

Measure

For the men and women of Hewlett-Packard/JULY 1974

Ringside at a RENAISSANCE

□ For all of their "pack-up-your-troubles" tradition, there's not been much for the people of Great Britain to smile about lately. Their money keeps losing value, deficits continue to mount in their international balance of payments, costs soar for everything not nailed down by wage-price controls, and taxes bite even deeper. Indeed, the land that launched the Industrial Revolution now seems to be suffering from some kind of industrial hangover, one that won't go away.

So, economically speaking what's there to cheer about?

North Sea oil, that's what. Discovered in the past three to four years, it is a major ingredient, along with natural gas fields already under development, in what some observers believe will become a great turnaround, an industrial renaissance—a cure for the hangover, if you will. Because of it there is hope that Britain may become self-sufficient in oil by 1980. Meanwhile, the discovery last year of a giant bed of high-grade coal in Yorkshire has added even more fuel to national expectations.

The scenario is hardly that simple, of course. On the one hand, for example, is the government's anxious desire to speed development as a means of more quickly reducing the huge burden of payments for

imported energy. On the other are the people and political forces—especially in Scotland—who want guaranteed assurances of orderly development and a proper share in the wealth flowing to their shores.

The situation is of particular interest to the people of HP's manufacturing division at South Queensferry, near Edinburgh. Giant oil storage tanks are being constructed less than two miles away, and construction of pipelines, refinery and shipping terminals is visible as one crosses the famed Forth bridge nearby.

The interest is more than visual. Peter Carmichael, manufacturing manager and formerly R&D manager at the division, sees North Sea oil as an important opportunity to build Scottish industry and give its people the chance of a better life at home. He also looks on the oil development as an important potential influence on the local economy, with some obvious effects on HP. Putting this into perspective for MEASURE, he wrote:

"With the world crisis in energy becoming a noticeable fact in most Hewlett-Packard establishments, it is of high interest to the people at the South Queensferry plant to find themselves right in the centre of a rapidly accelerating programme to harness what are now highly

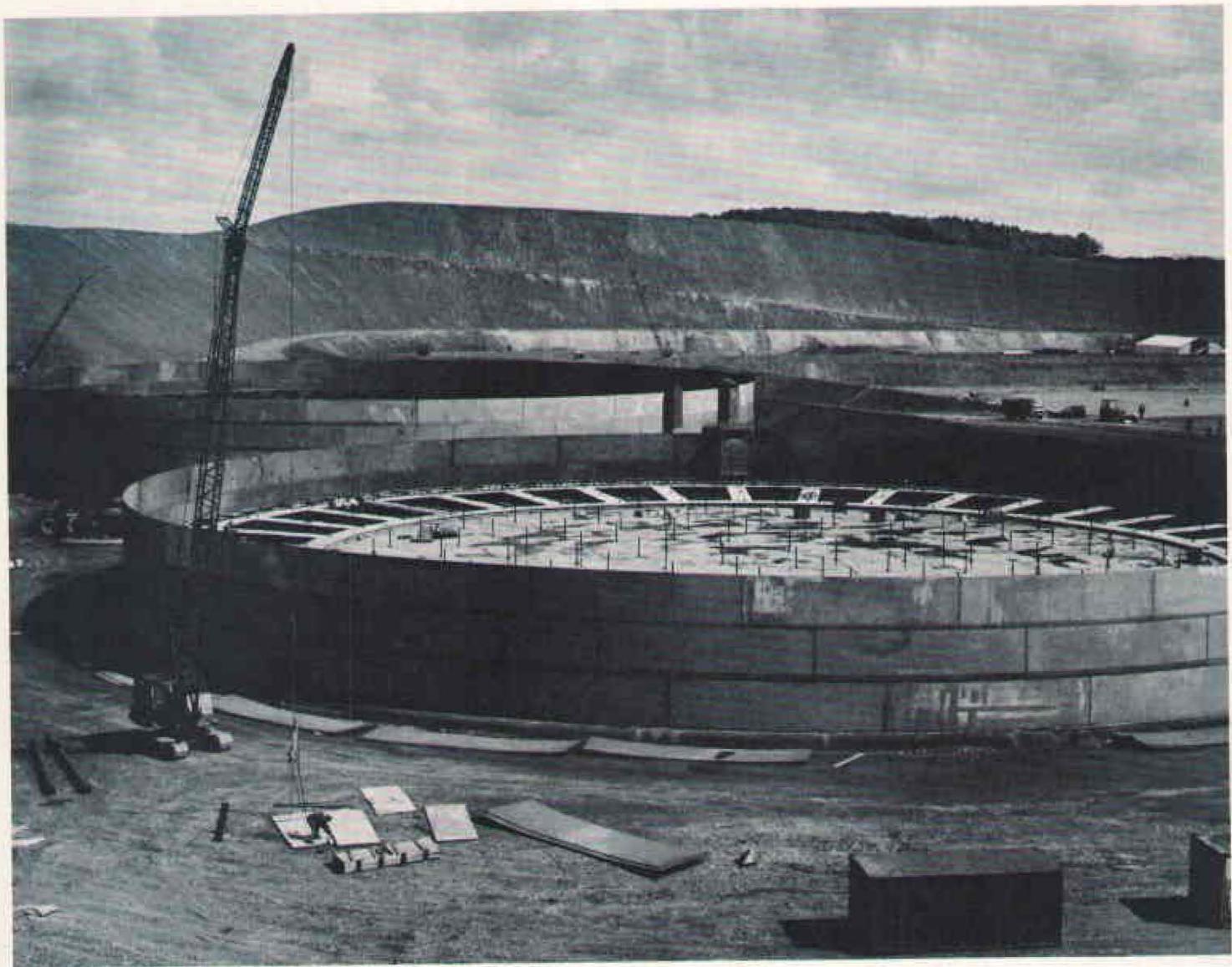
commercial oil and gas reserves around the Scottish coast.

"New oil finds seem to occur almost monthly, and in May of this year the U.K. Department of Energy published a document listing the expected production of oil from the North Sea from 1975 through to 1990.

"As the chart (page 4) shows, potential production is likely to reach around 90 million tons (556 million barrels) per year by 1981. This should be sufficient to allow the United Kingdom to become a net exporter of crude oil, and will contribute mightily to reducing Britain's balance-of-payments problems.

"Since the first announcement of a commercial oil discovery in December, 1971, the pace has been quickening and there are now ten sites with high commercial possibility off the Aberdeenshire coast and in the vicinity of the Shetland Isles.

"East of Shetland are oil fields with names like Ninian, Alwyn, Dunlin, Thistle and Hutton, the last named after a Scottish geologist. These have been in the making for some time, and are now beginning to provide employment in Scotland, an area which has always had a higher unemployment level than the national average.



Arena-like fuel storage tanks are under construction less than two miles from HP's South Queensferry plant, evidence of the discovery and development of oil off the coast of Scotland. Independence from imported energy will have great impact on the United Kingdom. Locally, HP people want to see it bring a clean and permanent lift to the Scottish economy.

**Thanks to the ever-brightening prospects
of independence in energy,
the people of Great Britain
are beginning to see a new economic era ahead—
and to debate how best to manage it**

(continued)

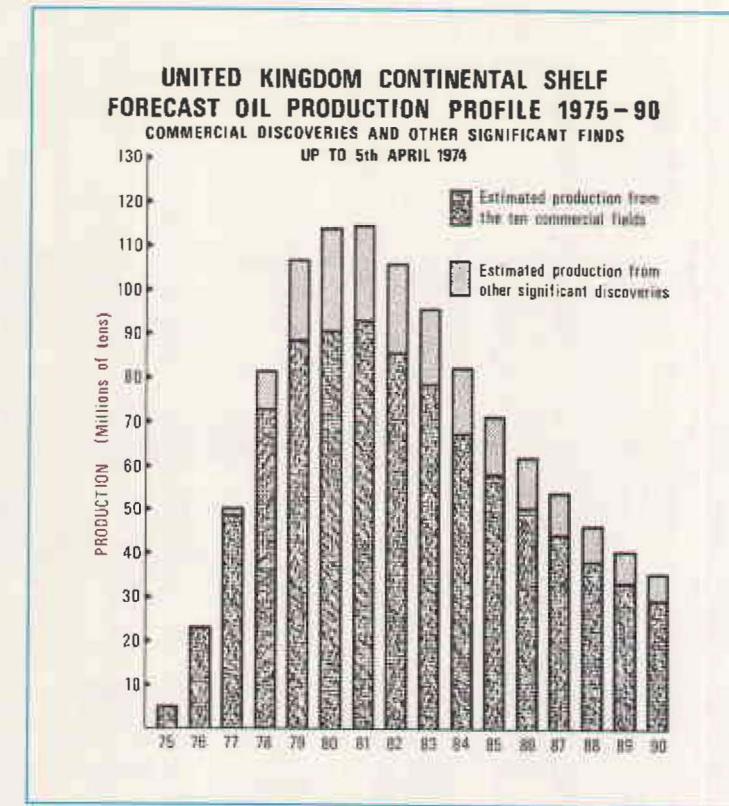
a RENAISSANCE

"The first commercial discovery, the weather-torn Forties Field, east of Aberdeen, will soon have a marked effect right on HP Ltd.'s doorstep.

"A 111-mile undersea pipeline is presently being completed to bring the first oil ashore during 1975, at a place called Cruden Bay, a few miles north of Aberdeen. Thereafter the oil will flow via a land line to Grangemouth, 18 miles upriver from South Queensferry.

"Oil which is in excess of British Petroleum's refining capacity at Grangemouth will be pumped to the so-called 'Dalmeny Tank Farm,' a storage depot under construction about two miles from the Queensferry plant, and then off-loaded as required onto large tankers at the deep-water terminal being built a mile downriver from the Forth rail bridge.

"The contractors have been very aware of environmental factors, and the tank farm, as the pictures show, has been hollowed out of an existing shale bing, a leftover from the now extinct shale oil industry. The area will be landscaped and heavily planted with trees, and will only be visible from the air, despite the fact that it will hold many millions of gallons of crude oil.



"Despite the care taken on this site, there are many fears and problems which come with a new industry such as oil. High wages paid to employees of oil contractors exert strong pressures on the wages and costs of living of non-oil-related employees, not least at our own plant.

"Because of fears regarding the environment and possible exploitation of land and people, the last election in Britain showed a substantial swing of Scottish votes to the Scottish National Party. While the SNP are unlikely to offer any real strategy under the present oil explosion, it is obvious that the economic fulcrum has swung rather heavily to Scotland, and many people who live near areas affected by oil exploration expect to see more planning and legislation becoming a local Scottish responsibility. They wish to ensure a healthy balance between the economic benefits which will result and the social well-being of the areas affected.

"Too often after the initial construction is complete, the oil industry—which is not highly labour intensive—finds a decreasing need for local labour. Much of this local labour is unskilled, and after the initial construction needs are fulfilled,

these people find themselves worse off than before.

"The Scottish people have too often seen their country exploited, first by the large-scale introduction of sheep—with enormous emigration of the native population—during the 19th century. This was followed by the cult of the absentee sportsman. Now it would seem that the time is ripe for local legislation to ensure that while reaping the economic benefits, the well-being of Scotland is ensured.

"I am confident the presently emerging industrial growth because of oil can be for the benefit of the community. Remoteness and lack of adequate air links with London and the major centres of Europe are likely to disappear, and one immediate result will be to put HP Ltd., South Queensferry, firmly on the map as far as accessibility is concerned. Soon, we are told, there will be hourly air services to London.

"The pace is quickening. Next time a visitor comes here I think he will find a new air of purpose both in the surrounding area and in the plant. With the advent of commercial resources on our doorstep, we feel we are beginning to really go places!" □



About ten fields in the North Sea off the coast of Scotland have now been proven for oil, while new discoveries continue. First deliveries are expected in 1975, with peak production by 1980. The scene here shows laying of pipeline in the Firth of Forth below the HP plant.

3,360

Thanks to some diligent counting by Tom Meyer, business and planning analyst for Electronic Products Group, it is now possible to say just how many different products are offered by Hewlett-Packard: 3,360.

Tom claims this is the total—excluding options—of all HP products in the current price list, including electronic, medical, analytical and data products. Six years ago the comparable number was 1,391.

The 1974 figure was found to include 420 new products introduced in Fiscal 1973, of which 64 could be categorized as major products—i.e., excluding options, kits, accessories, plug-ins, software, and updated versions of existing products.

How and where are all these different instruments being used? One possible way of answering that question is to define the various businesses we currently are in. One unofficial attempt at this puts us in nine major businesses. These businesses or broad functional categories are, alphabetically:

- Automatic testing, measurement and control (systems)
- Calculation (calculators)
- Chemical and materials analysis
- Civil engineering measurement and computation
- Computation (computers and peripherals)
- Electronic components
- General purpose electronic testing and measurement
- Medical electronics
- Telecommunications testing and measurement

HEWLETT-PACKARD

STATEMENT OF CORPORATE OBJECTIVES

This four-page section presents
the recently revised Statement of Corporate Objectives
for Hewlett-Packard Company.
President Bill Hewlett describes the role of these objectives
and the reasons for the various revisions
in his letter on page 15.

The achievements of an organization are the result of the combined efforts of each individual in the organization working toward common objectives. These objectives should be realistic, should be clearly understood by everyone in the organization, and should reflect the organization's basic character and personality.

If the organization is to fulfill its objectives, it should strive to meet certain other fundamental requirements:

FIRST, the most capable people available should be selected for each assignment within the organization. Moreover, these people should have the opportunity — through continuing programs of training and education — to upgrade their skills and capabilities. This is especially important in a technical business where the rate of progress is rapid. Techniques that are good today will be outdated in the future, and people throughout the organization should continually be looking for new and better ways to do their work.

SECOND, enthusiasm should exist at all levels. People in important management positions should not only be enthusiastic themselves, they should be

selected for their ability to engender enthusiasm among their associates. There can be no place, especially among the people charged with management responsibility, for half-hearted interest or half-hearted effort.

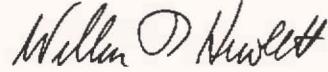
THIRD, even though an organization is made up of people fully meeting the first two requirements, all levels should work in unison toward common objectives and avoid working at cross purposes if the ultimate in efficiency and achievement is to be obtained.

It has been our policy at Hewlett-Packard not to have a tight military-type organization, but rather, to have overall objectives which are clearly stated and agreed to, and to give people the freedom to work toward those goals in ways they determine best for their own areas of responsibility.

Our Hewlett-Packard objectives were initially published in 1957. Since then they have been modified from time to time, reflecting the changing nature of our business and social environment. This booklet represents the latest updating of our objectives. We hope you find them informative and useful.



Chairman of the Board



President and Chief Executive Officer

HEWLETT-PACKARD OBJECTIVES

1. PROFIT

OBJECTIVE: To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.

In our economic system, the profit we generate from our operations is the ultimate source of the funds we need to prosper and grow. It is the one absolutely essential measure of our corporate performance over the long term. Only if we continue to meet our profit objective can we achieve our other corporate objectives.

Our long-standing policy has been to reinvest most of our profits and to depend on this reinvestment, plus funds from employee stock purchases and other cash flow items, to finance our growth. This can be achieved if our return on net worth is roughly equal to our sales growth rate. We must strive to reach this goal every year without limiting our efforts to attain our other objectives.

Profits vary from year to year, reflecting changing economic conditions and varying demands for our products. Our needs for capital also vary, and we depend on short-term bank loans to meet those needs when profits or other cash sources are inadequate. However, loans are costly and must be repaid; thus, our objective is to rely on reinvested profits as our main source of capital.

Meeting our profit objective requires that we design and develop each and every product so that it is considered a good value by our customers, yet is priced to include an adequate profit. Maintaining this competitiveness in the marketplace also requires that we perform our manufacturing, marketing and administrative functions as economically as possible.

Profit is not something that can be put off until tomorrow; it must be achieved today. It means that myriad jobs be done correctly and efficiently. The day-to-day performance of each individual adds to — or subtracts from — our profit. Profit is the responsibility of all.

2. CUSTOMERS

OBJECTIVE: To provide products and services of the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.

The success and prosperity of our company will be assured only if we offer our customers superior products that fill real needs and provide lasting value, and that are supported by a wide variety of useful services, both before and after sale.

Our responsibility to the customer begins with product development. Products must be designed to provide superior performance and long, trouble-free service. Once in production, these products must be manufactured at a reasonable cost and with superior workmanship.

A prime objective of our marketing departments is to see that the finished product is backed by prompt, efficient service. Moreover, good communication should be maintained with the customer and among various HP sales teams.

Because of our broad and growing line of products, very often several sales teams will be working with a single customer. Each of these teams has a high degree of technical knowledge and sales skill. There must be considerable cooperation among teams to assure that the products recommended best fulfill the customer's overall, long-term needs.

HP customers must feel that they are dealing with one company with common policies and services, and that our company is genuinely interested in arriving at proper, effective solutions to their problems. Confusion and competition among sales teams must be avoided by a clear assignment of sales responsibilities, plus sound judgment by HP sales people in understanding customer needs and HP objectives.

3. FIELDS OF INTEREST

OBJECTIVE: To enter new fields only when the ideas we have, together with our technical, manufacturing and marketing skills, assure that we can make a needed and profitable contribution to the field.

The original Hewlett-Packard products were electronic measuring instruments. Today our product line has expanded to include instruments for chemical and biomedical measurement and analysis, computers to automate measurement and to process the data, as well as electronic calculators and complete computer systems. Thus our growth has led to a continuing expansion of our fields of interest. To a large extent, diversification has come

from applying our resources and skills to fields technically related to our traditional ones.

The key to HP's prospective involvement in new fields is *contribution*. This means providing customers with something new and needed, not just another brand of something they can already buy. To meet this objective we must continually generate new ideas for better kinds of products. It is essential that before final decision is made to enter a new field, full consideration be given to the associated problems of manufacturing and marketing these products.

4. GROWTH

OBJECTIVE: *To let our growth be limited only by our profits and our ability to develop and produce technical products that satisfy real customer needs.*

How large should a company become? Some people feel that when it has reached a certain size there is no point in letting it grow further. Others feel that bigness is an objective in itself. We do not believe that large size is important for its own sake; however, for at least two basic reasons, continuous growth is essential for us to achieve our other objectives.

In the first place, we serve a rapidly growing and expanding segment of our technological society. To remain static would be to lose ground. We cannot maintain a position of strength and leadership in our field without growth.

In the second place, growth is important in order to attract and hold high caliber people. These individuals will align their future only with a company that offers them considerable opportunity for personal progress. Opportunities are greater and more challenging in a growing company.

5. OUR PEOPLE

OBJECTIVE: *To help HP people share in the company's success, which they make possible; to provide job security based on their performance; to recognize their individual achievements; and to insure the personal satisfaction that comes from a sense of accomplishment in their work.*

We are proud of the people we have in our organization, their performance, and their attitude

toward their jobs and toward the company. The company has been built around the individual, the personal dignity of each, and the recognition of personal achievements.

We feel that general policies and the attitude of managers toward their people are more important than specific details of the personnel program. Personnel relations will be good only if people have faith in the motives and integrity of their supervisors and of the company. Personnel relations will be poor if they do not.

The opportunity to share in the success of the company is evidenced by our above-average wage and salary level, our profit-sharing and stock purchase plans, and by other company benefits.

The objective of job security is illustrated by our policy of avoiding large ups and downs in our production schedules, which would require hiring people for short periods of time and laying them off later. We are interested that each employee carry a full load and be eager to remain with and grow with the company. This does not mean we are committed to an absolute tenure status, nor do we recognize seniority except where other factors are reasonably comparable.

In a growing company there are apt to be more opportunities for advancement than there are qualified people to fill them. This is true at Hewlett-Packard; opportunities are plentiful and it is up to the individual, through personal growth and development, to take advantage of them.

We want people to enjoy their work at HP, and to be proud of their accomplishments. This means we must make sure that each person receives the recognition he or she needs and deserves. In the final analysis, people at all levels determine the character and strength of our company.

6. MANAGEMENT

OBJECTIVE: *To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.*

In discussing HP operating policies, we often refer to the concept of "management by objective." By this we mean that insofar as possible each individual at each level in the organization should make his or her own plans to achieve company objectives and goals. After receiving supervisory

approval, each individual should be given a wide degree of freedom to work within the limitations imposed by these plans, and by our general corporate policies. Finally, each person's performance should be judged on the basis of how well these individually established goals have been achieved.

The successful practice of "management by objective" is a two-way street. Management must be sure that each individual understands the immediate objectives, as well as corporate goals and policies. Thus a primary HP management responsibility is communication and mutual understanding. Conversely, employees must take sufficient interest in their work to want to plan it, to propose new solutions to old problems, to stick their necks out when they have something to contribute. "Management by objective," as opposed to management by directive, offers opportunity for individual freedom and contribution; it also imposes an obligation for everyone to exercise initiative and enthusiasm.

In this atmosphere it is particularly important that the strength of the whole company is kept in mind and that cooperation between individuals and between operating units is vital to our profitable growth.

It is important for everyone to realize there are some policies which must be established and strictly maintained on a corporate-wide basis. We welcome recommendations on these corporate-wide policies from all levels but we expect adherence to them at all times.

7. CITIZENSHIP

OBJECTIVE: *To honor our obligations to society by being an economic, intellectual and*

social asset to each nation and each community in which we operate.

All of us should strive to improve the environment in which we live. As a corporation operating in many different communities throughout the world, we must assure ourselves that each of these communities is better for our presence. This means building plants and offices that are attractive and in harmony with the community; it means solving instead of contributing to the problems of traffic and pollution; it means contributing both money and time to community projects.

Each community has its particular set of social problems. Our company must help to solve these problems. As a major step in this direction, we must strive to provide worthwhile employment opportunities for people of widely different backgrounds. Among other things, this requires positive action to seek out and employ members of disadvantaged groups; and to encourage and guide their progress toward full participation at all position levels.

As citizens of their community, there is much that HP people can and should do to improve it — either working as individuals or through such groups as churches, schools, civic or charitable organizations. At a national level, it is essential that the company be a good corporate citizen of each country in which it operates. Moreover our employees, as individuals, should be encouraged to contribute their support to the solution of national problems.

The betterment of our society is not a job to be left to a few; it is a responsibility to be shared by all.

Fly Consolidated...

□ To most people, "traffic" means the bumper-to-bumper jam-up on the freeway or the rush for the stadium exit after the big game. But at HP, "traffic" is also the business of moving supplies to our manufacturing plants and delivering more than 3,300 different end products to customers in every part of the world.

Millions of dollars worth of company inventory is in transit on any given day—products to customers or from one division to another, shipments of parts between service centers, and so on. By shipping quickly and efficiently, HP not only serves its customers better, but helps keep its dollars working.

To help insure such efficiency, HP has a corporate traffic department, whose role it is to plan and monitor the movement of goods within the United States. A similar organization has the same responsibility for shipments overseas, where the varying customs and import regulations add further complications to an already complex job.

It's generally known that most of HP's products are shipped by air. But did you know that HP, in effect, operates its own air-freight forwarding service?

It was almost eleven years ago that Hewlett-Packard and an air cargo carrier inaugurated a totally new freight-handling method they termed ACP—the "Air Consolidation Program." The concept was simple, as most good ideas are, but it proved so successful that it has revolutionized the shipping of products, parts and supplies for HP and many other industrial firms that have followed suit in the past decade.

The idea was to lower freight costs by consolidating all HP shipments from one region of the country to another. The combined shipments would go out each day on a single flight, and HP would guarantee volume in return for reduced rates. It took nearly a year to plan that first consolidation—from San Francisco to Newark, New Jersey—negotiating the rates with the air carrier and working out the

details for a system that had never been tried by anyone before.

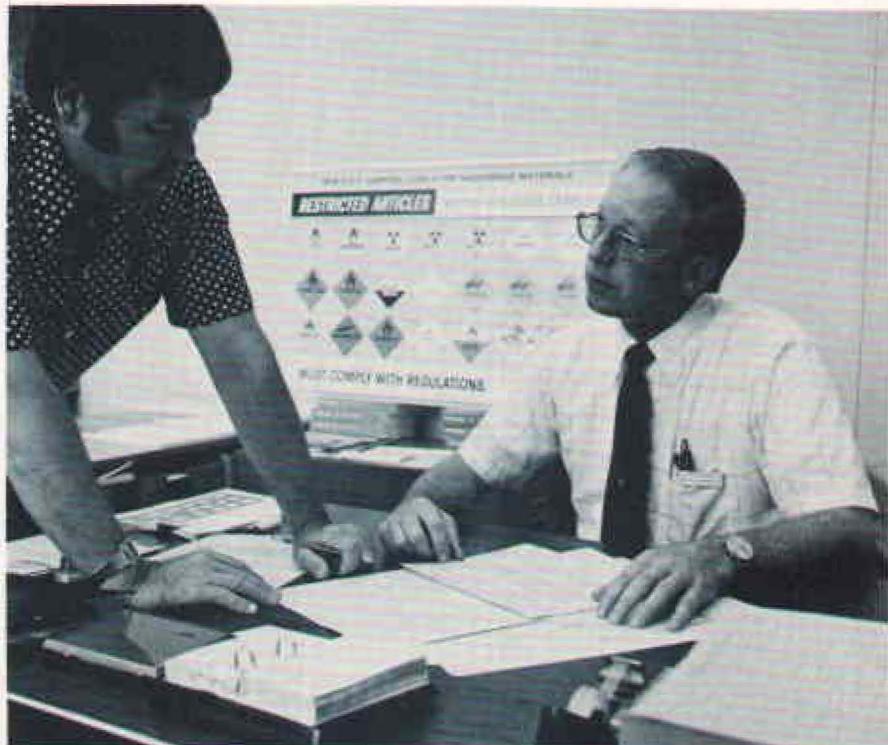
It worked—so well that HP now has six such consolidations, flown by United Airlines between San Francisco, Denver and Chicago as well as Newark. Corporate traffic is also studying the feasibility of additional routes to Dallas and Atlanta and an inbound consolidation from the east coast to San Francisco.

Shipments to 25 of the 50 states are carried via the consolidations. The flights to Newark still carry the largest volume of cargo and serve all destinations on the Eastern Seaboard. Finished instruments for trans-shipment to Europe are delivered to HP's International Commercial Services East (ICSE), managed by Jeff Johnson, in Paramus, New Jersey. There they are consolidated on international flights to major European cities such as London, Geneva and Amsterdam.

Air consolidation has advantages for both HP and its customers. When that first one began operation years ago, it meant that HP's eastern customers for the first time could order HP products from the west coast and expect delivery in a matter of days instead of weeks—without paying a premium price for air freight. It cost no more than surface transportation

(continued)

Biff Hallenbeck (right) and Stacey Henell of corporate traffic review air freight payment records to determine feasibility of consolidations to Atlanta and Dallas.



Fly Consolidated...

Bruce Bennett (foreground) and Alan Domingo, international shipping and receiving, load a "half-igloo" container for shipment to Japan.



over the same distance—still true today, although rates have increased about 250 percent since then. One of the advantages to HP is better control over outbound shipments.

Gordon Eding, corporate traffic manager, is also quick to point out the savings, or profit potential, in the ACP program, and he wishes that everyone in the divisions recognized it. He estimates, for instance, that 30 percent of the domestic air shipments that could be sent via the consolidation program are sent by ordinary air freight. Not only does it cost more for a division to ship that way, but HP pays more for the ACP flights when they are not used to the fullest. "I recognize that there are sometimes perfectly good reasons for shipping items another way," he admits, "but often it's done simply because the division thinks it will take longer. We know from experience that the opposite is true. That's why one of our current objectives is education—informing HP people about the air consolidation programs so we can use them more effectively."

During the early growth of the program, a freight forwarding service was enlisted to gather and combine the ship-

ments from each California plant, deliver the cargo to the air carrier, and break it down when it was unloaded at Newark. Today, HP does all of this internally for all the ACP flights.

How does the program operate? In a word—smoothly.

At the shipping end, each division uses standard procedures worked out by the corporate traffic department for packaging and marking its products. Packages are color-coded according to the method of handling at the destination end. A brown sticker, for instance, signifies delivery to United Parcel Service for final shipment to the customer. With an orange marking the package will be picked up and delivered to the Paramus warehouse of ICSE (usually pronounced IK-see).

Restricted articles must be clearly labeled and documented. The rules governing air shipment of restricted articles are becoming more and more strictly enforced. Some recent mishaps have demonstrated the potential dangers—a radiation leak, for example, that occurred aboard a passenger flight recently from nuclear materials shipped by a manufacturing company.

Although HP does not ship anything

as hazardous as that, the variety of supplies used in our production processes include paints with low flash points, some strong acids and other restricted chemicals. Aerosol cans are potentially dangerous when shipped by air. And among HP's products are devices with magnetic components that, if loaded improperly, can affect an airplane's flight instruments.

Biff Hallenbeck of corporate traffic is the company's specialist in this area, and each division now has a restricted articles coordinator who looks to him for information and training. The corporate material services department and a special "steering committee" help him identify restricted articles by documenting their chemical breakdowns and determining the proper methods of shipment.

It is no easy task. In some cases, HP's suppliers will not readily reveal the formulae for their proprietary products, and considerable testing is necessary to identify a material as being on the restricted list. And even though supplies may be reshipped in their original packaging, HP, as the shipper, becomes responsible for compliance with the law.

In discussing restricted articles, Hallenbeck characterized the current climate

HP products are consolidated in California aboard a United Airlines flight bound for Chicago.

as a state of confusion among airline and government officials. "We can get into difficulties and delays even when we're within the law. There are several federal and international regulatory entities involved rather than a single authority."

The volume of HP's overseas shipments has increased dramatically in the past few years, and air consolidations now serve most areas where HP has international sales offices and factories.

Shipments bound for Europe are consolidated on the east coast by ICSE. The Intercontinental Sales Region traffic department, under John Jourdan, oversees the shipment of all products to the ICON regions (Asia, Africa, Australia, Canada and Latin America), and factory support materials to six HP plants around the world. ICSE and ICON shipments totalled nearly 3 million pounds in 1973, and are running well ahead of that in 1974.

A tangle of laws involving export licenses required by the U.S. Office of Export Control, import permits required of the foreign customer by his government, customs regulations and all the necessary documentation that varies from country to country require a staff of eighteen people under Jourdan's supervision. Distribution facilities totalling more than 14,000 square feet are required in Palo Alto as a "staging area" for products going to the ICON regions from all stateside plants. Delivery of a product must often be expedited because a customer's import license has a certain expiration date—or a letter of credit used by the customer to purchase the item may likewise expire. The most complex problems, according to Jourdan, occur with shipments to underdeveloped countries.

Factory support shipments of parts



and raw materials to Germany, France, Scotland, Japan, Singapore and Malaysia accounted for 3.5 million pounds of freight in 1973, and will be even higher in 1974. Some factory support shipments are sent by ocean freight—particularly to Singapore and Malaysia. These plants in particular depend on U.S. manufacturing divisions for all the components they assemble into finished calculators and semiconductor devices—and for many raw materials, some of which are restricted articles.

Following the delivery of a product, HP must also provide parts and service to the overseas customer. In Europe, the distribution of parts has been streamlined by establishing a centralized facility in Boeblingen serving all European countries. "Parts Center Europe," as it's called, is managed by Rick Zalisk, who says the facility avoids duplication and customs problems as well as providing fast response on parts orders within Europe.

It has also made HP one of the largest users of the Stuttgart airport. Two air shipments of parts each week are sent from the stateside Customer Service Center organization by way of the factory

support consolidations. They amount to 40,000 line items per month, which the center distributes via daily air shipments to all European countries where HP products are sold.

By the nature of Hewlett-Packard and its products, the things we ship are relatively high in dollar value as compared to their weight and volume. A pallet of sophisticated instruments may be worth far more than a whole carload of... say, canned corn, for instance. But by any measure, HP traffic is big business. HP pioneered the concept of air consolidation, and our domestic ACP flights now make us one of United Airlines' largest customers. Our growing worldwide business is expected to triple the volume of our export shipments by 1980.

We will be producing even better products by then—and undoubtedly using even more efficient methods of getting them to our customers. The job of moving goods and supplies may not be a dramatic part of our business, but it is essential to meeting our corporate objectives—generating growth and profit, and serving our customers better. □

News in Brief

Palo Alto — Hewlett-Packard has entered into an agreement in principle to purchase approximately 145 acres of property adjacent to the city of Corvallis, Oregon.

Bill Terry, HP vice president and general manager of Data Products Group, said that present plans call for the site to be occupied by the Advanced Products Division (pocket-sized calculators) now headquartered in Cupertino, California.

According to Terry, the company plans to develop the site gradually over a period of years, establishing a complete operating facility with responsibility for research and development, marketing and manufacturing.

A small training and manufacturing operation in leased facilities will be opened in the Corvallis area by the end of 1974. Development of the new HP site is expected to begin in 1975.

Boise, Idaho — Shipments of the first line printers manufactured by HP started in May from the new HP Data Systems Division manufacturing facility in Boise, Idaho. The 200-line-per-minute printer is the first new HP product wholly built in Boise since operations began there in a leased 26,000 square-foot facility last October.

This summer, the Boise plant will add another manufacturing line to build HP's digital magnetic-tape drives. Long-range plans include construction of a company-owned 90,000 square-foot facility by 1976.

Palo Alto — Antonie T. Knoppers, M.D., has been elected to the board of directors of Hewlett-Packard.

Dr. Knoppers is vice chairman of the board of directors of Merck & Co., Inc., the health products firm based in Rahway, New Jersey. His present post includes responsibility for Merck's worldwide research and development programs.

Palo Alto — Jack Brigham has been elected Assistant Secretary and appointed the General Attorney of the company. He will also serve as Acting Secretary of the company in the absence of Frank Cavier, Vice President and Secretary, who has begun a sabbatical leave.



From the president's desk

We have just completed a review and revision of the Corporate Objectives. Because of their importance to all of us in HP, a copy of the revised Objectives is included as a section in this issue of MEASURE. Rather than go over these Objectives in detail with you, I would like to comment only where there has been a change of emphasis expressed.

For the older HP employees, having the Objectives updated is not new, and perhaps there is a feeling that we keep changing these Objectives because we don't know really where we want to go.

I found a copy of the original Corporate Objectives that were established in 1957, a time when we had only 1,500 employees and sales about equal to two weeks shipments at our current level. I thought you might be interested in a comparison of what was said then and what we are currently saying, as well as in seeing really how little the Objectives have changed over this period of time.

Returning to our current Objectives, the first relates to profit and it is restated as: "To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives." The wording of this Objective in the 1969 revision reads: "To generate the highest level of profit consistent with our other objectives." You will notice that the only difference is to stress the importance of profit to finance our growth. In 1957 we said this: "To operate our business so that year in and year out we obtain a profit of about 20 percent of sales before taxes." This 20 percent before taxes represented an historical number, one that allowed us to finance our growth. Profit was the first Objective at that time, and it is still number one.

The second Objective has to do with customers. The current revision states: "To provide products and services of the greatest possible value to our customers, thereby gaining and holding their respect and loyalty." This differs from the 1969 version only in the addition of "gaining and holding their respect and loyalty." The original version of this Objective said: "To make available to industry instruments which have inexpensive quality." Not much of a difference here, either.

Objective number three, having to do with fields of interest, says: "To enter new fields only when the ideas we have, together with our technical, manufacturing and marketing skills, assure that we can make a needed and profitable contribution to the field." This is essentially the same as the

1969 version. However, in 1957 we said: "To design and develop electronic measuring instruments and techniques that will contribute to the advancement of the science and practical application of electronics and electrical engineering." It is not surprising that there is a difference here, for at that time we were only in the instrumentation business. But again, the two thoughts, then and now, run closely together.

The fourth Objective has to do with growth. The revised Objective says: "To let our growth be limited only by our profits and our ability to develop and produce technical products that satisfy real customer needs." This differs from the 1969 Objective only by the addition of the words underlined. In the original version 17 years ago we said: "To let our company growth be determined primarily by our performance, limited on the one hand by the rate of growth which we can finance from our current profits and on the other hand by the rate at which we can build up our product line and our market through customer acceptance in accordance with our other objectives." Again, a statement remarkably close to our present position.

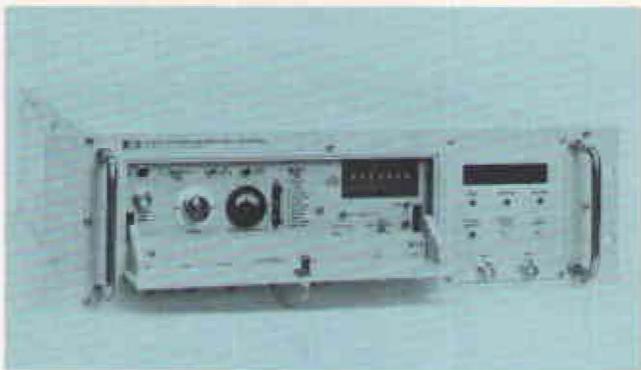
Objective number five has to do with our people, and it says: "To help HP people share in the company's success, which they make possible; to provide job security based on their performance; to recognize their individual achievements; and to insure the personal satisfaction that comes from a sense of accomplishment in their work." There is no difference between this and the prior version, and very little change from the 1957 Objective which read: "To provide employment opportunities for HP people that include the opportunity to share in the company's success which they help make possible; to provide for them job security based on their performance; and to provide the opportunity for personal satisfaction that comes from a sense of accomplishment in their work."

The sixth Objective has to do with management, and it says: "To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives." It is unchanged from the 1969 version, and there was no comparable paragraph in the original Objectives.

Objective number seven has to do with citizenship, and it reads: "To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate." This also is unchanged from the prior version, and compares with the 1957 version which read: "To meet the obligations of good citizenship by making contributions to the community and to the institutions in our society which generate the environment in which we operate."

Prior to writing you this letter I had not gone back and made such a comparison. But, having done it, I am impressed, as I said earlier, that our key Objectives have changed so little. I would say that they have stood the test of time well, and that our ability to follow these Objectives so steadfastly is a major factor in the success that the firm has had over the intervening years since they were first put in writing.

How time flies...



Ten years ago in July, Hewlett-Packard introduced a remarkable new instrument known as the 5060A Cesium Standard—the first HP “atomic clock.” Using the invariant resonance frequency of the cesium atom to obtain an output frequency of extremely high accuracy, it packed in a relatively small box the power to perform scientific timekeeping previously possible only in much larger installations. A few months later two models of the clock were being wheeled to a plane at San Francisco Airport for a flight to Switzerland in order to compare time as maintained by the U.S. Naval Observatory in Washington, D.C. to time at the Swiss Observatory at Neuchatel. Next year, HP clocks were sent on a 35,000 mile trip designed to measure the degree of exactness existing among 21 timekeeping centers in 11 nations around the world. Shown with the clocks are Len Cutler (left), now head of HP Labs' Physical Research Lab, and Lee Bodily, manager of Santa Clara's IC facility, who, with Santa Clara general manager Al Bagley, were largely responsible for development of the cesium standard. Today, 5031As and their Santa Clara-based descendants, including the smaller 5062C shown above, have surpassed all original expectations. In addition to becoming reference standards in national laboratories, they serve as key components in navigation systems, satellite tracking and guidance stations, long base-line interferometry systems, geophysical surveying, and communications systems.

Here's wishing them a timely tenth anniversary.

Measure

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