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HP Intercontinental Operations News

FY 1987 — Second Quarter

Sales and Support Building Blocks for Growth



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"Achieving quota is the measure of winning."

When you spoke to Intercon headquarters employees in December, you stressed the importance of reaching targets. Why do you place so much emphasis on this?

There are a number of reasons for emphasizing reaching targets and making quota. First, the company builds its business plan each year on the basis of targeted sales performance. Expense levels are determined on this basis, as well as hiring plans. All of these activities are dependent upon our ability to reach a certain level of sales. From that perspective, it is therefore essential that once this level of sales is agreed upon, that quota must be achieved. The implications on our bottom line profits are significant. Exceeding quota by five percent can have a dramatic impact on earnings per share. The converse is also true. If we miss our targets by five percent, this can affect not only the jobs that are available within our company, but also the value of our stock and ultimately the lifestyle we pursue.

From a sales management perspective, there is another important reason why making quota is so important. In any successful sales organization, a winning attitude is essential. Winning begets winning. Achieving quota, the measure of success, is the measure of winning.

For the past two years as a corporation, we have not met our quota; nor have we met quota in Intercon. In essence, we are at the crossroads. If we continue to go along accepting less than full achievement, there is a danger that mediocrity will set in. Winners refuse to be mediocre. Hewlett-Packard has always felt that we are the best. A metric associated with being the best is making quota. For this reason, the achievement of quota is the number one Hoshin objective for our Intercon sales/marketing/support organization in 1987.

ON THE COVER Just a few of the Intercon people who are making strides in growing both sales and support activities. Read more about them here through page nine.



Rick Justice, Intercon director of marketing, sales and support

Internationally, economic expansion is continuing at stronger rates than in the U.S. and the decline in the value of the dollar has given us more pricing flexibility. Shouldn't these two factors make growing sales in Intercon regions an easier task than in recent years?

The declining dollar really presents both a challenge and an opportunity. On the one hand, it certainly makes our U.S. export products more price competitive in international markets. On the other hand, if you take the classic example of the declining dollar — that being in Japan — you have some interesting counter effects that offset the positive aspects of local market price reductions. Perhaps it is worth a moment to review the Japanese scenario in some detail.

Japan is an export economy. As an export economy, Japan depends upon the U.S. market to grow its revenues

and profits. With the increasing strength of the yen, the prices of Japanese products in the U.S. market either have to increase or the profits for the Japanese companies will have to decrease. So far, most Japanese companies have chosen to protect their market share by holding their prices. The consequence is reduced profits. This pressure on profits ultimately leads to reductions in capital expenditures. The result for HP is that even though our prices are more competitive, demand for our products may actually be less. We may be much better positioned than our local Japanese competitors, but reduced capital expenditures could result in getting a larger piece of a smaller pie, that is, overall demand. To be quite frank, we are not sure of the net impact of these counter-balancing forces.



Judging from Alan Bickell's statement of objectives for FY87, you appear to have ownership of many of the strategies designed to reach the objectives. Is this a bit overwhelming for a relative newcomer to Intercon?

Most certainly Intercon holds more than its share of challenges, although I wouldn't call them overwhelming. As far as Alan's objectives are concerned, however, I find it very natural that the ownership for much of the strategic implementation is passed along to the marketing/sales/support team. In the Hoshin process, the strategy of the next level of management becomes the operating objective for the level below. Naturally, I, in turn, work with our team to develop strategies which then become the objectives of the people working in our organization. Although it may appear that many of these objectives are my personal responsibility, in essence they are shared by the entire marketing/sales/support organization.

How has your previous experience prepared you for this position?

You never know if you are completely prepared for a role as challenging as this Intercon opportunity. I would hope that my combination of factory experience, field marketing experience, and field sales experience will provide an appropriate background for this assignment. Quite frankly, I am lacking in the international experience. Initially, however, this may prove to be to our advantage here in Intercon. Since my entire career has been spent in the U.S., I do not understand Intercon, but I do understand the U.S. I've experienced how problem solving and strategic development take place in the U.S. field and factory operations. This should place me in a good position to communicate effectively with our U.S. counterparts as we try to help them to understand the unique market requirements of Intercon. In the meantime, I am counting on all of you to teach me the international aspects of our business. Please be patient with me. I promise to study hard. ■

Hoshin process multiplies the chances of success

The Hoshin planning process referred to by Rick has been used for some time at YHP and is now being adopted throughout HP. It begins with a review of the previous year's plans at all levels, the Intermediate Range Business Plan objectives and strategies and more specific customer inputs.

The first point is extremely important; successes and failures of the previous year are reviewed and analyzed before a new plan is prepared. More specific customer inputs are also important, coming from surveys, letters, meetings and customer data from the IRBP.

Typically the division or general manager prepares the division/country annual Hoshin Plan and, if appropriate, a 5-Year Plan, after discussions with functional managers. These plans include broad objectives/directions, strategies and performance measures. Functional managers then prepare more specific objectives and performance measures after discussions with department managers. Department managers, in turn, prepare more detailed and

specific plans as well as an implementation plan.

This seemingly laborious process ensures two things: that the plan can be achieved because the next level has committed to it, and that a hierarchy of objectives and performance measures will ensue.

Reviews are held quarterly. If everything is on track, it is business as usual. If not, then plans may have to be changed or more resources acquired and utilized.

Finally, the results and experiences of the current year are summarized in an annual review plan. This is done during the last quarter of the fiscal year and it sets the stage for starting the next year's planning cycle.

The strength of Hoshin planning is that it is a systematic and tightly coupled process. True, it does require much more effort and consensus than the traditional MBO process, but it helps provide a focus, a single-minded approach by the entire management team. This tends to enhance the chances of success. ■

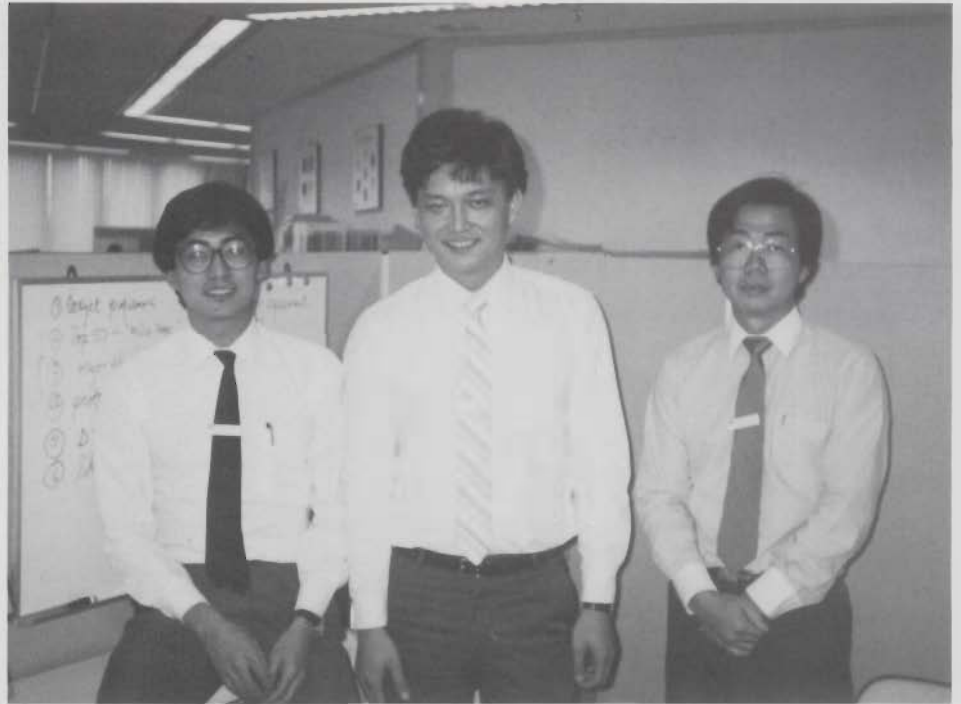
Malaysia account team goes back to school

In 1985, the Institut Teknologi Malaysia (ITM) decided that its students needed a more technological orientation to meet the challenging technical and scientific environment awaiting them upon graduation. Based in Shah Alam, 20 miles from Kuala Lumpur, ITM is a leading institution for professional and scientific education, with a student population of 30,000.

At the time, CAD/CAM had not been introduced into the School of Engineering's curriculum, and at the School of Computer Science, an ICL computer did double duty as a teaching and an administrative tool. A blueprint for computerizing the entire campus was drawn up to address these problems, and HP was faced with the challenge of breaking into a territory dominated by DEC, ICL, NEC and IBM.

At the beginning of FY87, HP Malaysia sales did not have a single major educational account, so an educational account team was formed in November to win major deals in this market. Team members T.S. Lee, district manager, sales rep Tai Hooi Lin and customer support manager S.C. Chen capitalized on every resource available. Working hand in hand with Solsis Sdn Bhd, a value-added reseller (VAR) for HP computers, the team set out to win the ITM order.

In spite of strong competition from 16 computer vendors, HPSM won the right to supply computer systems to the Schools of Computer Science and Engineering. The order, the largest involving Spectrum in the Pacific Basin, includes two units of the HP 9000 S/840, two HP 9000 model 320 workstations, three Vectra personal computers, 80 terminals and compilers for COBOL, FORTRAN and HP TODAY. ITM's School of Computer Science will use one series 840 to teach data processing techniques and the School of Engineering will use the other to teach CAD/CAM and CAE.



The educational account team in Malaysia sales includes (left) S.C. Chen, Tai Hooi Lin and T.S. Lee.

The big win, establishing HP's presence in Malaysia's educational market, can be attributed to excellent account coverage by sales reps, management and Solsis. They established a working partnership before the tender. HPSM and Solsis invested resources in value-added programs to make themselves highly visible to ITM. Solsis actively organized industrial training programs for student trainees and participated with HPSM in an exhibition at ITM to show off HP products. HP management maintained contact with college authorities and met with them regularly to understand ITM's requirements.

In addition to providing superb coverage, HP was more cost-competitive than the other vendors. The cost of maintenance was much lower and the HP 9000 S/840 was more than a match for DEC's Vax 82000 and IBM System 4361 in terms of price and performance.

ITM is planning a multi-million dollar project to computerize the entire campus by linking all the computers through local area networks. HP is planning to be in the forefront of that project. ■

The biggest sale ever in Australia

In the largest single sale in its history, Hewlett-Packard Australia signed a contract conservatively worth \$15 million with the federal attorney general's department last year.

The contract will run for five years and will entail the supply of HP 3000 systems and microcomputers for database and office automation applications.

Orders have already been placed under the contract for 14 HP 3000s, peripherals and software, as well as the HP 150 micros and laserjet printers.

The first order, for a network of 12 HP 3000s for the Family Court, involves substantial modification of an American software package for court administration which is being done at the company's new Canberra facility.

"The new contract justifies our confidence in the expansion program we have planned to take place over the next five years in Canberra," said managing director Malcolm Kerr.

"Our government business in Canberra has been doubling each year for the last three years and we have seen a number of departments and authorities turn to Hewlett-Packard for their data processing and office automation needs. Our product strategies are an excellent match for government requirements at this time." ■

The man who pulled it off



Mark Dilli, the Canberra sales rep with the distinction of making HP Australia's largest single sale — the attorney general's department contract — literally fell into the job.

Originally he joined HP as a software support systems engineer, but when the Canberra sales rep was promoted to a job as district sales manager in Sydney, Mark stepped into the role.

Mark recalls, "I think someone probably said if you want to support equipment there, you're going to have to sell it.

"Supporting my own sales put me in quite a unique position and I made sure I was very certain of what I sold because I was going to support it."

When Mark joined HP, he was attracted by the commercial capabilities of the 3000 and believed he would be supporting 3000s in commercial environments.

"But the Canberra market at that time was geared to technical products so I had to adapt. I did, however, end up supporting the first 3000 sold to the department of defense."

Mark believes his strong technical background lends itself to government selling where many of his dealings are with technical people.

"Initially my job mix was 70 per cent support and 30 per cent sales, but this gradually reversed itself." At the same time he had responsibility for the branch. Now his job is 100 per cent sales.

Mark describes writing the tender for the attorney general's department as a mammoth task. The tender had been held up and was released two weeks before Christmas in 1984, with just six weeks until its closing date. Mark wrote the tender in two weeks, although several months had been spent working on it.

"By March 1985, we knew we were on the short list and by July, the recommendation was to go HP. From July, 1985 till May, 1986, we were involved in contractual negotiations.

"The contract had a number of complexities and it took us some time to track down an appropriate software package."

Mark also has responsibility for the department of defense which incorporates the air force, navy, army and central civilian corps.

In June, he signed \$3 million worth of business split between the air force, navy and central civilian corps, for UNIX-based office automation equipment.

Mark estimates he responds to around six major tenders annually and at times quite a number of smaller tenders.

He has developed his own tender package which runs on the Canberra branch's computer.

"Tenders contain a fair number of similarities and I was very keen to get the productivity up as high as possible. Because tendering requires database pricing schedules in a fixed form, I wrote my own tender pricing system which enabled me to produce very large quotations in a very short time."

For Mark Dilli, being a sales rep in Canberra means a long-term commitment, not only to HP, but to the government departments he services.

And for him, the only secret in pulling off the largest single sale in HP Australia's history was perseverance. ■

“With increasing customer expectations, HP needs

When we hear the term “customer support,” many of us think in terms of outside customers who buy our products. But isn't there an internal support structure too?

Certainly the most important focus of customer support personnel is to keep HP users happy. However there are internal customers as well, the most important internal customers being the sales representatives. The Application Engineering Organization (AEO) spends about 60 percent of its time supporting the sales reps. Its activities include determining whether there is a technical solution for the HP equipment being proposed by the sales rep and designing a specific solution such as a complete network configuration layout.

The acronyms CEO and AEO are common in HP language, but I wonder how many people truly understand what they stand for and how they differ.

AEO corresponds to the Application Engineering Organization and CEO to the Customer Engineering Organization.

The AEO's charter involves delivering pro-active services to the sales reps and customers such as consulting and training programs. These services are designed to ensure that HP has the best solutions to meet customer requirements and to help customers gain maximum utilization of the HP equipment purchased. The AE charter also includes account management and project management structured to meet specific requirements. A tailored support program can be put in place to help our customers with the implementation of HP products and systems.

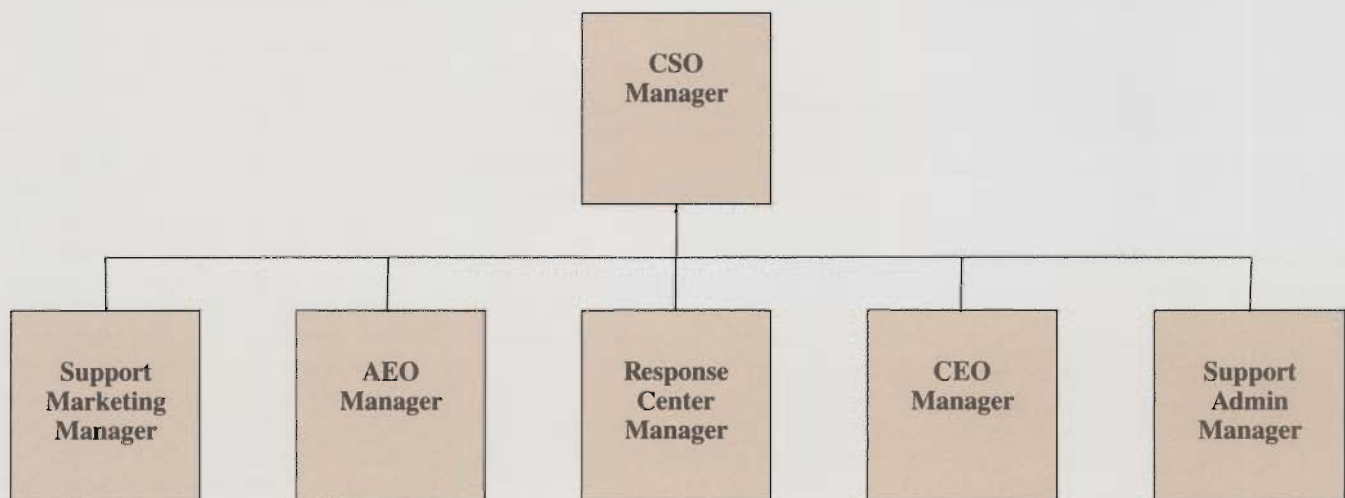
The CEO, on the other hand, is more focused on providing post-sales services such as hardware maintenance and repair, software maintenance and escalation management. The emphasis is on very speedy correction to an HP equipment problem that is preventing the customer from having maximum equipment availability.

A new group emerging in customer support is the Response Center Organization (RCO), a centralized entity in each country trained to respond very quickly to a customer's “How to use it” question or operational problem. The RCO consists of both software and hardware specialists who can advise the customers and the AEO and CEO on how to resolve a problem using the telephone as the primary communications tool. As technology advances, more and more communication and problem identification and resolution will occur electronically.

The Support Marketing Organization is getting off the ground. Soon this organization will focus on ensuring that customer expectations are correctly set about what the Customer Support Organization can deliver and ensuring that headquarters' divisions in the U.S. understand the needs of our customers and develop and enhance support service to meet those needs.

The Support Admin Organization focuses on administrative activities supporting CSO, i.e., administering contracts, quoting support services and prices, and dispatching CSO personnel to respond to customer calls. This organization is responsible for an effective administrative interface with our customers and for improved productivity of support personnel.

Throughout Intercon, the Customer Support Organization looks like this in each region:



enhanced support services."



Customer support manager Paul Balnys has spent half of his twelve years with HP delivering support services as an AE and participating in various levels of AEO management. The other half of his career has been dedicated to CEO management.

One priority of worldwide marketing is to upgrade marketing and sales training to the level of customer support training. What are you doing right?

Over the years, the CSO training organizations in California have refined the training process. The use of TQC techniques has been evident for several years to improve the training process. From my perspective, a significant achievement was to establish the concept of "student performance objectives." Both the instructor and student are very clear on what must be delivered and learned to complete a training class successfully. The application of TQC techniques has really made a difference. Many courses are actually designed by the divisions responsible for the product relating to a particular course. The CSO training group has established a clear framework within which the divisions must work before releasing a class to either internal personnel or customers. The group is also using the latest technologies in computer-aided instruction to further enhance student learning and reduce the cost of delivering training. This basic technology is being shared with the divisions to facilitate the incorporation of this technology in future training courses.

The Customer Support Organization focuses on customers' application life cycle as illustrated on this chart:

CUSTOMER NEEDS	UNDERSTANDING & RECOMMENDING	IMPLEMENTING	SUPPORTING
	PLANNING	IMPLEMENTATION	OPERATION
SUPPORT SERVICES	CONSULTING TRAINING PRE-SALES	PROJECT MGMT TRAINING CONSULTING INSTALLATION	MAINTENANCE TRAINING USER ASSISTANCE ESCALATION MGMT

What are the major challenges facing CSO in FY87?

First, to continue to develop industry specialists in the AEO to meet market and customer needs and to implement a wide range of support services in the area of networking. There are some 23 unique specialties defined for the AEO today, including such areas as computer-aided design, office automation and microwave test. Continuing effort is required to refine these skills and balance the resources to return maximum benefit to HP sales reps and our customers.

The introduction of a wide range of support services for networks affects almost all of the CSO personnel. Networks are becoming pervasive across nearly all the markets in which HP participates. Specialists are being trained and developed; maintenance technical training is being implemented; non-HP data communication equipment is being certified and tested; administrative procedures are being defined; and the new support services are being introduced to the sales organization and customers. These challenges must be met to keep support services in a leadership position.

More and more, HP is getting into the service business and it is proving to be quite profitable. To what degree will this continue?

There are three major areas of responsibility in the worldwide CSO: satisfy our internal and external customers, develop our people, and generate planned revenues within planned costs.

With ever-increasing customer expectations, HP will need to design and implement new and enhanced support services. This, in turn, will result in increased revenues from the worldwide CSO which in FY86 generated in excess of 10 percent net profit on a billion dollar revenue base. Today support revenue is about 20 percent of overall HP revenue. A challenging goal has been accepted by the worldwide CSO to move that figure to 30 percent in the next five years. This is a clear indication of how much importance the company is placing on the CSO today and in the future. ■

Super sleuths solve "The Case of the Faulty Vectra"

Last year, some of the Far East region field service engineers had a hunch that the Vectra failure rate was exceptionally high by HP standards. This observation first surfaced at Singapore Polytechnic which has 95 Vectras linked to an HP 3000 on a third-party LAN network. These Vectras were experiencing about 10 failures a month, seven to eight times the failure specifications.

CE Dawson Ng decided to collect failure statistics in the region and at the Rolling Meadows service center in the U.S. Analysis of the data showed that three common electronic boards had similar high failure rates. Dawson's perseverance in systematic data collection and analysis eventually paid off when the Sunnyvale Personal Computer Operation (SPCO) responded enthusiastically after receiving his report. Further analysis of the defective boards returned from Singapore Polytechnic showed that a programmable array logic (PAL) chip used in all three boards was the cause of the failures. The vendor of the chip was informed of the problem and has since corrected its manufacturing process to eliminate the defects.

Practically all Vectras worldwide are affected and the impact on HP is considerable. For SPCO to manufacture the required large number of replacement boards in a reasonable time frame was not a realistic option. Instead, a

field rework program to replace the PAL chips was initiated. Art Garcia, support engineer from SPCO, flew to the Far East to assist in starting up the rework program which involved replacing 13 PAL chips on each set of boards.

In the Far East region, about 2,000 Vectras were affected. On a board exchange basis, the repair cost for these units alone would have been US\$1.74 million just for materials. By using the rework program, the cost is being brought down to US\$283,000 for materials and labor, a savings of up to US\$1.4 million to HP.

As the worldwide installed base of Vectras is extensive, the rework program will save HP a substantial sum of money. In addition, the early discovery of the problematic PAL chip, used in other HP devices, will enable the company to take proactive steps to arrest the growth of failures.

The team with the tenacity to uncover this reliability problem includes Dawson Ng from the Far East region, and David Lim and Lau Puay Keong, both Singapore service engineers. Their sensitivity to the initial failure has helped preserve HP's quality image. In a review with Singapore Polytechnic, the customer commended HP on its commitment and dedication, rating HP as tops in the support industry. ■

Support services stepped up in Malaysia

Five years ago, the CEO in HP Malaysia sales in Kuala Lumpur had just three engineers. All sites outside a 50-mile radius from the Service Responsible Office (SRO) were considered remote sites.

In early 1984, support visibility was enhanced when an engineer was on site in Penang two weeks each month. Another SRO was established later in the year, equipped with a full-time engineer and a full set of service inventory.

Today there are two resident engineers in Penang looking after the support requirements of 17 computer systems in the northern part of the Malaysia peninsula. In January, another secondary SRO was set up in Miri for the support needs of customers in Sarawak, an island state close to Indonesia.

To eliminate the hassle of remote site uplifts, a uniform support pricing structure for hardware was implemented throughout the peninsula, with another one in effect for East Malaysia. This was achieved through differential pricing. As a result, HP's competitiveness at the remote sites has been greatly enhanced as no more lengthy meetings are needed to negotiate with remote customers on support prices.

Another step designed to increase customer satisfaction is the tailoring of remote support coverage to the special workweek in certain Malaysian states. Now for customers operating on that schedule and those with extended coverage, four engineers are on stand by during the weekends. ■



David Lim (foreground) and Dawson Ng use a test jig shipped from Sunnyvale to verify the operation of the reworked Vectra boards.

YHP leaves competition in the dust

Last September, when YHP first got together with Mitsubishi Electric Co., it was not clear exactly how to meet the customer's needs. Several planning sessions were held before it was determined that the functional test capability of the circuit test system HP 3065AT fit Mitsubishi's requirements. Also proposed was an HP 9000 system for circuit design called Tempest.

A communications link between Tempest and the 3065 was a must, so linkage software was developed and the customer saw how the total system decreased testing time. With the combined resources of systems engineering and the divisions, customer questions were quickly answered.

YHP's rapid and in-depth sales effort left the competition, Genrad, behind. On the opening day of YHP's Private Show in February, Mitsubishi's purchasing department manager visited to place a US\$3.3 million order.

The team responsible for this success includes (left) Harumi Ono, Mikihiko Matsuzaki, Noboru Kaneda and Yukio Yazgashi. ■



Archie Spears designed a technical support plan for remote HP 1000 system customers.

Cutting the territory down to size

There are some special challenges encountered in Queensland, Australia where support is required for a relatively small installed base over a very large geographic territory approximately the same size as the continental U.S. With over 30 percent of the base requiring air travel for site visits, there has been a pressing need for innovative solutions to customers' requests for service.

Following the success achieved using Tele Support on HP 3000 systems via modems, it became clear that some form of dial-in, on-line diagnostic system was in order for some of the remote HP 1000 system customers.

Brisbane senior CE Archie Spears, working with the Australian customer escalation center, designed such a technical support plan and looked around for a test site. Nabalco, a bauxite and aluminum smelter located 2,000 kilometers from Brisbane, was selected and the remote support package installed. It now enables HP to perform predictive maintenance and also to diagnose system problems without traveling to the site. The customer is happy with the increased up time and, according to district CE manager Greg Condell, more system orders from Nabalco are imminent. ■

For their contributions of information and photos for this section on sales and support, thank you to: Lee Chin Hong, Far East Region; Kong Peng Hong and Rodney Yap, Malaysia; Akihiko Ueda, YHP; Greg Condell and Diane Cummins, Australia.

A letter from Beijing is a tribute to the China HP family

by Sy Corenson

When some of us "old-timers" joined the ranks of the embryonic Intercontinental organization in the early '70s, we were greeted by a very small personnel staff composed of a manager, a secretary and a young personnel assistant. And considering how small all of HP's international business was, compared to today's, that same staff was responsible for many of our European personnel functions as well.

The personnel assistant, as I recall, was a bright young man by the name of Ken Wiedemann, a person always willing to lend a helping hand to those of us struggling to learn how to function within the "HP Way" tradition.

As most of our readers know, HP enjoys an unusually low rate of employee turnover, probably less than half of the industry standard. Most people leave for standard and unavoidable reasons such as retirement or health or the need for more education. Ken left for the latter, to go back for advanced education, and that's where we lost touch. It was therefore an exciting moment when we received this delightful letter from his wife, Jan. It reveals that the not quite so young Ken Wiedemann (though still much younger than most of us) and his wife are once again happily in our midst and part of our social family in of all places, Beijing, China. Ken is an official at the U.S. embassy and Jan is active as a teacher.

Welcome back Ken and Jan and thanks for letting us share in your feelings and sentiments regarding our reunion. ■

Sy Corenson is Intercontinental public relations manager.

Twenty years ago, part-time and summer jobs at HP helped put me and my husband through college. Elements of the HP philosophy, such as emphasis on the importance of the individual and responsibility to the community, have remained important to us through the years. My husband is now posted as Chief of Economic Affairs at the American Embassy in Beijing, China, and I am a teacher at the International School of Beijing (ISB). Here, we have had the distinct pleasure of knowing five of the families working for China HP who, I am gratified to note, carry on the HP tradition by exemplifying the finest spirit of both corporate and personal community citizenship.

These five China HP families are Chi-ning Liu, president, his wife Henrietta, and daughters Louise and Dorothy; Colin K. Chin, marketing/sales/support manager, his wife Susan and their three sons Elliot, Jesse and Derrick; David Fong, marketing manager, his wife Lena and their three sons Bryant, Dennis and Lyle; Max Yang, administration manager, his wife Carolyn and their two sons Eric and Roger; and Bob Oo, area sales manager, and his wife Mimi and their son and daughter, Daryl and Amanda.

These China HP wives have done an outstanding job of helping to develop and coordinate the extracurricular and organizational activities of ISB. Last year, Henrietta Liu volunteered to be a "room mother," but somehow found herself as chairperson and treasurer of the PTA. This was no small task, as this year it took three people to replace her! Sue Chin found a gymnasium and instructors for our after-school gymnastics program; almost half of the children in the school are enrolled in this program. Sue continues to run this program and every Wednesday afternoon she's at the gym to help the children. Lena Fong organized ISB's largest moneymaker last year, an auction. The auction raised \$1,460. Lena was able to persuade people to donate everything from a jar of mayonnaise, rare in these parts, to an HP handheld calculator. It was a great evening and no small amount of work. Carolyn Yang and Mimi Oo were two of our hardest-working volunteers on many of the school projects and also with individual projects in their children's classrooms.



(continued on page 12)



Customer Satisfaction at Work in HP Taiwan

With customer satisfaction as the #1 goal, HP Taiwan employees teamed up and gave customer satisfaction a "boost." Their eight week program to get closer to their customers produced significant results and many happy employees — even if they did give up some Saturdays! Activity leader was Daniel Chang. Co-leaders were Shiu-Yun Yang, Chun-Sheng Ho and Fang-Ming Lu. Members of the teams were, of course, all HPT employees.

PLAN

PROJECT

- 1) To better understand customers' needs.
- 2) To increase number of sales leads.
- 3) To improve rank in "Company Image Survey."



REASON FOR PROJECT

- 1) HP has lost loyalty of non-contract customers due to poor communication practices.
- 2) There is a shortage of sales leads for low-end computer systems (3000/37 and PC sales).
- 3) There is a need to position HP as the most desirable company to work for in order to recruit top college candidates.
- 4) HP needs to collect market data in order to be more competitive.



CURRENT SITUATION

- 1) Face to face contact with customers is done only by field engineers.
- 2) There are few sales leads for 3000/37 and PC sales.
- 3) There is no systematic way of obtaining competitive market data.
- 4) HP ranks #9 in University Company Image Survey (#1 would be the best company to work for).



ANALYSIS

- 1) Customers would enjoy better communication with HP if they interfaced with other HP employees besides FEs.
- 2) Need an intense effort with existing customers and prospects to acquire market information.
- 3) Sales productivity needs to be improved to enable FEs to go after more sales leads.
- 4) Need to target promotional efforts to executives of existing customers to build closer partnerships.
- 5) Need to target promotional efforts to executives of prospects to increase HP corporate image in Taiwan market.
- 6) Inaccurate data bases (only a 30 percent accuracy level) deter HP's ability to get closer to customers.

DO

IMPLEMENTATION

EXISTING CUSTOMER TEAM

Objective: Visit customers to:

- A) Establish better relationships.
- B) Understand customers' needs (positive & negative feedback).
- C) Collect market information.
- D) Get sales leads.

Members: AE, CE, Support ADM, Imp/Exp & OP.

PROSPECTING TEAM

Objective: Identify potential customers through Telemarketing & then visit them to:

- A) Get sales leads.
- B) Understand potential customers' feelings about HP.
- C) Understand the feelings of competitors' customers.
- D) Collect market information.

Members: SR, Marketing, AE & Sales secretaries.

EXECUTIVE SEMINAR TEAM

Objective: Conduct weekly seminars to:

- A) Improve Corporate image ranking with Corporate executives who are "influencers" of university students.
- B) Improve customer relations with executives of existing customers.

Members: Functional Managers

INTERNAL SYSTEMS SET-UP TEAM

Objective: Improve field productivity by:

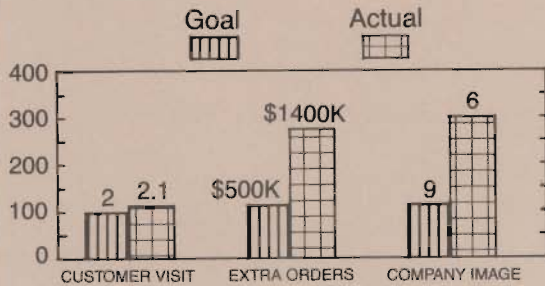
- A) Reviewing & updating customer data base.
- B) Setting up new literature management system.
- C) Setting up new visual aids management system for sales.

Members: Secretaries, Marcom & Accounting.

CHECK

RESULTS

All goals exceeded:



- 1) \$1400K extra orders
- 2) Penetrated Taiwan information market
 - Over 200 additional contacts made with HP customers and prospects around the market.
- 3) Company image improvement
 - Improved rank (from 9 to 6) as the most desirable company to work for in Taiwan.
- 4) Sales productivity improved by:
 - Achieving 95% accuracy in customer data base.
 - Reorganizing sales literature to make it current & easily accessible.
 - Setting up sales aids library.
- 5) Generated 307 additional sales leads.

ACT

STANDARDIZATION

- 1) Conduct management seminars regularly for existing customers and prospects.
- 2) Establish a system for continual update of customer data base.

FUTURE PLANS

- 1) Follow up on all prospects.
- 2) Work on the development of a system for managing additional leads.
- 3) Follow up on customer concerns until 100% resolved; use as input for future use.

Field sales forms HP's front line in the battle to increase market share

by Alan Bickell

The Intercontinental sales team is made up of individuals who represent the front line in Hewlett-Packard's battle to maintain and enhance its market share in our chosen fields of interest. Theirs is a very unique job. They must sell themselves, their company, and HP's products and solutions to their customers.

Members of the field sales organization carry individual sales quotas. When added together, these assignments form the foundation of HP's annual business plan, our overall order quota contract with HP. But being results-oriented, self-starting, highly motivated and dedicated to achieving personal quota isn't enough! The Hewlett-Packard sales representatives must also maintain top marks in customer satisfaction. Finally, their assignments must be carried out within the framework of the overall HP team in a way that promotes harmony and makes the best use of all the resources that have been put in position to serve our customers. It is not an easy task.

This year for the first time we honored the top 100 sales professionals worldwide as founding members of the Hewlett-Packard President's Club. How do you choose the 100 top performers from over 6,000 excellent people? The criteria naturally had to consider order performance. To be eligible for selection, individuals had to exceed their annual quotas by more than 25 percent. That was a tough goal, but what was expected beyond that was even tougher. We were looking for those key individuals who not only excelled in terms of individual achievement against their quotas, but who also, over an extended period of time, demonstrated

outstanding characteristics in terms of team play, setting strong personal examples as role models for other members of the sales organization. Through their personal efforts and example, they have helped us build what is today one of the top sales organizations in the world.

Of the top 100, 19 came from Intercontinental. They were welcomed with their spouses to Palo Alto by the members of our management team, then hosted for four days in Monterey, California, at the beautiful Monterey Plaza Hotel. At a banquet at the Monterey Bay Aquarium, they were officially initiated as founding members of the Hewlett-Packard President's Club. It is very hard for me to describe to you just how exciting and motivating this event was. The activities were meticulously organized, and the feeling of the entire process was one of excellence and professionalism. If the Intercon participants went home as motivated as I did, their inauguration into the President's Club will stand out as one of the greatest moments in their careers with Hewlett-Packard.

The President's Club will continue on, and year after year some of the members will return, while others will join, to be among the year's top 100. We have established a wonderful tradition in our company, and I believe a very fitting one, to recognize the best of what is an extremely unique and special group of employees at Hewlett-Packard — our field sales team. ■

Alan Bickell is vice president and director, Intercontinental Operations.



John Young and Dave Packard (first row, second and third from left) joined other HP executives and the 19 President's Club members from Intercon at the club's inaugural meeting in Monterey, California.

Region move to Mexico City provides proximity to customer base

Over the next several months, the Latin America region's marketing, sales management, customer support management and financial analysis functions will continue relocating to Mexico City. The move is in keeping with Intercon's overall effort toward decentralization of region management, but as region general manager Manuel Diaz points out, there are several other important reasons for the move.

"Our primary reason for establishing headquarters in Mexico City is to be closer to our countries and our customer base. This will give us a better understanding of the culture and special characteristics of the marketplace. We're going to be able to capitalize on the opportunity to leverage on successful programs already in place and to allow our people to share resources."

That sharing, according to Manuel, should result in improved productivity and efficiency. "If we take the last five years as an indicator, we can expect a compounded growth rate for the next five years of between 12 and 17 percent. Even in the worst case scenario, assuming a 12 percent compounded growth rate, our region will double in size by 1991."

Its geography, one of the largest in all of HP, is just one of the challenges inherent in the Latin America region. Another is the developing stage of some of the countries' economies.

Manuel cites the economic difficulties existing in many countries, the political instability in some, and the overall growing population as "interesting challenges for us. But by the same token, there are a lot of business opportunities for us because the nations need the products, services and technologies for which HP is a recognized world leader.

"We have to direct our efforts according to a careful and well-thought out business plan, taking into account the possible fluctuations that occur from time to time."

Manuel sees his task as working very closely with the Latin America countries to strengthen the organization by selecting and developing the best people available within the region.

"Developing the proper leadership will help us achieve the fundamentals of the business: profitability, growth and people development through a teamwork effort." ■

If you're reading this, the *Intercom* distribution system must be working. You've got the latest issue of the magazine, but you may not have received it as you have in the past. In the interest of economy and to avoid duplication, *Intercom* is no longer being mailed to individuals within Intercon. Bulk mailings will continue to be made to each location. Let your distribution coordinator know if your site needs more copies.

Letter from China (from page 10)

The China HP families are a vital part of the Beijing expatriate community. They are very active in other organizations as well as ISB. My family and class have benefited greatly from the dedicated service of these families, especially the wives, Henrietta, Sue, Lena, Carolyn and Mimi. Henrietta summed up their idea of helping when she said, "We felt we had to make a special place for our children to bridge the gap" (between the U.S. and China). Their energy, leadership and contributions have bridged the gap and ISB is certainly richer for it. ■

Jan Wiedemann

America's Cup

Nine of the 18 yachts competing in the America's Cup races in Fremantle, Australia used HP computing equipment, including the eventual winner, the Stars and Strips from San Diego, California. The U.S. yacht used two HP 41CX handheld computers. The boats rely on computers for innovative design of hulls and sails, for navigation, and for on-board checks of boat and wind speed, rudder angle and sea state with further exhaustive analysis of the data on shore to get the best possible performance.

Japan Fair

HP's MICRO 3000 is now available in Japan through Canon Sales Company, Inc. under the name "Canon System 3000," model 3000/10 and 3000/20. The arrangement is part of an alliance between HP and Canon that also has produced a new generation of office software called "Superlink," currently available only in Japan. This system is fully upward compatible to HP 3000 general purpose computers marketed by YHP.

Canon System 3000 had an official exhibition at Canon's Grand Fair in Japan at the end of last year.

Response Center Opening

Customer support needs are being met through the Far East Region and Singapore/Malaysia country response centers opened in December and located in HP's new sales and manufacturing facility in Singapore. On hand for the official ceremonies, Singapore sales managing director Victor Ang emphasized the capabilities of using knowledge-based information systems accessible over a data communication network linking all response centers in the Far East and the U.S. Western response center in California. He underscored the importance of being able to resolve customer problems over the phone or through a modem providing almost instant response and consequently an increase of system uptime for customers.

Also on hand was John Maydonovitch, Far East customer support manager, who presented awards to Song Lay-Peng as outstanding response center engineer for the region and to Ngai Chee-Leong as outstanding escalation center engineer. Taiwan was cited as the top country response center overall.

Corporate Grant to Mexico

In a departure from the usual HP donation process, the company is making a contribution of more than US\$150,000 in medical equipment to the Association of American Commerce and Industry of Mexico FDN., Inc. Intercon grants coordinator Sy Corenson points out that the donation was made in response to the damage incurred by hospitals in Mexico City during the severe earthquake of 1985.

Newsmakers

Service Awards

Traditionally HP honors long-term service at the end of the calendar year and in keeping with that tradition, *Intercom* magazine has published the names of Intercon employees who have accumulated 15 or more years with the company.

HP's low rate of attrition is well-known and envied in the industry; more people are staying with the company longer. But this longevity does have one drawback; so many employees are reaching the 15-year mark that there just isn't enough space to print all of their names. Here, then, are the Intercon people who've spent at least 20 years with the company. Five years from now, when those 15-year veterans mark their 20-year anniversary, either the cutoff will change to 25 or *Intercom* will expand!

PALO ALTO

35 years
Len Besson
30 years
Hi Fujii
25 years
Larry Tomlinson
20 years
Lee Ting
Mike Muller

PUERTO RICO

20 years
Angel Castillo

MEXICO

20 years
Maria de la Cruz Delgado

CANADA

20 years
Hal Dawson
Ken Hannon
Bill Laughlan

AUSTRALASIA

20 years
Peter Burford
Danny Kovacs

Japan

Jim Deane, quality manager at the Disc Memory division, made some history in Tokyo late last year. For the first time, the Japanese Union of Scientists invited a non-Japanese company to make a formal presentation at its Annual Quality Conference convened each year in conjunction with the presentation of the Deming Prizes. Jim described DMD's successful effort during the past two years to improve the reliability of two major disc products. The division's aggressive action resulted in a 170 percent increase in reliability for one disc drive product and 110 percent improved reliability for the other.

Cupertino

Two business systems markets managers have been named within the Australasia/Inter-Americas marketing center located in Cupertino. **Carl D'Costa** is working with the Canadian sales and marketing teams while **Chris Sauer** is associated with the Australia/New Zealand efforts.

Carl has a degree in mechanical engineering and an MBA from Marquette University in Milwaukee. After teaching at the university, he joined HP in 1983 as a sales development engineer for Canada. Later he moved to the marketing and competitive programs team for business systems.

Chris has been with HP for 10 years, holding a wide range of factory and field positions. She started in R&D for networking products and most recently was a commercial sales rep with Neely sales region in Palo Alto. Chris has a degree in computer science from California State University at Chico. ■

Latin America

New region personnel manager is **Aaron Storms** who has been a customer engineer, CE district, support admin and TQC manager, and most recently personnel manager for HP Mexico sales. He holds a degree in electronic engineering from the Instituto Politecnico Nacional.

Airton Gimenes has been named admin manager for the Latin America region. He has degrees in business administration from Universidade de Sao Paulo and in mechanical engineering from Facultad Braz Cubas in Brazil, along with a masters in business from Pacific Western University in Los Angeles. Airton has been with HP since 1975, most recently as admin and finance manager for HP Mexico.

Replacing him in Mexico is **Alfonso Colin** who joined the company as accounting services manager in 1982 and most recently was sales administration (commercial services) and finance manager. He has a degree in accounting from Universidad Iberoamericana and an MBA from Instituto de Estudios Superiores de Monterrey.



Chris Sauer



Aaron Storms



Alfonso Colin



Pat Wilcox



Bob Payne



Alice Soria-Romeo



Rowena Lau



Daniel Chang



Andrew Lee



Paul Chan

Palo Alto

New support marketing manager is **Pat Wilcox** who has been with HP for 13 years, starting with Data Systems division as a development engineer. Before joining Intercon, she held a number of posts including regional sales development manager, office automation application consultant, product line manager and market development manager. In that last position at the ISN sector in ASD, she and her team made a major contribution to the definition and evolution of sales support templates.

To provide an appropriate balance between commercially and technically-

oriented sales programs and to take full advantage of new technical product offerings, **Bob Payne** has been named technical systems sales manager. For the past two years, Bob had been providing marketing support for test and measurement and technical systems throughout Intercon, a function that has moved to the marketing centers in the field.

Alice Soria-Romeo has come from HP's internal audit team to Intercon as export administration manager. Prior to HP, she worked for U.S. Customs and the Department of Commerce. Alice has a degree in business from California Polytechnic University and an MBA from Golden Gate University.

Glade Nelson is back at headquarters as training and development manager after having returned from China HP where he initiated the personnel role. His degree in communications and master's in organizational behavior are from Brigham Young University in Utah.

Former Santa Clara division controller **Larry Chang** has assumed that financial position at Intercon. He has also been an information systems manager as well as an accounting manager. Larry completed his MBA program with an international emphasis at the University of California at Berkeley.

Far East

The region's new Business Systems marcom manager in Hong Kong is **Rowena Lau** who had been an associate account director at People & Grey Advertising prior to joining HP. She has a bachelor's degree from the University of Hawaii and an MBA from Chaminade University in Hawaii.

Daniel Chang has joined the Asian Personal Computer Operation (APCO) in Taiwan as product marketing manager. He began his HP career six years ago as a financial specialist at Intercon headquarters, then transferred to Taiwan where he most recently was PC sales manager. Daniel has a degree in international business from National Cheng Chi University in Taipei and an MBA from the University of California at Los Angeles (UCLA).

Also joining APCO is **Alex Hsu** who is serving as manufacturing manager. He has more than 14 years of manufacturing experience, most recently as operations vice president for Primages, Inc. Alex has a degree in electrical engineering from National Chiao-Tung University.

In China, **Andrew Lee** has moved to Beijing to head up the northern sales area after having been southern area sales manager in Shanghai since early 1986. Andrew has a degree in electrical engineering from Union College and an MBA from the University of Southern California. He succeeds **Bob Oo** who held the position for two

years and has moved to the Far East region to assume CEO responsibilities.

In Malaysia, **Paul Chan** has been named the first resident general manager for HP's sales subsidiary in Kuala Lumpur. He joined HP Singapore in 1978, served as computer sales manager in 1982, country sales manager two years later and marketing sales support manager in 1985. Paul has a degree in physics from the University of Singapore and has a diploma in marketing from the Institute of Marketing of the UK. He reports to **Victor Ang**, general manager of the Far East Region's ASEAN area who had been heading Malaysian sales.

Succeeding Paul as marketing sales support manager is **Alex Chan**, formerly financial controller of HP Singapore. He graduated from the University of Singapore with a degree in electrical engineering. After joining HP in 1977, he left to obtain an MBA from UCLA, returning to the company in 1980 as a financial analyst in manufacturing.

Lionel Lim is now country sales manager in Singapore after having been district sales manager for all manufacturing

customers. He came to HP as a staff sales engineer in 1980 after graduating the previous year from the University of Melbourne with a degree in electrical and electronics engineering.

AE manager for Singapore and Malaysia, **Lien Siaoou-Sze** has become AE manager, ASEAN. With HP since 1978, she has a bachelor of science degree from Nanyang University, Singapore, and a computer science qualification from the Imperial College of London University.

Singapore CE manager **Chung Choon Leong** has assumed that position for ASEAN. He came to HP in 1980 as a technical sales rep and won the Top Desktop Computer salesperson award for the Far East in 1981 and 1982. Choon Leong graduated from the University of Singapore with a degree in electrical engineering.

John So, who started up HP's manufacturing operation in China, has joined the San Diego division with initial responsibility for the PRC's value-added program for its plotters. Taking on the duties of PRC manufacturing manager is business development manager **Chen Fong**.

The announcement of Shozo Yokogawa's retirement from HP's board of directors prompted the board to honor him with a special resolution in January citing his accomplishments over the past 24 years.

RESOLUTION

WHEREAS, Shozo Yokogawa is retiring from the Hewlett-Packard Company Board of Directors in January, 1987, after more than three years of distinguished service to the Board;

WHEREAS, he was instrumental in creating Yokogawa-Hewlett-Packard in 1963 and provided the continued leadership to build it into the exemplary enterprise it now is, demonstrating that partnership efforts between Japanese and U.S. companies can yield great success;

WHEREAS, he has provided the Company's management with a depth of vision and experience in international commerce;

WHEREAS, his many contributions to his country's industry, government, and people have earned him the rare honor of being awarded the Second Order of the Sacred Treasure by the Emperor of Japan;

WHEREAS, his personal leadership and Yokogawa-Hewlett-Packard's receipt of the Deming Prize have provided inspiration for the Company's quality improvement efforts;

NOW, THEREFORE, BE IT RESOLVED: That the Hewlett-Packard Company and its Board of Directors do hereby express their deepest appreciation to Shozo Yokogawa, and gratefully recognize his innumerable and invaluable contributions to the Company.

Entered into the minutes of the Hewlett-Packard Board of Directors' meeting this 23rd day of January, 1987.

William R. Hewlett
Vice Chairman of the Board

David Packard
Chairman of the Board

Intercon Gallery



DRIE VISIT Representatives from the Canadian Department of Regional Industrial Expansion spent a day in Palo Alto in January discussing their needs and HP's solutions and touring factories and labs. Clifford MacKay, assistant deputy minister of the department, (center) discusses industrial development in Canada with Alan Bickell, vice president and Intercon managing director, and executive vice president John Doyle (right).



LATIN AMERICA BY A NOSE The annual bet between the sales regions of Australasia and Latin America went down to the wire, but Latin America came out on top for FY86. Manuel Diaz, general manager for the winning region, accepts his team's reward of a case of Australian wine from Australasia general manager Malcolm Kerr (left) during Intercon's expanded Operation's Council meeting following HP's general management meetings in January.



READ ALL ABOUT IT As part of its 25th anniversary celebration, HP Canada had its own special supplement to the Globe & Mail, Canada's national newspaper which also provided an additional 6,000 copies for distribution to HP employees as well as for trade shows and seminars. The insert told about HP's manufacturing and software centers in Canada, about customers' use of equipment, and about the company's involvement in community affairs. HP provided the photos and the copy but no money as the supplement was a Globe & Mail vehicle for marketing its advertising.



BLACK AND WHITE BALL Everyone wore either one or both colors for the late February beer bust at Intercon headquarters. Enjoying the festivities are (left) Jorge Bacalao, Latin America headquarters; Alan Bickell; John Bieske, value-added channels; and Jill Soitau, personnel.

SURPRISE!



Although they talk about money all day long, Latin America quotations staff members usually don't see the dollars they quote. An exception was Patricia Hite who received a package in February containing \$1,310, in small bills no less. The money came from a customer in Guatemala who wanted an industrial power supply. Clearly he had a lot of confidence in HP's and the delivery service's honesty because he did not request a confirmation of receipt, only a telex on the day his purchase would be shipped.

intercom

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