This he attributed to the worldwide recession, the strong U.S. dollar, and the company's lack of a cohesive international strategy. He emphasized that it is not just an "HP problem" and pointed to the U.S. trade deficit of \$70 billion last year.

Software, according to Dean, gives HP the opportunity for significant value-added activities in many countries without the high cost associated with hardware.

He emphasized that HP's presence should be part of the solution to a country's economic situation. Further, he stressed that HP needs to be more active in regard to U.S. government policies. "Measures that are pro-free trade are very much in HP's interest."

Australasia

Former district manager for systems engineering in Sydney, **John Klimczak** is now Australasia regional information systems manager. He has been with HP for eight years and was in the first class of HP systems performance specialists. John attended the University of New South Wales and had 12 years of experience in the computer field before joining the company.

Richard Vincent is the new Business Development Group manager for the Australasia Region, based in Melbourne. Before coming to HP, he was Victoria and Tasmania branch manager for Data General Australia. His previous sales and marketing experience includes positions with Dataprep, IBM and Texas Instruments. Richard received his diploma from the Royal Air Force Technical College in England.

Diane Condon is in charge of corporate marketing communications in Australia which includes supervision of public relations and non-product advertising campaigns. Previously she was assistant to her predecessor, Peter Delbridge, who has left the company. Diane is currently working on a degree in public relations at Royal Melbourne Institute of Technology.

Bruce Marsh has been appointed market development manager for HP Australasia with responsibility for developing and evaluating value-added opportunities in the region. He affiliated with HP in 1967 when the company took over Sample Electronics in Australia where he was a communications engineer. Bruce received his diploma in communications engineering from Royal Melbourne Institute of Technology.

Dave Morel has accepted the newly-created post of national support manager responsible for all SEO, CEO and applications support activities in New Zealand. Purpose of the position is to develop a more efficient, effective and coordinated approach to customer service. Dave has been with HP for five years, most recently as New Zealand SEO manager, and is headquartered in Wellington.

Canada

Chuck Bonza has relocated to Canada where he heads up HP's Panacom operation near Toronto. He reports to **Bill Tippet**, general manager of the Loveland Instrument Division within the Electronic Measurements Group, and maintains close ties with **Malcolm Gissing**, general manager of HP's Canadian subsidiary. Chuck's former position as general manager of HP South Africa has been filled by **Marius Furst**, country



John Klimczak



Richard Vincent



Bruce Marsh



Dave Morel



Chuck Bonza



Marius Furst



Radha Basu



David Fong



Chee Wan Lee



Neoh Kah Thong



Wanli Tseng



Dinesh Chandlok

Computer sales and service manager for the past three years.

Chuck joined HP in California in 1967 as a production engineer and moved to Intercon five years later. He spent two years in South Africa as Instruments sales manager before going to Loveland

HP Computer Museum
www.hpmuseum.net

For research and education purposes only.



Takashi Yamanaka



Danshiro Hirata



Alvaro Barrenechea



Omar Vasquez



Jose Antonio Lopez



Albert Liu



Richard Fahey

Instrument Division as international sales manager in 1977. He had been general manager in South Africa since 1979. Chuck succeeds **John Cross**, Panacom interim manager since the operation's acquisition a year ago, who returns to his previous assignment as operations manager for HP Canada Ltd. (See related story in Newbriefs.)

Far East

HP's first resident manager in India is **Radha Basu** who will reside in Bombay and join the HP Asia team as market development manager for all HP product groups. She has a master's degree in computer science and came to HP in 1978 after four years at Xerox Corporation. Radha has worked for the Andover Division/Medical Products Group in ultrasound R&D and marketing. Prior to her new position, she was a European product marketing manager for diagnostic medical in Boeblingen.

David Fong is Computer Systems sales manager for China after four years as information systems manager at Far East Region headquarters. He is a gradu-

ate of the University of Illinois with a degree in computer science.

Manufacturing engineering manager of HP's PRC operation is **Chee Wan Lee**. He brings over eight years of experience in production engineering, product transfer and materials management, most recently as materials manager of the Singapore peripherals Greeley Division's materials engineering department. Chee Wan is responsible for coordinating and implementing kits assembly programs in China. He will move to Beijing later this year.

Neoh Kah Thong is the total quality control manager for HP Malaysia manufacturing. He formulates strategies and coordinates training in TQC for HPM and other Component operations. Neoh, a noted authority in Southeast Asia on statistical training and advanced quality concepts, has been with the company for seven years. He has a degree in electrical engineering from the University of Canterbury, New Zealand.

After a two-year stay in the U.S., **Teng Ong Keok** has returned to Malaysia to become manufacturing manager of the Penang facility, the position formerly held by current Malaysia general manager **John Fischer**. Prior to Teng's U.S. assignment, he was the Components SEA operations manager assigned to HP Singapore.

In Taiwan, the new application center manager is **Wanli Tseng** who has been with HP in that country for 10 years. Most recently he was customer engineering manager. Wanli has both undergraduate and master's degrees in electrical engineering from National Chiao Tung University.

In recognition of the growth that has occurred in HP's manufacturing and marketing facilities requirements in the Asia Pacific region, Intercon operations manager **Dinesh Chandiook** has relocated to Singapore. There he is concentrating on operations and facilities planning and implementation for Japan, the Far East and Australasia sales regions and manufacturing activities located there.

To facilitate this move, **Tom Lauhon** and his Corporate facilities organization are working directly with Canada and Latin America. Facilities planning for HP Canada is managed by **Bob Sayliss**. **Luis Mejia**, current facilities manager for Mexico, has expanded his responsibilities to include assisting other Latin America subsidiaries.

Japan

Newest member of YHP's board of directors is **Takashi Yamanaka** who was elected to the position in January.

He joined YEW in 1951 and was involved in the development of a variety of products including process control computer systems. Tak is presently executive vice president, responsible for all activities of YEW's product divisions and manufacturing operations. He has a degree in electrical engineering from Kyoto University.

Latin America

Danshiro Hirata has been named Personal Computer manufacturing manager in Brazil. He joined HP eight years ago as a Calculator production engineer and was Personal Computer materials manager before his promotion. A graduate of the Aeronautic Institute of Technology, Danshiro is the quality teams steering committee coordinator in Campinas. (See related story in Newsbriefs.)

Rafael Perez has been appointed marketing manager for HP's Guadalajara Computer operation. He replaces Norm Alexander who has returned to the U.S. for reassignment. Rafael joined HP in Mexico City in 1982 as applications center manager. He was formerly EDP manager at Ciba-Geigy in that city.

Alvaro Barrenechea is Computer marketing manager for HP Venezuela. Before joining the company, he worked at IBM Venezuela for 13 years, the last five as product marketing and marketing manager. Alvaro holds a mathematics degree from Texas A&M University.

Two other appointments occurred recently at HP Venezuela. New credit and collections manager is **Omar Vasquez** who has been with the company for five years as a supervisor in that area. He has a degree in business administration from Venezuela Central University.

Jose Antonio Lopez has been named EDP manager. For the past seven years, he was sales manager and systems support manager for Burroughs Venezuela.

Palo Alto

New market development manager for China is **Albert Liu** who was Computer Systems sales manager for that country. Prior to joining Intercon, he was product manager at Data Systems Division. Albert has a degree in electrical engineering from the University of Illinois and a master's in business from the University of Santa Clara.

Richard Fahey is the new commercial services manager for the Latin America sales region. He joined HP five years ago as a treasury analyst in Intercon's treasury management group. Richard has an undergraduate degree from Georgetown University in Washington, D.C., and a master's in business from the University of Chicago.

The Intercon Gallery



CELEBRATION Special T-shirts proclaiming "Level A — We turned you on" were worn by all those attending a March barbeque at Intercon headquarters to celebrate the success of the "Level A" project which gave HP Asia independence as a separate sales region. The Open Shipment Release (OSR) System was developed as part of the project to provide automated shipment management for HP Asia. Level A was a joint effort of the systems, commercial services, and accounting groups at Intercon and HP Asia. Among those responsible for the project's success are: (left) Jim Lender, OSR software engineer; Bessie Mok, HP Asia programming manager who was in Palo Alto for five weeks planning future development of Intercon sales admin systems; Karen Weigel, Intercon marketing services manager; and Al Olston, who co-managed the project in Palo Alto. David Fong (not shown) was co-manager for Asia.



TAIWAN VISITORS HP executive vice president Bob Boniface (left) welcomed chairman Y.C. Wang of the Formosa Plastics Group, the largest corporation in Taiwan, when he and Wen Ko (right), HP Taiwan general manager, visited Corporate headquarters in March. Last December, Nan Ya Plastics, an affiliate of the group, set up a factory which produces multi-layer, high-quality printed circuit boards using HP technology. Plans call for the installation of over US\$2 million worth of HP computers in the new factory. One of the largest hospitals in Taiwan, named after Y.C. Wang's father, uses HP medical products for which the order forecast in 1984 is more than US\$2 million.



TOP QUALITY Three award-winning Intercon quality teams made a special stop at headquarters on their way to the Third Annual Northern California Regional Quality Team Conference at HP Corporate headquarters in April. The Crystals from Singapore, the Angels from Malaysia, and the Amistars from YHP (shown here) demonstrated their problem-solving techniques and then joined other Intercon employees for lunch.

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