Measure
For the men and women of Hewlett-Packard / OCTOBER 1977

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HP headquarters 1977

Behind "no doors"

COVER: These are the views seen by most visitors to HP corporate headquarters in Palo Alto, California — the entrance, the reception area, and the hallways. Beyond the guard and the art gallery, however, and out in the labyrinth of offices and departments is a highly unusual work environment that even visitors may not see.
After what has seemed like an endless game of checkers — moving this department here, that department there — HP's corporate headquarters for the moment has taken on an air of locational stability. Temporarily at least, it has caught up with its own growth, had an opportunity to fix the place up, and thus is now viewable with a good chance of the view lasting.

The last time MEASURE presented a photographic tour of headquarters was August 1969. In an article titled "Headquarters under glass," it noted that "With more and more plants and offices being established away from the corporate hub in Palo Alto, it's obvious that fewer and fewer company people will have the opportunity of touring HP headquarters and of discovering it for themselves."

If that were true in 1969 then it's more than twice as true today, since employment and facilities have more than doubled, for the most part outside of Palo Alto.

That being the case, let's take another look around corporate headquarters, not from a department-by-department view but rather for the style, spirit and look of it. For example, is the "openness" of HP still in evidence? Does the new partition system inhibit or encourage communication? Does informality and friendliness still prevail? Is it still possible to express individuality? Rather than speculate or editorialize, let's ask some of the inhabitants . . .

This view of headquarters, looking across 3-upper from Corporate Personnel department, is very typical of corporate office arrangements. The partition system is intended to give people in local departments some sense of identity amidst the broad expanse of people, yet preserve openness and communication. Designed by Phil Tuttle of Corporate Construction in cooperation with an outside manufacturer, the partition system is movable and absorbs about 85 percent of noise reaching it. The 4-foot height of the solid panels block eye-to-eye distractions. Potted plants add an attractive touch of greenery to the area. Several divisions including Avondale, San Diego and Singapore have adopted portions of the system.

"Some people say they practice an 'open door' policy, but here it's a 'no door' policy," says Lee Seligson, International personnel administrator. According to Lee, this approach implies an acceptance of the fact that an employee should have every right and opportunity of being heard. Stan Robbins, corporate benefits manager, stops by to test Lee's theory.

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Many impromptu conferences are held through and over partitions. A lot of time, effort and needless protocol are saved in this way. Here, Fred Schroeder, director of corporate development (at left), spots a visitor, Dieter Hofherr, accounting manager in Germany, and holds a useful exchange of information.

...openness and informal communication—enduring and useful traditions.

Is the HP corporate style still open and friendly? Vicki Kelly, who's been on the job only four months at Corporate Materials, feels it is very friendly compared with other places of business she knows. Peter Nelson, an eight-year veteran of Corporate Public Relations, feels the dispersion of departments in a number of buildings has affected communications between departments. However, a consolidated corporate complex is being planned which will put most headquarters people under one roof.
The "no door" HP office seems to be an open invitation to informal communication. Here, Chairman Dave Packard chats with Stu Kingman, Corporate Fleet manager — probably about cars.

At one time or another this executive gathering has been labeled the "corporate coffee communion." It is certainly one of the enduring HP traditions, and a useful one because it draws together a wide range of corporate, group and division chiefs for a few minutes of informal exchange each day. Actually, this photograph was taken at the peak of the summer vacation season, hence a lighter-than-usual turnout. The carpeting in foreground is quite uncharacteristic of headquarters, in this case being part of a visitors' reception area.
Headquarters is a crossroads for thousands of HP people who come to Palo Alto for a broad spectrum of business, including conferences, training, seminars, negotiations and presentations. Very typical is this sales seminar conducted by Fred Waldron of Corporate Training.

Worldwide communications is an important corporate activity, much of it conducted over the Comsys computer network coordinated by Corporate Information Systems. The network is kept busy virtually around the clock. Here on day shift, lead computer operator Don Mott (left), and operator Don Johnson staff the corporate Comsys station.

Sue Menaul of the Corporate Travel office provides counsel on another of the more than 4,500 travel itineraries prepared here each year. Travel is just one of the scores of functions conducted within the dozen major corporate departments. In all, the corporate staff in Palo Alto totals more than 940 people (not including HP Labs with some 412 people).

An HP Labs researcher finds the corporate library stack a convenient spot for some quiet study. While attached to HP Labs, the library is a resource that serves the whole corporation, as does the Labs, for that matter.

...headquarters - a crossroads of people and worldwide communications.
The corporate organization provides varied training opportunities for field operations people. At the Corporate Design department, Tsuneji Nakayasu, a mechanical engineer at YHP, is completing a one-year training program in industrial design and HP design philosophy.

A walk through the corporate office areas reveals many personal touches including plenty of humor. In the Instrument Group area, for example, stands “Arthur,” a mature avocado tree with tendency to grow out of hand. Twice he’s threatened to grow right through the 5-upper roof and has had to be severely pruned. Linda White believes Arthur’s great drive may be caused by his search for a mate, preferably a female avocado. Here Linda discusses the matter with Carl Anderson (left), advertising/sales promotion manager, and Al Bagley, group engineering manager.
HP recruiters take aim:
The big talent hunt of 1978...

In the northern hemisphere, October is a month when the pace of life quickens. The summer doldrums blow away. Vacations are ended. Schools and colleges are open for the new academic year. Business begins to think hard about the new year. For many companies, including Hewlett-Packard, a period of intensive recruiting of professional talent begins — one of the most important means by which modern corporations seek to insure their growth and survival in an increasingly competitive market.

During this period HP will launch a program of professional recruitment that, in terms of numbers and competition, can be described as fairly ambitious. Based on present targets for Fiscal Year 1978, which can certainly change, it is estimated that the company's goal in the U.S. will be to hire approximately 1,500 professional people, the majority of whom will have a technical background. Several hundred more may also be sought by the international organizations. This means that the coming year appears to offer the greatest professional-hiring challenge in the history of the company.

The wheels for performing that task already are in motion. Recruiting brochures have been printed. Teams from the various HP divisions and regions have been formed and trained. More than 80 universities have been contacted, and timetables for visits set. However, the 1978 recruiting year will see some differences. For one, the prospect of adding so many people to the professional staff, together with increasing competition for top talent offered by some 4,000 corporations, caused the company recently to review various aspects of the recruitment program.

Overall, the review brought out that HP has been doing a pretty good job in bringing in many of the new college graduates it really wants. In the course of the 1977 recruiting year, the HP teams visited 81 U.S. campuses where they interviewed more than 4,000 prospects. Letters were sent to more than 1,200 candidates, inviting them to visit with one or more divisions or regional organizations. After much conscientious study, 600 offers of employment were made. In the end, 400 accepted — a very respectable result, according to observers, especially considering the heavy competition.

But, are “pretty good” and “respectable” good enough?
For example, a recent survey in Electronics magazine showed that while HP is a highly regarded place of employment, students often were unaware of the company’s technical leadership in its various fields outside of measurement and instrumentation. We need a long-term effort to correct this view.

The review also revealed the need to establish more communication and coordination of recruitment information, relative to hiring of both college and “experienced” professional employees. This will be one of the tasks for the Corporate Professional Employment office during 1978. In particular, it will seek divisional cooperation in obtaining more detailed and timely data on how the individual hiring organizations perform in meeting their hiring goals, and thus be able to offer them a means of analysis and summary, comparing those results on a monthly year-to-date basis with other HP entities. Overall, it is hoped that a stronger two-way flow of information and analysis will help sustain the team spirit that HP recruiters have traditionally taken onto the campus, and avoid too much competition among the teams.

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An analysis of other data gathered by the review confirms that the company has been passing through a period of considerable change in the composition of its hiring. Historically, HP has hired people on about a 50-50 ratio of experienced versus those hired as new college graduates. About 1971-72, however, several of the newer product groups began buildups that required a high level of experienced employment, bringing in people who were expected to "hit the deck on the run." The result was a shift to a corporate-wide ratio of 75 for experienced to 25 for college hires in 1972. Since then, the balance has gradually moved back, reaching a 51 to 49 ratio in 1976. Since these figures include the sales regions, which have traditionally hired many more experienced than college graduates, the ratio in many of the manufacturing divisions is considerably higher for college graduates. And even the sales regions are looking increasingly to the college campus, as the continuing expansion of technology has increased competition for the existing "technical consultant" in the field.

Here are some other facts that emerged from the review: Approximately half of our college hires in 1976 had advanced degrees; more than one out of four college hires resulted from letters sent directly to HP, and not from campus interviewing; historically, we interview about 16 candidates on campus for each hire; and the single greatest reason for candidates turning HP offers down is a mismatch between their job desires and our offered position.

While they meet the same needs and goals, the company's international recruiting activities differ considerably in style from the U.S. program, and differ widely from area to area. Almost all international employment is done on a local basis by the individual country organizations. The one exception in which a recruiting team crosses any borders is Insead, a graduate school of business near Paris which attracts a wide multi-national following. This past year, on behalf of HP's Middle Eastern marketing program, the HP team from Geneva and Athens interviewed 50 Insead candidates in two days, resulting in hiring five of them.

Actually, HP recruiters visiting U.S. schools sometimes interview foreign students who would like to secure a position with HP in their home country after graduation. The bilingual skills of such students are an added value. However, such situations can present a certain administrative challenge: Who will make the hiring decision — Intercon in the U.S., or the local country organization? Sometimes this is solved in the course of U.S. visits by the country manager who can arrange a meeting with the prospect.

In Japan, HP recruiters will begin an 18-month period of patient anticipation and investigation following initial contact with the universities. This protracted process is the result of a very careful study that students and company feel obligated to make of each other before establishing the lifelong commitment traditional in Japanese employment.

Also of note is the powerful influence of the Japanese university professors in the process of employment selection. YHP's primary contact is with the professors, and only when needs are known and recommendations made will the company and the student prospect meet one another.

The benefit of that kind of scrutiny and "getting to know you" will receive greater recognition in the U.S. by means of the company's programs of cooperative work study and summer employment. Both of these programs already provide HP and the students with opportunities for early contact and appraisal without the pressures of making job decisions.

More and more universities are favoring co-op programs because of the advantages they offer students in providing...
practical training to round out their theoretical studies. They also get an idea as to what corporate life is all about. The company, therefore, sees cooperative programs as an important extension and adjunct of its recruiting efforts. Based on experience, it's expected that these young co-op people will quite often choose HP for full-time employment, and meanwhile be a source of goodwill on campus. It's another instance of business goals and citizenship objectives being in basic accord.

Tips from a star recruiter . . .

In 1961, when Wayne Grove was recruited from Iowa State University, Hewlett-Packard was only a $50 million a year company and its reputation was only beginning to emerge. Wayne had almost decided to go to Bell Labs when the Hewlett-Packard recruiter (Norm Williams, now Corporate Contributions Manager) came on campus. Norm was able to interest Wayne in the career opportunities at Hewlett-Packard and a subsequent visit to Palo Alto resulted in his joining the company. Since then Wayne, now a manager with the Electronics Research Laboratories of HP Labs, has himself done a great deal of recruiting. He has headed teams of recruiters that have been successful in bringing many good people to the company. Recently, he was asked to "star" in a training videotape on the interviewing process for both campus and in-plant situations. His observations on the process are revealing:

- On campus interviews are very important for several reasons. It is the important initial screening process for the new engineers that we hire from universities. Also, since at least 95 percent of these people that we interview on campus won't be hired, it is an opportunity to present Hewlett-Packard to many individuals who will eventually be valuable customers.

- The campus interviewing situation is also an opportunity for Hewlett-Packard's representative to contribute to the students' understanding of their own interests and how they might fit into a company such as ours. Helping the individual sort out technical and personal areas of interest is an important and sometimes difficult job. Often someone will come into the interview and state a definite area of interest, i.e., labs, only to discover during the interview that the kind of work being sought actually better fits manufacturing engineering or sales engineering.

- It is extremely satisfying to finish an interview with someone with whom we will not be further considered by Hewlett-Packard and have the student express appreciation for the insight gained during the interview.

- Hewlett-Packard's practice of sending out teams of engineers and engineering managers has served the company well over the years. This allows for a more technically oriented initial screening and, Wayne believes, improves our chances of identifying and hiring the "top" students for Hewlett-Packard. It is also his view that the Hewlett-Packard approach also tends to build strong ties with key professors at the universities. These ties are very useful in helping us identify very early in the year those students who will probably be of interest to Hewlett-Packard. Over the years, we have invited a number of these professors to spend a summer in our laboratories to get a better feel for Hewlett-Packard while they contribute their technical skills to our product programs.

- Recruiters must enjoy the process or they probably won't be successful. They must be good listeners and be able to steer the interview while still letting the student present his own interests, strengths and questions. Typically at this time of year, a Hewlett-Packard team of four to six recruiters will visit one or two campuses during a week, with each recruiter interviewing 10 to 15 students per day. What is really challenging is to give the last student each day the same attention as the first. There is an incentive provided by several schools which have a system where the students can evaluate the recruiters. According to Wayne, Hewlett-Packard recruiters generally receive very good marks.

Wayne believes that the on-campus recruiting process is at the very core of Hewlett-Packard's commitment to engineering excellence. Hewlett-Packard is a unique engineering company and will continue to be so as long as we can continue to attract and hire outstanding people.
A cargo plane from New York, carrying HP products and materials, lands in Frankfurt on Sunday night. Monday morning the shipment arrives at HP’s factory in Boeblingen, 140 miles (220 kilometers) away, in bonded trucks. There the goods clear West German customs without ever being physically inspected or delayed by government red tape — thanks to an HP computer and a precise system of controls implemented by the company and the West German customs authorities about seven years ago.

The routine is repeated twice a week as HP’s air-consolidation flights arrive from the U.S. Shipments come and go at nearby Stuttgart Airport as well, and by surface transportation to and from other European cities. Finished goods and parts are re-exported or shipped to other destinations in Germany, so that total traffic in and out of the German manufacturing and sales organization was growing very rapidly. “If we had set out to implement this system just one year later it would have been too expensive,” he said.

Imagine, if you will, the magnitude and complexity of the job. HP GmbH now imports some $120 million worth of finished goods, spare parts and production materials annually, and every item must be accounted for. A single shipment of calculators from Singapore may weigh in at 37,000 pounds, and the twice-weekly consolidations from the U.S. ordinarily contain 20-25,000 pounds of freight. Parts Center Europe and the Components Distribution Center, both located in bonded stockroom facilities within the Boeblingen plant complex, serve all of Europe. And every spare part or component removed from there must be tracked to its final destination.

The manufacturing divisions in Boeblingen and Karlsruhe export 70 percent of what they make, and the customs status must be determined for the products themselves and any U.S.-made components. “We don’t pay duties on the production materials if the finished product is later sold outside the European Common Market,” Max explained. “From our com-
puter records, we know exactly what we brought in and what we shipped out on a daily basis."

In accordance with the procedure agreed to by the government, HP files its computerized customs declaration once a month. Duties are paid immediately on capital equipment. But for all other goods, payment is made every nine months.

By a sort of "remote control," items shipped from abroad direct to the HP sales headquarters in Frankfurt are declared in Boeblingen. "The goods are immediately released to be redistributed from Frankfurt," said Max. "Then they're included on our regular monthly customs declaration."

Aside from an annual check of the physical inventory and an audit by customs officials every two years, HP manages the system on its own. HP people seal the trucks, run the bonded warehouse and make the computer entries. "Customs checks our physical inventory once a year," Max said. "If there's a difference between what we say we have in our stockroom and what's physically there, of course we have to pay the difference in the duty."

But it's mostly in the logic and memory of an HP computer system that the flow of goods is controlled, and when customs officials audit the records at two-year intervals they demand strict accountability. According to Max, "Instead of checking our import declarations first, they take the invoices from accounting and ask us to prove we declared those items."

Although HP doesn't maintain an airport office in Germany as it does in a few countries, HP business travelers carrying demo instruments or other products are expedited through customs nevertheless. Max explained: "Even if you arrive on Sunday when the customs office is normally closed, you won't lose any time at the airport. You just show your HP ID card to the customs official at Stuttgart Airport, fill out a form with all the pertinent information and sign it. It's mailed to me and I make the import declaration."

Max feels that the key to continuing success of the system is the integrity of the company and the HP people who deal with customs. "The government granted us this system partly because they considered HP a very honest company, so we always try to be very honest and maintain our good reputation. Now that HP GmbH is split into several divisions, it also means we have to make sure our people are kept informed so they don't go their own way."

Max is called upon from time to time to consult with HP customers. He has also written several articles and booklets about customs regulations, and teaches the subject at the Stuttgart Academy of Economics. The system he pioneered at HP has worked so well that the West German government has established similar procedures with other companies, and HP itself is implementing elements of the system, step by step, in other European countries.

It can't simply be transplanted. Each HP country organization is unique, and each host government has different laws and procedures. The Boeblingen system, as it's structured for Germany, just wouldn't work anywhere else. But at HP GmbH it's a model of efficiency for handling a high volume of customs traffic. Max Fallet, Hewlett-Packard and the German Federal Republic have demonstrated that a little mutual trust goes a long way.
John Young elected HP President, Dean Morton becomes Executive VP and Director

PALO ALTO — John Young was elected president and chief operating officer of Hewlett-Packard at a regular meeting of the company’s board of directors on September 23.

Dean Morton was elected an executive vice president, succeeding Young in that position, and also was elected a director and appointed to membership on the executive committee.

Bill Hewlett, co-founder of the company and president for the past 13 years, announced the changes, noting that they will become effective November 1, the beginning of HP’s new fiscal year. Hewlett said that he will become chairman of the executive committee and will continue to serve as chief executive officer. He added that “It’s anticipated that when I retire, John will succeed me as chief executive officer. I will, however, continue as chairman of the executive committee and Dave Packard will continue as chairman of the board.”

Effective with the changes, the executive committee will consist of six people including Dave Packard, Bill Hewlett, John Young, Ralph Lee, Bob Boniface, and Dean Morton.

Hewlett described the role of the new president and chief operating officer as having “overall responsibility for the day-to-day operations of the company.

“Ralph Lee and Dean Morton, as executive vice presidents, will be responsible for the worldwide operations of the six product groups. Groups assigned to Lee include computer systems, components, and calculator products. Morton will be responsible for test and measuring instruments, medical products, and instruments for chemical analysis. Our third executive vice president, Bob Boniface, will continue to be in charge of the corporate staff and administration.

“Over the years,” said Hewlett, “HP has had a management style and an organizational structure that have served to develop a management team of great depth.

“The election of John Young as president and chief operating officer will enable Dave Packard and me to devote more time to long-term policy matters with the assurance that the day-to-day operations of the company will be effectively handled.”

John Young, the new HP president and chief operating officer, was born in Nampa, Idaho, in 1932. He received his EE degree from Oregon State in 1953, served two years in the U.S. Air Force, then attended the Stanford Graduate School of Business. He joined HP’s marketing planning staff in 1958 after receiving his MBA. Subsequently he served in corporate finance and as marketing manager of the Microwave Division until 1963 when he became the division’s general manager. In 1968 he was elected a vice president, with responsibility for several divisions, and was elected an executive vice president and director in 1974.

Dean Morton was born in Wichita, Kansas, in 1932, received an electrical engineering degree from Kansas State University in 1954, followed by an MBA from Harvard University. In 1960, after several years as a design engineer, Morton joined HP as a marketing trainee. In the former Frequency & Time Division (now Santa Clara) he became a product manager, then division marketing manager. In 1965 he was named engineering manager at the Waltham Division where he later became division general manager. He was elected a vice president in 1973 and has headed the Medical Products Group since 1974.

New corporate manufacturing services

PALO ALTO — The executive committee has established an important new corporate staff department headed by Ray Deméré as vice president, Manufacturing Services.

Formerly with the Instrument Group, Deméré has responsibility for the manufacturing-related activities that previously were assigned to the Corporate Services department under vice president Bruce Wholey.

• Corporate Services will retain responsibility for Information Systems, Corporate Construction, Plant Site Selection, Capital Budgets, Facility Planning, Corporate Identity, (Industrial Design), Security Program, and Corporate Administrative Services.

• The new Manufacturing Services will immediately assume responsibility for Assurance Engineering, Corporate Materials, Design Standards, Corporate Manufacturing Standards, Manufacturing Processes, Corporate Traffic and Customs, and corporate interface for division manufacturing managers.
Thus, when Dave and I made a recommendation to the board at its July meeting that John Young be elected president and chief operating officer of the company, he was no stranger to the board members. John has served as a member of the board for three years, and prior to his election as a director had made presentations to the board on a number of occasions.

Our reason for recommending John was the fact that during the period in which he had served as a group vice president and then as one of three executive vice presidents, he had shown outstanding leadership and management skill. He was, in fact, the logical choice.

One might ask, "Why was John selected as president and chief operating officer some seven months before Bill will be retiring as chief executive officer?"

It must be presumed that John will be chosen to run the company at some point in time. Dave and I felt that if he would eventually have this total responsibility, he should have some input as to key management personnel and organizational structure. Thus, following the July board meeting we met with John and discussed his own replacement. Our preference was Dean Morton, vice president and general manager of the Medical Products Group. In this recommendation, John wholeheartedly concurred. Dave and I also had certain thoughts as to some reassignment of group responsibility between the executive vice presidents. After considering our recommendations for a day or so, John came back with some alternative recommendations, with which Dave and I concurred. Other decisions of a similar nature also were discussed and agreed upon.

Thus, one can see that John's selection was the result of a long, carefully thought-out program. Dave and I both feel that John has all the qualities that can lead the company into its second generation of management, and can successfully bridge the gap between owner management and professional management. Moreover, John is a "known quantity" to both senior management and to the board on whose shoulders the responsibility for successful operation of the company ultimately resides.

One last word. Dave and I have spent most of our professional life with the Hewlett-Packard Company. It would be unreasonable to expect that at age 65 we simply walk away from a lifetime of effort. Nor would it be in the best interests of the company, for there is much advice and counsel that we can provide, particularly in the policy areas. However, basic management of the company must eventually pass on to other hands. We feel, therefore, that now is the time to pass the baton, rather than at some later date when we might be less able to play an important supportive role.

P.S. This will be my last message "From the president's desk." The preparation of these letters has not always been easy — like many things, they take time and thought. But for me the effort has not been without benefit. It is a truism that the effort to explain something to someone else always produces a clearer understanding of the subject to the individual providing such an explanation.

Thus, in the years of writing these messages, I have been able to sharpen my own perspective about the company. But more important than this has been the satisfaction that these messages have been read and enjoyed by the vast majority of our people.
Is this any way to celebrate a 65th birthday?
A barbershop quartet of HP veterans — Hal Dugan, Bill Wolfinbarger, John Veteran and Terry Bowman — puts a lot of heart and soul into “Happy Birthday!” They’ve been at this for 25 years.

Yes!
Dave Packard thinks it’s great, then says that in spite of the birthday event which occurred on September 7, he doesn’t plan to quit working just yet.

A lot of HP people joined the party.
It was a nice chance to shake hands and talk about old times.