Measure
For the men and women of Hewlett-Packard/JANUARY 1971

1971
At their semi-annual meeting in Palo Alto last month, HP managers looked closely at the year ahead as one that will have much to do with our success in the "Seventies." The following report reviews a wide range of these discussions...

Year of Opportunity
Bill Hewlett —

Planning for a New Environment:
“Before analyzing what we think 1971 holds for us, let me discuss some of the long-term trends that will affect our operating environment.

“It has been said that we are in the midst of a revolution as profound as the French Revolution that took place almost two centuries ago. Without going into the causes of these changes, the trends are clear.

“One is a pronounced trend away from defense spending of the kind associated with the Cold War; this reaction is so strong it raises the possibility that the United States may return to a form of isolationism that hasn’t been seen since the years before World War II.

“Another trend is the deepening concern for social improvements and preservation of the environment. The latter goes beyond air and water. It involves the whole basic question of man on this earth: How may the earth’s resources be preserved? Can we continue to follow the cycle of ever-expanding production that came with the industrial revolution?

“While there is no immediate answer to this changing scene, it is quite clear that it will have a profound effect upon our future markets. It raises the basic question as to whether we will change the emphasis of our operations to accommodate these changes in our environment—or whether, like the dinosaur, we are going to go out of existence because we were not able to modify our character.

“Let me try and answer some of these questions by talking about HP today, as I see it.

“We’ve just come through a most difficult year that has had many negative aspects. But negative thinking is completely unjustified when we look at the corporation as a whole.

“There are some very real and fundamental strengths to look to. These are particularly evident in three areas that were emphasized in 1970, the area of R&D, the area of marketing, and the streamlining of our organization.

“The divisions will have a number of significant new products and product lines coming on stream in 1971. I must say that I have been very impressed with their potential, the principal force of which will be felt in early 1972.

“During the past year we have also spent a great deal of time overhauling our domestic marketing organization. We now have a discipline-oriented sales force under the control of the appropriate divisions. This will greatly strengthen our competitive position in the years ahead.

“The economic difficulties of the recent past have also given us a much clearer assessment of the strengths and weaknesses of our competitors.

“How is HP positioned for the changes that we see in the coming decade?

“There is no question, for example, that the government is going to be increasingly concerned with some of the social problems we have in this country. And here we have (continued)
a number of entries—products—that fortunately are in a very
good position.

“The medical field—with our Medical Electronics Di­
vision showing good progress—will be an important area
for us.

“Likewise, there is no question that many of the areas
that the Avondale Division and Scientific Instruments are
working in are going to be important in pollution research,
environmental control and the solution of social problems
such as drug abuse. The Avondale operation also is in very
good shape and is another example of a well-organized oper­
ation, as well as one that is in the right field.

“With manufacturing costs spiraling ever upward, it
seems certain that anything that will automate the processes
of production will be important. Here again, I think we have
placed ourselves in a good position. The Automatic Measure­
ment Division is doing an excellent job. We've learned a lot,
and there is no doubt about our ability to provide systems
of the type that are right in line with what are needed to
improve production efficiency in this country. AMD is not
alone in this area; many of the other divisions have their own
programs for automated systems—including Microwave,
Santa Clara, MED and Avondale.

“As our economy shifts from its government-support
orientation, obviously we are going to have to counter-
balance this by looking to industry and commerce. In this
regard we have made a good start with some very promising
new programs. While some of these are quite new, and
haven't yet contributed greatly to profits, they are significant
because they do indicate that we are able to apply our ad­
nanced technical knowledge and solve some of the practical
problems that face industry and commerce. A few such
products that we have recently introduced include the laser
interferometer, the distance meter, light-emitting diodes, the
doppler radar module, and various communications devices
and instruments.

“Data Products, with their entry into the field of com­
puter-assisted education, is another example of having the
right products in the right area. If we are to make any
headway into the tremendous task of trying to improve the
basic education of our citizens we are going to have to find
more proficient methods of providing instruction, and cer­
tainly computer-assisted instruction will be one of these. At
present the work is chiefly in the lower grades, but I’m sure
there are just as many opportunities for working at the
higher levels—even in the universities and medical schools.

“Finally, in the data-products field, we hold an ace
hand in the fact that we are also in the instrument business.
This gives us an advantage that others cannot match when
the important question of interface between instruments and
computers comes up.

“Time sharing is another promising area. I’m con­
vinced that time sharing with our format will be a great
system.

“Calculators are still a very strong item for us. Here
again, it’s important to note that we are not just in the cal­
culator business but that we have all the things behind it—
the peripherals, including plotters, printers and software—
to make it a superb system.

“Let me close by reminding you of some problems
that are inherent in some of these new areas. One such prob­
lem is the pronounced rise in marketing costs we have seen.
While this must be expected in entering new markets, it does
represent a basic change for us.

“No longer do we have a monolithic product line that
any one individual can really understand. So we need to
create new methods of looking at these very diverse ventures
to be sure they are on the right track and prospering.

“We leave 1970 with an excellent team of people who
have stood by us in a tough period. I’m sure that in 1971
and 1972 we will be at a major crossroad for the company.
I think we are somewhat too close to recognize just how pro­
found these changes really are.

“We do have to recognize change, maintain flexibility
and be adaptive.

“But meanwhile we have to concentrate on 1971.”

Bill Hewlett, president
The U.S. Economy:

"The first half of the year is probably going to look fairly good. There will be a moderate upswing, relative to the past. Early buying, stimulated by the possibility of a steel strike, will increase inventories. But by the third quarter we might expect to feel the effects of overextended inventories.

"For the whole year the national economy will most likely end up with a modest 3 percent in real growth—not much, but better than 1970.

"There is little chance that inflation will vanish, though it may slow somewhat.

"One of the reasons economists are not optimistic about increased spending for new plant facilities is that existing facilities have been running at well below capacity. But investments in labor-saving equipment will rise.

"Everyone is greatly concerned about the residential housing market, and money has been put into it to good effect. Buying conditions are better, starts are up so housing should give some zip to the economy.

"The cutbacks in defense spending have been nothing short of spectacular. But because of inflation the real cuts have been larger than they seem. We therefore shouldn’t expect to see much more cutting in defense spending, at least in regard to hardware.

"Consumers have been saving a bit more than usual—about 7.6 percent of disposable income versus the general 5 to 6 percent. They will probably spend at a slightly higher rate in 1971 but this won’t add too much zip.

"We are now operating in a trillion dollar economy. This is so huge that even some major upsets in various sectors can be absorbed without total collapse of the economy. Barring unforeseen events, such as a national emergency, I seriously doubt that we are going to see any severe swings—boom or bust—in 1971. The elements for these are just not in the picture."

Professor Lee Bach, Stanford University

HP Markets in the U.S.:

"What do we expect in 1971? If we examine it by product categories, the outlook is as follows:

"All sales regions are enthusiastic about the systems business because industry is anxious to offset increasing production costs with greater productivity.

"Components also are expected to do very well, with increased effectiveness due to our newly established field sales force.

"The prospect for Instrument sales is subject to wider deviation with our traditional customers, but we feel we have some realistic targets. In this area, the communications industry is expanding and we plan to establish a strong effort to further optimize our penetration in this business.

"In addition, Department of Defense spending has bottomed out and there might be some upside trends in government programs affecting our products.

"Hospital construction, renovation and equipment requirements seem to be rising steadily. All regions are optimistic about Medical sales, particularly with the number of new products offered by MED.

"Analytical product sales are also on a positive upward curve. Some fine new products, coupled with increasing demands for environmental, pollution and drug control, should give emphasis to this program.

"In Data Products we face the most rapidly changing market and most mature competition. Our prospects are strengthened by new and improved products, excellent software, and a more mature and professional sales force. Calculator sales also look promising, with excellent software and supporting products plus a more extensive and experienced sales force.

"I have been very encouraged by the new marketing structure put into effect the latter part of 1970. While this required a substantial investment, we now have a well-defined, completely staffed marketing organization in seven business areas from which we can expect full effectiveness in 1971.

"1971 is not just another year. It is going to be a most significant period for HP and will require great individual effort. The potential is there—and through innovation, creativity and exceptional selling effort, we hope to resume our positive growth pattern. We can’t sit back and wait for an upturn."

Bob Boniface, vice president, Marketing

1971 The Economic Environment — some views

(continued)
In Europe:

"According to economists, the European market for electronic products should grow at a rate 50 percent greater per year than the U.S. market.

"A key question this year—one that we've been asked many times—is when will the recession catch up with Europe? When are you fellows over there going to get your lumps?

"Well, there are some important differences to keep in mind in relating Europe to America.

"Europe is first of all a large market. It has a population of almost 270 million people—quite a bit larger than the U.S. at 204 million.

"But it is not a homogenous market. It is not the 'United State of Europe.' Booms and recessions occur from country to country without the neighbors getting too excited. These are commonplace. Nevertheless, there is a growing interdependence, and Europe can be regarded as a major market place.

"So the current U.S. recession by itself is not likely to bring Europe's economy down.

"What are our expectations for 1971? After looking at all the pros and cons, the 'best-fit' predictions for Europe in the coming year seem to be these:

"There will be selected inflationary controls in some countries accompanied by some slowing of these economies.

"We may see some softening in export demands.

"Governments will continue to be important sources of spending in areas of HP interests. But the profit squeeze and uncertainties about the future will bring about some slowing of private investment.

"We will probably see some isolated devaluations of currency values—each year we seem to witness a few of these.

"Prospects for improved East-West trade seem good.

"Competition will be stronger in every way.

"As an overall conclusion, the outlook seems to be for a general slowing of the total European market, but with some very important bright spots.

"For HP products we expect another strong performance, perhaps a near repeat of the 1970 performance which saw European sales rise almost 40 percent over 1969. This was significantly better than industry as a whole. Not all product lines will fare as well, due mainly to increased competition. And we face some new problems in doing business. But Europe is still a market of opportunity. We should approach it with confidence."

Dick Alberding, director, European Operations

In Africa, Asia, Australasia, Canada, Latin America:

"What is so striking about the Intercontinental Region is the great dynamic range of the countries we serve—from the near primitive to the very sophisticated.

"Our general outlook for 1971 is about the same as last year, but with a lower percentage increase.

"Japan, our top single market, will set the pace again. There are some soft spots. Capital spending has fallen due to the softness in the U.S. economy, and Japan is experiencing a serious shortage of labor.

"Our next largest market, Canada, was off by quite a bit in 1970. The market just sort of vanished in the second half due to uncertainties in government purchasing. But we've already seen some pickup, and there are some good big projects coming along, such as in communications, to give a lift in 1970.

"Latin America is a very difficult area to predict, but some national markets are developing very rapidly. Of these, Brazil was the most dynamic in 1970, with a growth in gross national product (GNP) of about 5 percent. On the other hand are countries such as Chile, where political expectations exceed the supply of investment capital and skilled work forces.

"Australia had a very fine year in 1970 and so did HP Australia. The sales force went through a complete realignment into disciplines, and this was received quite well. The economy was a bubbling one—gross national product was up some 6 percent. It experienced the problems typical of a growth community such as inflation, but the long-term outlook seems very favorable.

"During the year, the Far East from Hong Kong to India (excluding Japan) again proved to be a very attractive market, with excellent growth and good prospects. We set up our own sales subsidiary in Taiwan, a pattern we may follow in some other locations.

"Africa is another dynamic market. It includes a number of the emerging nations that are now moving strongly in the direction of social services such as health programs and educational facilities.

Dick Mobilio, general manager, Intercontinental Sales Region
ROUNDTABLE—In a rotating series of gatherings, groups of HP management people at the December managers meeting informally discussed subjects such as operations and strategy. One such roundtable is pictured here. Clockwise from center foreground: Southern Sales Region’s Dave Caldwell, Loveland Manufacturing’s Don Cullen, Cupertino’s Tom Perkins, Corporate Accounting’s Jerry Carlson, HP GmbH’s Eberhard Knoblauch, Manufacturing Division’s Jim Ferrell, Corporate Planning’s Austin Marx, New Jersey’s Don Tighe, Neely Sales Region’s Norm Neely, executive vice president Ralph Lee, vice president and treasurer Ed van Bronkhorst, director emeritus Harold Buttner, EPG marketing manager (U.S.) Al Oliverio, and MED’s Dean Morton.
Legend
(Warnings, passages and places)

International Waters
High Technology
Forest of Opportunity

Inventory Strait

International

Landmark Bint

Log of the `Aitchpee`

For the third voyage of the Empress Napoleon

Aitchpee II - the voyage of 1805 was one of considerable adventure. There were few - the unprecedented economic climate that took root in the North American latitudes. Our market positions were much better than our direct competitors.

As a result of this success, we have new opportunities. North American latitudes. Aitchpee II - the voyage of 1805 was one of considerable adventure. There were few - the unprecedented economic climate that took root in the North American latitudes. Our market positions were much better than our direct competitors.

But not there. Enough procrastinating. Let's look at the chart:

- Inventory Strait
- High Technology
- Forest of Opportunity
- International
- Landmark Bint

But now there. Enough procrastinating. Let's look at the chart:
1971 The Competitive Environment — some highlights

The Real Japan:

"The growth of the Japanese economy is viewed by many authorities as one of the critical events of the 20th Century. Its real growth rates of 9 and 10 percent annually over many of the post-war years have made it the third largest economy in the world, after the U.S. and USSR. What's more, this growth rate is not temporary or a post-war phenomena.

"One way of looking at this growth is to examine the myths that are often used in explaining it.

"First is the 'cheap labor myth.' Actually, when you add in all the production bonuses and benefits that can amount to 80 percent of wages, labor costs are equivalent to those in Europe. And they are growing at 20 percent a year which will soon bring them to U.S. levels.

"Another myth is that growth is the result of exports. In fact, only 10 percent of the gross national product is exported, less than most industrial countries. Japanese industrialists aim first for the Japanese market.

"The third myth is that Japan is only a copier. That may have been true once, as with any starting industrial nation. But now they have a very high R&D investment, most of it private. As Western producers of television, radios and cameras know, they have gone far beyond the point of mere copying.

"Beyond these, Japanese industry has developed very successful methods of financial growth, enjoys tremendous loyalty of employees at all levels, and practices a high degree of cooperation among its members and with the government.

"The effect of Japanese government policies, working through the Ministry of International Trade and Industry and the banking system, is to increasingly concentrate production in the most successful and efficient firms.

"In the Japanese electronics industry, management is sharp and dedicated, teamwork is high, communications are good, and they are willing to take well-considered business risks and to accept ideas.

"There is every reason to look on Japan as a principal competitor of the future:"

Paul Ely, general manager, Microwave Division

"How to Conquer HP..."

"Being well-known is fine for a company, and having your name in headlines may be great. But note what this Japanese electronics trade journal story was talking about: 'How to conquer HP in the digital and counter fields.' It went on to say that competitive pricing will be one way to beat us in the market.

"The problem for us is how to face up to competition that gives excellent field service and allows 'courtesy' discounts of 10 to 20 percent plus up to a year to pay on its instruments.

"These are no longer copy instruments. They are the product of Japanese R&D. Their producers keep themselves well informed, and are now moving into overseas markets with catalogs and low list prices:"

Al Bagley, general manager, Santa Clara Division

Become Irresistible:

"Japanese electronic instruments are potentially a competitive threat to us worldwide, and they are already enjoying the market opportunity created by Japan's own electronic and technological growth.

"We should take a lesson from the non-Japanese camera, hi-fi, and TV makers. They failed to see that in saturating the home market, Japanese manufacturers created the combination of product, price, and volume that made domination of the world market for these markets possible.

"We should have a clear-cut strategy for taking advantage of the instrument market right in Japan, and carrying it out successfully would be the best way to fend off the competitive threat worldwide.

"Our strategy should include wise utilization of our YHP factory, engineering, and marketing team. We need to be flexible and we need to make ourselves irresistible with the right combination of price, performance and services without sacrificing our profit objectives.

"Above all we need to carry out our strategy with the determination and vigor that is also characteristic of the Japanese:"

Bob Brunner, International marketing manager, Electronic Product Group

New Forms and Dimensions:

"The outlook for competition in Europe is more and more of it. Everyone seems to want to move in and market their products. They're all out there trying to line up distributors, representatives, their own sales organizations and customers. So it's going to be fierce.

"In another dimension, European countries are now developing their own business expertise. You only have to check the enrollment at U.S. graduate business schools to realize that a large percentage of students are from Europe.

"Competition is also taking another form through the joint venturing of different firms for different countries to create a trans-national business."
"One thing we hope not to see is the passage of the protectionist provisions in the Mills Bill or other protectionist legislation by the U.S. Europe is very concerned with this kind of legislation and would react against it."

Dick Alberding, director, European Operations

The Rise of Protectionism:

"One problem we face around the world is that of protectionism. Some countries, such as Australia, are becoming highly protectionist in requiring the payment of surtaxes to restrict imports.

"We need to keep an eye on this trend and consider possible new strategies in meeting it."

Dick Mobilio, general manager, Intercontinental Sales Region

1971 Strategies – a sampling

Not Just Another Tool:

"One of the interesting aspects of our systems business is that we invariably need to sell at a very high level of management. Prices per system are anywhere from 10 to 100 times that of an instrument sale. Such systems require a far different level of support, and they tend to become an integral part of the customer's thinking. They are not just a tool in this regard but a whole new way of doing something.

"As far as building so-called 'standard' systems, we find that customers rarely buy the same thing, but rather different configurations of the basic modules.

"One problem we have in defining our market is that there are no worldwide statistics. We have to look at what an individual industry is doing in the way of automation.

"It's going to be a good business for us because customers in both government and industry can see a way of spending money to save money with automation. International markets should also develop rapidly.

"There is also the case that some customers have attempted to build their own systems only to find—if they dared to look—that they wildly underestimated costs anywhere from 10 to 30 times.

"An essential strategy for us is to minimize special engineering and to maximize the use of HP products as building blocks for our systems. This solves many problems, particularly in our ability to provide service.

"Our field organization is confident. It looks like a good year coming up."

John Doyle, general manager, Automatic Measurement Division

(continued)
A Platform Year for Computers:
"The computer business, with its ups and downs, can be very exciting. Today it involves every division of the company."
"What have we learned in our five years in this business?"
"Looking back, it is fortunate that we entered the industry when we did—on the upswing of the business cycle. We have grown very well from what was originally a relatively modest R&D investment.
"We've learned that the stakes are huge in the computer industry, but it can be profitable. To stay in it requires a certain 'critical mass' and share of the market. Many of the small producers are now feeling the pinch to the point where their survival is in question.
"For HP, 1971 looks like a 'platform year.' That is, we will be introducing some new products that will be very important for us in the future. In addition to new hardware products, there will be continued emphasis on software, an area in which we have been exceptionally successful. We will be aiming for some new markets with these new products, and will have new marketing programs to assist our customers."

Tom Perkins, general manager, Cupertino Division

Choosing a Path for Components:
"The history of components in HP is one of exceptionally good growth and of a continuing shift from internal use to external business.
"This growth has brought us to the point where we must carefully assess our strengths and opportunities. There are several alternatives open to us. We could make an all-out investment and effort and become a broad-based producer of semiconductors to compete with the large producers. We could produce components on a highly selective, relatively low volume basis, aiming for high profit margin. Or—a more remote possibility—we might tie in with a major customer on a cooperative basis.
"The component business is undergoing significant change. For example, silicon technology is now mature and well understood; component integration, both forward and backward, is accelerating; the newer technologies have a very high dependence on materials. With these trends underway, the threat of product obsolescence looms larger than ever.
"All of these factors will demand our closest attention and best judgment in 1971 and the years ahead."

Dave Weindorf, general manager, HP Associates

Some Important New Areas:
"Our effort in oscilloscopes is now 14 years old and has involved the contributions of a great many HP people. Growth in this business has been good, especially in the last four years. The number of products in HP's oscilloscope/pulse generator product line has grown and we can now offer many, many solutions to customer requirements.
"International operations now account for a large and increasing share of this business. Most of the major elements of the oscilloscope and pulse generator product line have been manufactured in all three of our major manufacturing locations overseas. Their contributions from these local manufacturing bases have been substantial."
“It has been a story of good new products, such as the 180 series oscilloscopes, combined with timely introductions and aggressive selling. The storage scope business was a new area of opportunity that was begun with substantial investments four years ago and has paid off handsomely.

“1970 was a generally good year although part of the challenge was doing an encore on a very substantial increase in 1969.

“In 1971 HP will introduce several new products and product lines that will be very important to us. We are also going to become very competitive in some important new areas. Competition still remains fierce both in the United States and in overseas markets where local foreign competitors are becoming stronger.

“The keys to our success in 1971 will be the same as our challenges of the past—an expanding new-product program that stresses contributions combined with an imaginative selling effort. HP’s field sales force—their dedication to competitive selling—will again be a key ingredient in our 1971 performance.”

**Bill Terry, general manager, Colorado Springs Division**

**The Importance of Peripherals:**

“Our basic calculator system now involves HP divisions in Loveland, Germany and Japan. Important peripherals are furnished by the San Diego, New Jersey and Automatic Measurement divisions.

“Our peripheral sales—including printers, plotters, couplers, displays, card readers, and extended memories—provide an increasing share of this business. So what we really have now is a calculator family—a system of products and software that gives us a very strong competitive position that we couldn’t expect from calculators alone.

“Another factor putting us in good position for the future is our sales organization. Worldwide, it is a sizeable force of very capable men working full-time on calculator business.

“The keys to our success in 1971 will be the same as our challenges of the past—an expanding new-product program that stresses contributions combined with an imaginative selling effort. HP’s field sales force—their dedication to competitive selling—will again be a key ingredient in our 1971 performance.”

**Bill Terry, general manager, Colorado Springs Division**

**The Environment in a Maturing Corporation—some thoughts**

**Environment for People:**

“Some general data on the personnel market for the 1970’s is of interest. Those in the age bracket of 25–34 will increase by 49 percent while the 35–45 group will be one million less than now and actually will be at the lowest total in this range for the 20th Century. In the teenagers 16–19 years, white youths will increase 9 percent while black and other minority youths will increase 43 percent. By 1980, 59 million women will be in the labor market, versus 48 million last year—a 23 percent increase.

“In our recruiting we need to keep in mind some differences over the past years: Today’s young professionals, for example, call for our being prepared to accept, as far as possible, their value judgments. Salary will not necessarily be an over-riding factor. The opportunity to be challenged, to advance, to be creative, to carry responsibilities and to contribute to society—all of these will weigh heavily. They will want to be told of our contributions, as a company and as individuals. And the HP atmosphere in which they work must reflect a real concern for their human needs, rather than the cold impersonal approach they may expect.

(continued)
The ever increasing cost of hiring means that we have to do a better job of determining needs for new people. Sometimes we automatically tend to want to add people as sales figures improve. But, before we do that, we should consider retraining of existing people and fully utilizing our resources.

More and more, our policies and their interpretation will have to relate to increasing government controls. This trend is contrary to our natural desire for decentralization, but our choices become more limited.

Government controls come at all levels, and court decisions on interpretations have become more numerous and important. The record-keeping aspect of many of the laws and regulations will become an added burden.

“You know that most laws are the result of abuse by the few. They are often the necessary substitutes for lack of good manners and common sense.

“ Our seventh HP objective clearly states our role and responsibility in the area of the corporation’s role in the community. There is no let-up in sight, only increasing concern with more and more local, federal and world problems. We have had emphasis on the arts, music, minorities, women, the environment, planning, housing, the war, education—and so on. Each bids for attention.

“Certainly, one other problem related to our maturing and our name is that of security—security of our people, our facilities and equipment, and our development activities. You don’t need to hear more about those who want to disrupt us and give us poor and intentionally misleading publicity. We know they exist. In addition, there are many others with non-violent intentions who believe our people should be a tool for education on many public issues.

“Thus, security, particularly in the Palo Alto area, has become and will continue to be a matter requiring our attention and support. We hate to give up our earlier freedom and trust, but our size, type of business, our name and the times have combined to bring us new problems. What has been most gratifying is that our people have supported us in all the tightening up we have had to do. They have given us a mature response.

“In spite of the problems and controls we face—or perhaps because of them—we see every reason to retain our small-company atmosphere that has meant so much to us. This is a difficult challenge, and success in meeting it will retain within HP the best of our past. It is vital to our growth. to sound personnel practices and to the human dignity of every HP-ite, no matter where he works and lives in the world.”

Ray Wilbur, vice president, Personnel

A look at the Profit-Sharing Retirement Fund:

1970 witnessed one of the worst declines in stock and bond market history, with stock averages falling more than 25 percent at one point and interest rates reaching historic levels, thus causing considerably lower bond prices.

During our fiscal year, the Dow Jones Industrial average declined over 100 points (about 12 percent) and the Standard and Poors 500 Composite Index (commonly used as an investment measurement criterion) fell over 15 percent.

The HP Retirement Fund itself lost over 15 percent during fiscal 1970 while a typical fund of this type lost over 18 percent within the same time period.

Actually, our fund has recovered considerabily during November and December, recouping over a third of the 1970 loss in these two months alone. It is well on its way to achieving its growth objectives.

Over the past five years, the HP Retirement Fund has outperformed broad market averages by a handsome margin and we look forward to continuation of this record.

More detailed information on the Fund’s 1970 results will be published early in 1971 when individual statements are distributed to participants.
Noel Eldred Remembered

For the 52 men attending the Hewlett-Packard general managers meeting in Palo Alto on December 7-8, the absence of executive vice president Noel Eldred was more than that of a familiar figure. His passing one week earlier of a heart attack had deprived many of them of a friend who had vitally touched their careers, and whose effectiveness was still growing. To them, his mark on the company was large and clear. They will recognize how true were the words of eulogy spoken by his veteran associate, vice president Noel "Ed" Porter. For others who did not have the opportunity to meet Noel Eldred, the words may reveal something of the spirit that went into the shaping of the company:

It is my privilege as "the other Noel" to say a few words about a truly great guy. I guess the first thoughts that come to mind when you reflect on Noel are those of dynamics and action. Noel was a man on the go, a fellow you sought out for answers, a guy who gave. His mannerisms, walk, voice, and carriage all spelled out a leader. You always wanted to hear what he had to say.

I guess the second thing that comes to mind when you think about Noel is a wonderful personality. He was a guy who could light up a room, his knowledgeability was unending about what's going on in the world, and he had a marvelous sense of humor. He was a guy you liked to see coming.

As a manager he was tops, because he understood people and, as a great leader, knew how to get things done through people. He could be tough when necessary, but in his dealings with people he had the patience of Job and was fair almost to a fault.

You can't think about Hewlett-Packard without thinking about Noel Eldred. He was as much a part of the company as Bill and Dave. Bill has said that during the formative years while he—Bill—was in the service, Noel helped Dave shape the very architecture of what has become a truly great organization. We all know of his tremendous contributions to HP throughout the years; he was a human dynamo who kept things humming. He was about the best organized guy I've ever known; he really had things under control.

In the early days, Noel and I quickly became close friends, not only in a personal way but also in our business life together. We were Noel No. 1 and No. 2. He, No. 1, was marketing and I, No. 2, was production. We were a good team and, along with many others, of course, sort of ran the day-to-day business with Noel getting the orders in and me getting them out the door. Since we had common objectives, extreme respect for each other, and a common sense of humor, it was tremendous fun, with Noel, helping HP develop and grow.

Noel was a wonderful husband and father. I've known his dear wife Frances for many years, and he loves her dearly and was totally devoted to her. He was very proud of the kids and always concerned that they got on a path that "made sense."

The family was most happy that Noel knew before he passed on that Roberta and Ken had announced their engagement this Thanksgiving weekend. Needless to say, the kids are all on a path that "makes sense" so Noel can rest in peace on this score, and I'm sure the example he set will only urge them on to greater things and a fuller life.

Noel had two extracurricular activities: hunting and Stanford. He was a great outdoorsman and, while he enjoyed water skiing, fishing, riding, bird hunting, and the like, he was probably most of all a big game hunter. Noel has hunted deer, elk, and moose in many parts of the country, including Alaska. This year Noel was able to get in quite a bit of hunting and really enjoyed it.

Stanford was Noel's other love. He served Stanford long and well and primarily in the all-important capacity of fund-raising. Because of his tremendous influence in the industrial community, he provided the leadership and drive to raise many millions to keep Stanford afloat. Because of this, and with the family's permission, there has been established a W. Noel Eldred Engineering Scholarship Fund. We expect this memorial to Noel to be a source of help for needy engineering students at Stanford for years to come.

Noel died a happy man. He had just spent the Thanksgiving weekend with his family. If there is mercy in death, his was merciful in that a heart attack is quick. He died a man who has left a life well done.

We shall all miss him terribly. He truly believed that it is more blessed to give than to receive . . . but this is the way the balance always favors the truly great.
Special Report: 1971
year of opportunity