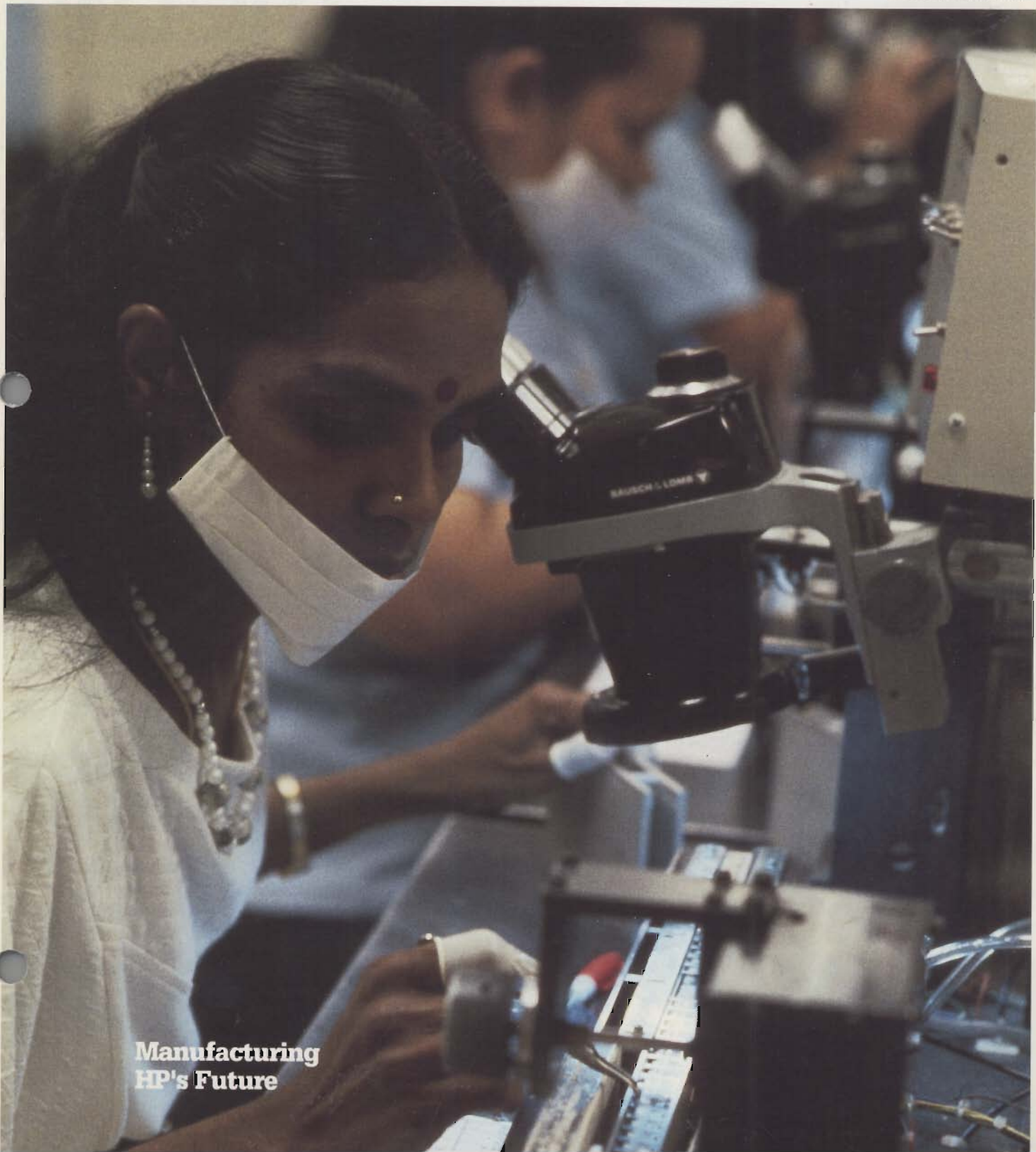


I N T E R C O M

For the people of HP Intercontinental Operations

Third Edition 1991



**Manufacturing
HP's Future**

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ON THE COVER:
HP has manufactured products in Singapore for more than 20 years. Today HP Singapore serves as a hub for Intercon's Asia Pacific region.

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THE END OF AN ERA

On November 1, it will be official. HP Canada will no longer be a part of Intercontinental Operations, ending 30 years of a profitable and successful partnership. General Manager George Cobbe is already planning sales, support and administrative activities for the next fiscal year within the newly formed North American Field Operation (NAFO). NAFO will be managed by George Glenday and comprise the four present USFO regions, which remain intact, and Canada. You can read why the organizational change was made in "The Letter from Alan Bickell" on page 13 of this issue. We'll look here at some of the milestones of HP Canada's first 30 years.



1961

HP opened its first international entity in Intercontinental Operations — Hewlett-Packard (Canada) Ltd. Six recruits came to Palo Alto for six months of training and returned north to plant the HP flag in Montreal, Toronto and Ottawa.

Two of these six original employees are still with HP Canada. Bob Sayliss, facilities manager in Toronto, is responsible for buying, upgrading and maintaining all of HP Canada's buildings and Dave Gibbs is a sales representative in Ottawa. The other original employees were Ralph Haywood, the first general manager, Bob Russell, Ted Grunau and Chuck Williams. Total sales the first year were \$1.2 million.

1966

The year HP introduced its first computer product, the HP 2116A, Ted Grunau was general manager and there were six sales offices. Total sales were close to \$10 million.

1971

The Electronics Products Group was formed under Malcolm Gissing, who came to Canada from the U.K. to manage the Instruments, Computer Systems and Components sales groups. Total computer systems sales were around \$4 million and Canadian sales were close to \$20 million.

1976

Chuck Williams was general manager and HP Canada's sales grew at a compounded rate of 25 percent. The first HP analytical drug-testing system was used at the Montreal Olympics, and HP has been the sole vendor of drug-testing systems for each Olympics Games since. Total sales reached \$43 million.

1981

Malcolm Gissing had taken over as general manager and the first Canadian manufacturing division was being developed. Sales continued to climb, topping \$160 million.

1986

Sales surpassed the quarter-billion dollar mark. There were more than 1,100 employees. The Panacom Automation Division in Waterloo shipped its first Canadian-manufactured product for worldwide export. Three software-development centers have been opened by this year. HP Canada recorded its largest-ever sales order—more than \$10 million to the Department of Indian and Northern Affairs.

1991

George Cobbe was general manager when HP Canada moved organizationally from Intercon to be part of the new North American Field Operations. IDACOM Electronics Ltd., which HP acquired in 1990, officially became the IDACOM Telecommunications Division, manufacturing high-performance protocol testing solutions. Sales in the region reached nearly half a billion dollars.



Bill Doolittle and Ralph Haywood open the Montreal office.



Bob Sayliss

Alan Bickell and Al Oliverio with staff in Toronto.



Dave Gibbs



The Corporate review team proudly displays the maple leaf.





Manufacturing

HP Computer Museum
www.hpmuseum.net

For research and education purposes only.

YHP's Hachioji factory (opposite page) is a companywide role model. John Young (below) and CHP General Manager Philip Yu toured the Shenzhen Manufacturing Operation last year.

Management consultant Peter Drucker says there are two kinds of executives — those who think globally and those who will be unemployed.

Over the years, Hewlett-Packard has developed a solid global attitude in the manufacturing arena as well as in distributing and selling its products. "International manufacturing has been and will be a critical part of HP's global success," says Dick Love, who heads up HP's Computer Manufacturing Division. Dick is no stranger to Intercon. As former director of international manufacturing, he was instrumental in setting up manufacturing facilities in Mexico and Singapore, and several Intercon manufacturing activities report to him in his current job.

"There are more HP customers outside the U.S. than inside the U.S.," says Dick. "With the major trading blocs being formed, there's more pressure than ever to be more 'local' in your operations. Customers demand it. Governments want and sometimes demand it. Decisions to manufacture outside the U.S. are very much business-driven.

"With the exception of Singapore and Puerto Rico (where HP enjoys significant tax advantages)," he says, "the primary reason to manufacture outside the U.S. is for market presence.

"Guadalajara is a good example. The government told us, 'If you want to sell here, you have to build here. It's something or nothing.' Our market

of our components business, our manufacturing today is really not that labor-intensive since 85 percent of the cost of a computer is in materials."

International manufacturing has played a huge role in helping HP develop markets in Intercon countries.

"I think every now and then," says Intercon vice president and general manager Alan Bickell, "we need to remind people that we're not just focused on our sales force. HP's business is much more than going into international markets or developing countries just to sell HP products. We're interested in making long-term investments because we know that leads to success. We want to develop R&D, manufacturing and procurement in these countries, to contribute to their economic development. These have been thoughtful decisions all the way down the line."

Historically, HP has opened manufacturing facilities in countries outside the U.S. for one of three reasons, says Alan: to gain access to a large, but protected, market (Japan, Brazil, India or Mexico, for example); to gain tax or cost advantages (Singapore, Malaysia or Puerto Rico); and, more recently, to provide local value-added initiatives, such as localization and sourcing of products to meet specific market needs (Korea and China).

"While I don't think there's one strict formula for success that works everywhere in the world," says Alan, "I do think that in each country where we have a local manufacturing presence, we've received many intangible benefits to our business, such as attracting and retaining good people. We seem to do better."

While there are many feathers in Intercon's manufacturing cap, space permits a look at but a few.

Yokogawa-Hewlett-Packard in Japan is Intercon's first — and perhaps best — example of gaining an entry into a large, protected market through a manufacturing presence. From its humble beginnings in 1963 as a joint venture with Japan's leading manufacturer of process control and electric measurement products, Yokogawa Electric Corporation, YHP has grown into a world leader in manufacturing. It has won the prestigious Ishikawa Prize for manufacturing innovations, as well as the Deming Prize for quality improvements. YHP's Hachioji facility is a companywide role model because of its manufacturing improvement processes.

Much has been written about the difficulty and the importance of American-based companies succeeding in the



HP's Future

share for Vectras is greater there than anywhere in the world so we made the right decision. Our manufacturing presence helped us penetrate the market. International manufacturing for the sake of international manufacturing doesn't add efficiencies or save labor costs like people claim. With the exception



From top to bottom: Nandini S. (left) and Rajesh N. are part of the new India Manufacturing Operation in Bangalore; optical hand insertion work at Hachioji in Japan; and a quality circle meeting in Singapore.

Japanese marketplace but teaming up with Yoko-gawa was a strategic first move for HP.

YHP President and General Manager Kenzo Sasaoka, who has been with YHP nearly 20 years, says, "When YHP first opened its doors, HP was allowed by the government to own only a minority interest. In return, labor in Japan was cheaper then and it saved HP money to manufacture in Japan for the Japanese market." (Since then, HP has increased its equity in YHP and now is the majority owner.)

"I don't like to dwell on the past because so much has changed," Ken says. "The reasons to manufacture internationally are much more positive now. The truly global companies recognize the value of opening factories that are as close to your customers as possible. We are learning the wisdom of using local resources and brainpower for R&D. The most important advantages are being able to quickly respond to your customer's needs and to provide them better technical support, but there are also internal advantages, such as being able to keep inventories to a minimum and better vendor control. These are all keys to competitiveness."

Of YHP's \$1.2 billion of business last year, 12 percent of it was proprietary products developed by YHP; 23 percent was products (mainly workstations) transferred from divisions for manufacture and sale in Japan; 53 percent direct import; and 12 percent service and support.

HP's computer and T&M product lines are both strong in Japan — computers are about 60 percent of the business and T&M accounts for 35 percent.

When the doors to YHP's new manufacturing facility in Kobe open next April, manufacturing capacity will triple. Kobe will house the Kobe Instrument Division (which is responsible for PL36, YHP's proprietary and successful component-measurement line), the Kobe Logic Engineering Operation, and some Asia Pacific operations, such as Kobe Systems, Japan Country Products and the Medical business unit.

In Mexico, HP initially decided to manufacture largely to satisfy government requirements that companies like HP manufacture products there, establish a local R&D presence, and export, says Mike Forster, Guadalajara site general manager.

HP has two manufacturing facilities in Guadalajara—the Guadalajara Computer Operation, where impact printers are manufactured for worldwide distribution; and Microcomputadoras Hewlett-Packard (MHP), which manufactures PCs and has regional marketing responsibility for all of Latin America.

"You only have to look at the fantastic number of PCs HP sells in Mexico," says Mike, "to see the value of having a manufacturing presence here. We spend a lot of time with our customers and dealers, giving them tours of the factory, information about the company and its history. I'd have to say I think that kind of local presence helps business. We're here to respond flexibly, to help solve problems.

"As computer products get less and less different, what's going to matter the most is how much you bring to the party."

General Manager of HP Mexico Rafael Piccolo says, "HP was the first computer company to open a manufacturing facility in Mexico when we started in 1982. We reinforced our commitment to the country by opening the second facility two years later. We've given a strong message to the government: 'We're here not just to take, but to give back as well. We're prepared to succeed in the long run.'"

The reasons HP decided to manufacture in Singapore in 1970 were as numerous as HP Singapore's list of success stories is today, says General Manager Alex Chan. There was a skilled and inexpensive labor force available, a

good supply of engineering and management talent, a solid infrastructure, patent and copyright laws in place, and favorable expatriate living conditions and tax laws. The population spoke English. Best of all, the Singapore Economic Development Board wanted to attract businesses to Singapore.

HP Singapore's first products were the labor-intensive core memories used in HP's early computers.

Today, HP Singapore is tied to many HP businesses, with state-of-the-art manufacturing facilities producing optoelectronic components, integrated circuits packaging (including some for HP's latest Series 700 PA-RISC workstations), the majority of HP's handheld calculators, many of the HP InkJet printers, a large number of PCs and keyboards and other input devices (for which it has worldwide engineering responsibility). There are nearly 3,600 employees in the site's two manufacturing plants. It is also a hub for manufacturing and support for HP's Asia Pacific region.

Alex says HP Singapore's goal in the next few years is to expand R&D and

take advantage of its manufacturing prowess to design, manufacture and market products for Asia Pacific and worldwide customers.

In September, Singapore's Asia Peripherals Division (APD) introduced the HP DeskJet 500J printer, a Japanese-language printer designed exclusively for the Japan market. This is the first of several Asian language inkjet products that will be developed, manufactured and marketed by APD.

While labor is no longer inexpensive in Singapore when compared to developing countries, the productivity and quality of the work force and other infrastructural advances have more than compensated. "It's been an exceedingly rewarding relationship over the 20 years for both HP and Singapore," says Alex.

In recent years, says Alan Bickell, a third type of activity has become important in Intercon's manufacturing activities—value-added initiatives to develop products and solutions that meet the needs of local customers. Korea's recent success with the HP DeskJet 500 is a good example of this (see sidebar, below).

Localization is done by small R&D groups known as country product organizations (CPOs), says Business Development Project Manager Betsey Nelson, and generally involves adapting HP hardware or software to meet local language or national standards. Local products might also be developed by CPOs, says Betsey, or OEMed locally and resold through HP to leverage HP system sales. Examples of this include the Titan Chinese terminal, the Arirang Korean terminal, and dozens of software applications in Japan.

HP's manufacturing activities take a tremendous amount of teamwork between Intercon, the countries and the businesses. "With the new organization the company has put in place," says Alan, "with essentially vertical sales forces and the very vertical marketing centers, I think the businesses will look more and more to Intercon and the countries for input on manufacturing decisions—as to what products will get manufactured where, what products should be localized and what should be developed to meet market requirements. We're all working toward the same goal."

와! (WOW!)

Even the folks at Samsung Hewlett-Packard in Korea are a little surprised at how well the market has received the recently introduced Hanguk version of the HP DeskJet printer. Sales are going through the roof, according to former SHP Marketing Manager S. Sam Yu, topping projected sales many times over. He calls it "our biggest success story ever." Alan Bickell says, "It's a most dramatic example of what full localization will do for a product."

Sam says the market success is due mainly to the CPO's localization effort, but also to the competitive price, HP's strong customer support system, and the support to SHP by the Vancouver (Washington) Division, which developed the DeskJet printer.

The printer's market debut was carefully planned and timed. An advertising campaign last summer showed a secretary bidding her printer adieu. "Bye-bye dot matrix," read the ad. "You can get a laser-quality printer at a dot-matrix price." SHP held seminars to educate the press and give hands-on demos. There was great press coverage. "It was like a Nintendo™ game," Sam says. "Everyone had to have one. This far outshines SHP's LaserJet printer sales. The successful localization effort made it happen."



ASIA PACIFIC



Charging into the '90s

"Revolutionary" is the word YHP President and General Manager Ken Sasaoka uses to describe a change in YHP's organization that was announced June 15. The restructuring moves away from geographical reporting and aligns YHP with HP's business lines. Managers now will report vertically to top management of each group, including Computer Systems Organization (CSO) and Test and Measurement (T&M).

"Our objective," says Ken, "is to organize our resources most effectively for the emerging opportunities from the computer-industry revolution of the 1990s. The biggest advantage of the reorganization is that our sales strategies will come from the individual business units and will be clearer and more consistent. We want our customers to see HP as one global company, not a company that operates independently and sometimes quite differently in many countries."

The cornerstones of the new organization are:

- reforming field operations from two-dimensional management (geographical/business) to a business-focused management in Japan, abolishing the four major geographical areas.
- making YHP's organization simpler and more flexible by reducing the number of managerial layers and expanding the span of control.
- delegating responsibility to the individual business or functional levels and using top management resources more flexibly to meet the strategic challenges of groups, such as CSO, CPO and T&M.
- and forming Asia Pacific-related operations for better international collaboration. These will include the Kobe Systems Operation and the Japan Country Product Operation, which report to



Dominic Orr. The new facility at Kobe will be completed in February and will open for business next April.

The executive committee, responsible for companywide performance and strategic leadership, will include Ken and Katsuto Kohtani, Corporate Operations; Toshiteru Suwa, Field Operations; Mitsu Mori, Engineering and Manufacturing; and Shu Asai, Finance and Administration.

Ken says that all FY92 targeting and Hoshin planning is being done within the structure of the new organization, which starts officially in November with the new fiscal year. It was announced early to provide time to communicate a complete understanding of the new organization to YHP employees and customers.

"It is my hope," Ken says, "that this organization will bring YHP much closer to the Asia Pacific organization and make us more a member of HP. This is our response to the companywide challenge of 'Creating New Values in the '90s.' This fundamental framework should lead us through the decade, making us more efficient, and even better contributors to the company's success. The world is narrowing, truly becoming borderless. We need to focus our resources to excel in that kind of marketplace."

Kenzo Sasaoka

Performance improving in Australia

Region Finance and Administration Manager Bruce Thompson reports impressive improvements in Australia's order-fulfillment process. Australia's breakthrough goal for the year is 30 percent improvement in three key performance measures. At the end of the third quarter, the results were: 78 percent improvement in orders defective on booking; 25 percent improvement in orders defective on arrival; and 30 percent reduction in the number of sales calls to Order Admin. Seven quality initiatives in the order-fulfillment cycle have been coordinated by the Australian team to achieve these results.

The percentage of orders arriving clean in the order admin group improved from 24 percent to 80 percent. The percentage of orders entered and validated within one day of receipt improved from 50 to 90 percent. Product transit time out of the U.S. decreased from 11 to 7 days. "Our O/P productivity has improved immensely," says Bruce, "and we expect a great improvement in customer satisfaction."

Dealer Channel Order Admin has met with similar success this year with all orders now entered within one hour of receipt, a considerable improvement on the previous 24-hour turnaround time.



Quality circle has winning ways

The 1991 winners of YHP's annual Quality Circle competition visited the U.S. this year to share their process improvements with HP counterparts in Roseville, Cupertino, Palo Alto and Atlanta, and to do a little sightseeing.

The 'Motto Shoninzu' TQC team from the five-person Akita sales office competed against more than 400 YHP quality teams this year. Its project was to solve the shortage of prospects for ME10 sales in the Akita district. (ME10 is HP's mechanical engineering software package and is extremely successful in Japan.) After applying TQC to the problem, inquiries improved, the inquiries gap closed, sales secretaries increased productivity by scheduling appointments with target customers, sales skills and materials improved, and the team's confidence increased dramatically.

The Motto Shoninzu Circle includes Katsunori Nakamura, district sales manager; Hironoshin Takahashi, sales representative; Kyoko Ito and Noriko Ikeda, secretaries; and Nobuhiro Andoh, area sales manager.

YHP's winning team from manufacturing, Circle Wa, traveled to the U.S. earlier this year to describe how it applied TQC to reduce the manual insertion defect rate in the PC assembly process at the Hachioji factory. Its members are Setsuko Yazawa, Hideko Kawakubo, Nobuko Itsuka, Eiko Takayama, Itsuko Edamatsu, Hiroko Honda, Teruko Kobayashi, Masayuki Nagaoka and Nobuo Yokoh.



The Motto Shoninzu Circle shared its success story at Intercon. Its members include (from left) Nobuhiro Andoh, Katsunori Nakamura, Kyoko Ito and Hironoshin Takahashi. Circle member Noriko Ikeda did not make the trip.

A job well done

S. Sam Yu, former Samsung Hewlett-Packard marketing manager (who has moved to a job in Cupertino, California as strategic alliance program manager for CSO), was honored by the Korea Computer Reporters Club (KCRC) in August for his contributions to the club and the Korean computer industry the past seven years.

KCRC Chairman Cho Shin presented a plaque to Sam in appreciation of his service and contributions toward "the growth of the Korean computer industry and increasing the status of computer trade magazines."

CHP is in top ten again

China Hewlett-Packard (CHP) has again been selected as one of the top ten best-managed joint ventures in the People's Republic of China, among more than 50,000 joint-venture companies there. This is the fourth year in a row that CHP has made the list, which is compiled by the *Economic Daily* and *Business Times*.

CHP was cited for its focus on customer satisfaction, strong commitment to manufacturing and R&D, and outstanding human-resource development. Philip Yu, CHP general manager, says, "In recent years, the company has been widely recognized by the public as the bellwether high-tech company for quality products and management excellence."

Gearing up for the factory of the future

The Penang Skills Development Centre (PSDC) signed an agreement with FESTO Sdn Bhd in April to establish an Industrial Automation Technology Laboratory. The agreement was signed by Hewlett-Packard Malaysia (HPM) Managing Director Tan Bian Ee, who serves as chairman of PSDC, and John Chong, managing director of FESTO Sdn Bhd. Chief Minister Dr. Koh Teo Joon officiated.

The laboratory is important to HPM because it will provide hands-on training with industrial products to prepare the Malaysian work force for the automated factories of the future. Courses in robotics and computer-integrated manufacturing will be offered.



John Chong (left) and Tan Bian Ee sign the agreement to establish the new lab in Malaysia.

CANADA



Training takes off at Canadian Airlines

Canadian Airlines recently introduced computer-based training for its pilots in Vancouver and Toronto. The new teaching system is a full-fledged, multi-media presentation, with fully interactive graphics and laser disc video overlays, and a synchronous audio track. It runs on HP power—an array of more than 75 workstations, file servers and networking hardware.

Don Gerke, project pilot in Advanced Training Systems for Canadian Air, supervised the search for the right system. Don owns his own software-development company, which created the crew scheduling system used by airlines around the world.

Hewlett-Packard equipment satisfied all his criteria and he selected HP Vectra RS25Cs for the workstations and four HP Vectra 486 computers for the project team's workstations. Clive Warren, HP sales rep in Vancouver, was instrumental in the sale to Canadian Air and worked closely with Northwest Digital Ltd., to install the networking, using a card supplied by Cogent Data Technologies Inc.

"These machines show the pilots how to fly and everything about the aircraft—in some instances better than the simulator," says Jean Pierre Deshaies, manager of simulation systems development at Canadian.

Pilots get individualized, self-paced instruction. Don Gerke says it's more enjoyable, too. "Instead of asking a bunch of dumb, multiple-choice questions, the courseware makes the pilot work his or her way through a series of challenges and exercises. It directly improves the quality of instruction. Pilots retain more knowledge, absorb more, and are better prepared to go onto the simulator environment where they will actually operate the equipment."

Don Gerke says the new HP-driven training for pilots at Canadian Air will directly improve the quality of instruction.



Maribel and Doug Hilmer are now at home in Calgary.



They're really, really, really married

Doug Hillmer, software engineer for the Calgary Product Development Center, was married three times in the space of one month early this year—all to the same woman.

He met his beloved, Maribel Nacho Vargas, in her native Bolivia while attending a conference there in 1989. They decided to marry after a long-distance courtship. Following the local customs of Bolivia, the couple was married in a required civil ceremony in Maribel's home town of La Paz, and then followed it up a week later with a church ceremony in Cochabamba. When the couple finally made it back to Calgary, where they will live, they put on their wedding clothes and re-enacted the event again at a reception for Canadian family and friends.

Doug says Maribel is enjoying her new life in Canada—except for the cold weather. She is studying English and started work toward a masters degree in theology in September.



Elena and Jonathan are happily settled in their new home with parents Helene Betit and Donald Bone.

New beginning for Romanian orphans

When Montreal SE Helene Betit and her husband Donald Bone first heard about the plight of the Romanian orphans they started an immediate investigation of adoption procedures. After wading through mounds of red tape in Canada, Helene used all of her vacation time plus a leave of absence to travel twice to Romania in search of children to adopt.

She and Don now are the proud parents of Elena, who was adopted at three months of age, and Jonathan, who was two months old. Helene says the adoptions took patience, diligence and perseverance. She has become a fount of information for other Canadian parents interested in adopting Romanian children.

"Conditions in these institutions were so depressed that it is difficult for anyone from the Western world to understand," she says. The orphans are part of Nicolae Ceausescu's legacy, discovered after the dictator was overthrown and killed in December 1989. Ceausescu's goal was to increase Romania's population to 30 million by the end of the century and birth control and abortion were unavailable. Impoverished families who could not feed or clothe the children they were forced to conceive abandoned them to grim state-run institutions. The orphanages also became a dumping ground for severely ill or handicapped children, known as the "irrecoverables."

People like Helene and Don, through their generosity, determination and love, are making a difference in the lives of these previously unwanted children. Elena, who was seriously ill when she arrived in Canada, and Jonathan, who didn't even have a name when Helene met him at two months of age, have happily settled into their new home and can look forward to a fulfilling new life.

LATIN AMERICA



Edisa General Manager Flavio Sehn makes headlines in Brazil.

Edisa: biggest and best in Brazil

Edisa Informatica, the company in which HP and the Iochpe Group have joint interests, was named "Company of the Year" for Brazilian high-tech industries in the "Biggest and Best" annual edition of *Exame*. *Exame*, a major business magazine in Brazil, based its selection on Edisa's results in terms of market share, profitability, growth, productivity, liquidity and capitalization.

Decisive factors for Edisa's victor included its strong and diversified product line, and its strategic vision with respect to the future of the industry.

In the magazine's ranking of Brazil's 50 biggest companies by sales volume, Edisa is No. 8, up six notches from last year.



Depois de estar durante um período, a indústria de empresas brasileiras... (text continues in small font)

do seu crescimento positivo, trata-se de... (text continues in small font)

John Young checks in with Mexico

During a visit to Mexico in July, HP President and CEO John Young met with President Carlos Salinas de Gortari, Secretary of the Treasury Pedro Aspe and other government ministers, key customers and HP employees.

HP Mexico is celebrating its 25th anniversary this year and John gave an anniversary address to employees. He took part in a ground-breaking ceremony for a new HP Mexico building under construction in the Santa Fe section of Mexico City. His schedule also included meeting with HPM General Manager Rafael Piccolo and his staff, HP's manufacturing management in Mexico, and breakfast with 20 employees selected for special recognition.

John's reflections on his recent trip can be read in his letter in the September-October 1991 issue of *Measure*.



HP President John Young takes part in a groundbreaking ceremony in Mexico City.

Good luck to our friends on the Canadian team. We'll miss you.

We recently announced plans to form a new North American Field Operation (NAFO), which will include Canada and the U.S. The new organization officially comes into being with the start of our 1992 fiscal year, but the process of realigning our Canadian activities is already under way. While the announcement gave many of the reasons for this move, I thought it might be appropriate to describe in a little more detail the thinking behind this and the benefits we believe will result.

First of all, for those of you who are students of HP history, let me point out that this is not the first time that Intercon has transferred one of its geographic

territories to another HP organization. When originally formed in 1969, Intercon had responsibility for Africa and Israel. Eventually we transferred management of these areas to the European headquarters as our resources based in Europe reached critical mass and were better positioned than Intercon to provide support for the two areas. At the time, those of us based in Palo Alto were a bit relieved. I can recall that the trip from San Francisco to Johannesburg took 25 hours, with similar travel commitments required to meet with our distributors in Africa and Israel. Aligning these activities with Europe placed them in similar time zones and greatly simplified management of the territory.

Canada's alignment with the U.S. to form NAFO recognizes the increasing interdependence of the Canadian and U.S. economies. Many economists predict the emergence of three major trading blocs in the world in the coming decade: Europe, Asia Pacific and the Americas. There is no stronger evidence than the recent U.S.-Canada free-trade agreement.

Although both are sovereign states, the reality is that their economies are mutually dependent. Canadian and U.S. companies are carrying out their activities as if the border didn't exist. An example of this is HP's new trade-pricing policy where our pricing in Canada is essentially equivalent to that in the U.S. In short, our Canadian and U.S. field operations have a lot in common. There is a lot of synergy between them in terms of sales management and support from U.S.-based product groups and divisions.

Because Canada and the U.S. have been moving closer together, Intercon has been focusing more of its energies on Latin America and Asia Pacific. Our special responsibility within HP is to champion the developing markets in these parts of the world, and to capitalize on the very substantial opportunities that exist there. Canada's move into NAFO helps us sharpen that focus.

(continued on next page)



Alan joins Intercon employees for an after-work wine and cheese tasting party in Los Altos, California.

I personally believe NAFO, headed by George Glenday, will greatly benefit from the innovative programs that Canada and Intercon have pioneered over the years. Canada was a leader in providing direct marketing of parts and consumables. They have fielded a customer-support organization that has received broad recognition within HP for its excellence. There are focused, disciplined sales programs that have achieved solid, consistent results. The logistics activity provides customer deliveries that are equal to or better than in the U.S. And Canada has put together a very streamlined and cost-effective administrative organization.

The results speak for themselves. In its 30 years in Intercon (and HP), Canada has grown from a relatively small organization to close to half a billion dollars in sales. The Canadian team has met the challenge of profitably managing a sales territory that covers an area as large as the U.S., yet with a population (and a sales volume) that is substantially smaller.

I believe the integration of the Canadian and U.S. field organizations represents a very logical evolution of our worldwide field activities and will yield substantial benefits on both sides of the border. Good luck to our good friends on the Canadian team. It has been great having you as part of the Intercon family. We'll miss you, but we look forward to working alongside you in the future.

Get ready to talk quality in Singapore

Asia Pacific Quality Manager Katsu Yoshimoto wants all Asia Pacific general managers and quality managers to mark their calendars for the TQC Convention scheduled for May 19-20, 1992, in Singapore.

The conference objective is to provide recognition to Asia Pacific management for TQC activities and to share best practices throughout the organization. TQC teams from region factories and field offices will be invited to report on activities and compete for gold, silver and bronze awards.

Recognition for Intercon Marketing Communication pros

Five Intercon countries were recently recognized in HP's 1991 Design Achievements Awards for producing quality customer communications. The competition is sponsored by the Communications Design Center (CDC), which is now part of Corporate Communications. Through the contest, says Janice Morgan, communications specialist, CDC strives to recognize well-designed communications, to track progress toward HP's one-company identity, and to share best practices in design.

The winners were selected from more than 500 entries submitted from 45 entities. Seventeen awards were presented to the finalists in the areas of advertising, direct mail, sales promotion, sales literature, display packaging, photography, illustration, learning products and four regional categories.

The Intercon winners were:

KOREA: The SHP Marcom team won the **BEST OF ASIA PACIFIC** category for work submitted by Sang Ouk Lee. The team also received awards in the **BEST SINGLE ADVERTISING PIECE** category and **BEST INDIVIDUAL SALES PROMOTION**.

SINGAPORE: Angela Loke of the Singapore Marketing Center received an award in the **BEST OF ASIA PACIFIC** category.

JAPAN: Haruo Hiruma and Miki Miyoshi received an award in the **BEST USE OF ILLUSTRATION** category for their piece entitled "YHP Computer Solution for AEC BR." Haruo was also awarded in the **BEST OF ASIA PACIFIC** category for a piece for YHP region headquarters.

LATIN AMERICA: Samuel Araiza won the **BEST OF THE AMERICAS** category, defined for this event as Latin America and Canada.

CANADA: Doug Garnett was the Canada headquarters' finalist and received an award in the **BEST OF THE AMERICAS** category for a direct-mail and advertising piece that addressed both French-speaking and English-speaking audiences.

최강의 워스테이션이 다가온다.



Korea's Marcom team was recognized for top quality work in the 1991 Design Achievement Awards.

ASIA PACIFIC

Lee Ting rejoined Hewlett-Packard September 1 as general manager of the newly formed Northeast Asia region, which encompasses China, Taiwan and Hong Kong. The new region was named to capitalize on the increasing interrelationship between these markets and to leverage HP resources across them. Lee has held many Intercon positions, including general manager of HP Taiwan, Far East Area general manager, Singapore manufacturing site general manager, and Intercon business development manager. He will be located in Hong Kong after early November and will report to **Alan Bickell**. Lee will have additional responsibilities as Asia Pacific real estate manager, with a functional reporting relationship in that capacity to **Dennis Raney**, director of Corporate Real Estate.

Yeng Wong has moved to the CHP Shenzhen Manufacturing Operation as operations manager. Yeng joined HP in 1973 after graduating from the University of California with a Ph.D. in physical chemistry. He transferred to CHP in 1986 as T&M program manager. He later became CHP business development manager and then general manager of the Shanghai branch. **Ong Keok Teng**, whose leadership the past two years at Shenzhen has led to manufacturing expertise, quality and organization effectiveness, has taken an assignment in China with the Medical Group.



Doug Thompson

Edward Liu



Doug Thompson has accepted the newly created position of Asia Pacific controller, based in Hong Kong. He was most recently the Far East Region F&A manager. Reporting to Doug will be most F&A managers and controllers in Asia Pacific and the teams in Palo Alto responsible for the key legal and management reporting, planning, pricing and other financial processes supporting all field units. F&A directors in Japan, Australasia and Singapore will continue to report to **Bernard de Valance**, F&A director for Intercon.

Edward Liu joined HP Taiwan as public affairs manager. He had been with IBM Taiwan since 1969 where he held many positions, including marketing representative for the public sector, systems engineering manager, remote operations manager, business development program manager and customer executive program manager.

CANADA

Carmelo Leung was recently appointed Region Finance & Administration manager in Canada, replacing **Gord McLean** who accepted a similar position for the U.K. region. Carmelo joined HP in 1979, and has served as F&A manager in Hong Kong and Beijing and as the first audit manager for Asia Pacific. He was most recently controller for Canada.

LATIN AMERICA

Airton Gimenes has accepted the new position of country operations manager for Edisa Informatica in Brazil, responsible for sales, marketing support and administration. Airton joined HP in Brazil in 1975 as import/export manager. He later became commercial service manager for HP Mexico and held several other managerial jobs there before taking on the Latin America Region administration responsibilities in 1986. He has most recently been general manager of HP Venezuela.

Salvador Quirarte has succeeded Airton as general manager of HP Venezuela. Salvador joined HP Mexico in 1984 as district manager for the Monterey office after 15 years with IBM de Mexico. He moved to Mexico City in 1986 as area sales manager for strategic and major accounts. He has most recently served as country government relations and business development manager.



Salvador Quirarte



Summer snapshots

Intercon general managers wrapped up their August meeting in Palo Alto at a wine- and cheese-tasting party with headquarters employees. Airton Gimenes (top right photo), Edisa Informatica country operations manager, talks with Shirley Kwan, Inter-

con's business development finance manager. Sampling the offerings (bottom right photo) are Bob Payne, manager-workstation sales program; George Cobbe, general manager of HP Canada; and Larry Amsden, general manager of HP Thailand.

INTERCOM

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