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January 64



Measure

In this issue

*HP's Eastern Airlift
International Report*



from our president's desk

AS MANY OF YOU KNOW, this is the month we hold our annual corporate-wide management meeting. This three-day conference is attended by all our corporate officers, as well as representatives of every operating division and subsidiary. While there is a great deal of communication among these people during the year and while most of their work is accomplished without formal meetings, we find it useful to get the entire management group together each January.

Probably the most important item on this year's agenda is a discussion of our future plans and objectives. Although our preliminary goals for the new year have been established well in advance of the meeting, we find it very beneficial to present these in some detail to all our managers. Since this is a shirt-sleeve conference in which everyone is invited to express his views and constructive criticisms, we are able to get a good cross-section of opinion and use this effectively in modifying and improving our long-range plans and programs.

During 1964 we intend to continue our emphasis on obtaining greater efficiency and economy in our operations. Although good progress was made in this direction in 1963, there are still many ways in which we can reduce

costs and improve productivity all along the line—from R&D right on through to Marketing.

We are especially interested in strengthening our product development programs during the new year. It's been said before, but it bears repeating: New products are the lifeblood of our company and their continuing development is our most important single activity. There is some evidence that as our company has grown larger we are doing a less effective job of selecting the most promising products to develop and bringing these efficiently into production. Some divisions are able to do this better than others, and one of our primary objectives is to see that all do it as well as the best.

In addition to formulating specific plans for this year, our management conference will devote itself to five-year growth projections for the company. Although our business has grown nearly two and one-half times in the past five years, our initial studies indicate that the opportunities for us are just as great—perhaps even greater—in the next five years as they have been in the past. It is a continuing responsibility of our management group to see that these great opportunities are not lost to us by a lack of either vision or capability.

David Packard



HP's EASTERN AIRLIFT

*You'd think the cargo was perishable
the way they rush it eastward to customers . . .*

Throughout each day, stacks of instruments and parts for customers in Eastern states grow in HP's West Coast shipping departments.



Shortly after 4 p.m. a truck arrives from San Francisco International Airport at the Stanford Industrial Park plant. Fork lift operator Raul Jara is shown ready with a loaded pallet.

THE TIME IS a few minutes after four on any working day. A truck from San Francisco's International Airport backs up to one of the company's shipping areas at Palo Alto in Stanford Industrial Park.

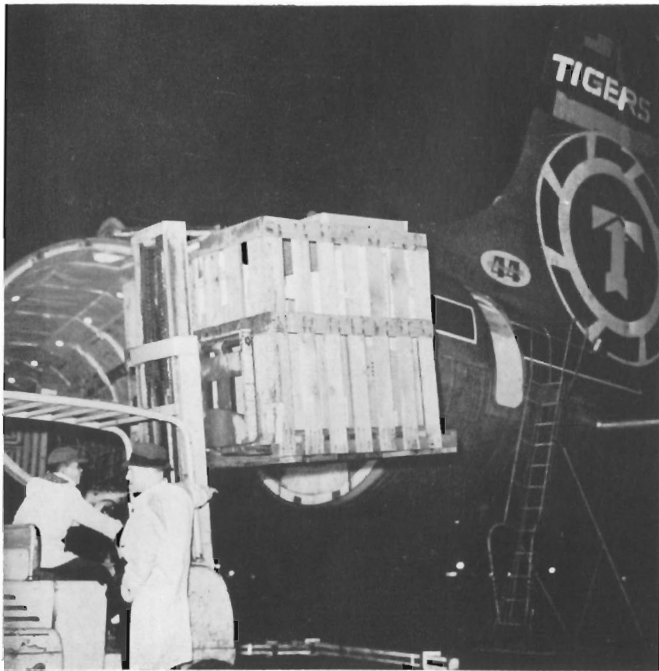
As the driver opens the doors of his van, a lift truck operator appears with a pallet stacked high with packaged HP instruments. He returns to the shipping room for another load, and perhaps again for a third.

Thus, another "airlift" of consolidated shipments to 13 Eastern states gets under way. In just a few more hours, the instruments will arrive at Newark International Airport 3,000 miles away, ready for delivery to the customer's doorstep.

HP's "air consolidation program" is now in its sixth month of operation and is working even better than its originators had dared to hope in the beginning.

Shipping time to Eastern customers has been reduced by as much as two weeks, and the cost is no greater than by conventional surface transportation. In fact, there are savings for both the company and customers in many instances.

The concept of the program is simple, like most good



Flying Tiger line uses swing-tail all-cargo aircraft. HP's consolidated shipments are loaded at about 6:00 p.m.

At Newark airport, just a few hours after instruments are picked up on the West Coast, plane is unloaded and shipment is broken down for delivery to individual customers.

Eastern airlift *(continued)*



ideas, although the vast amount of details that had to be worked out in advance kept Traffic Manager Rod Ernst skittering around for nearly a year.

Each day, instruments and parts ordered by Eastern customers from all Palo Alto plants are marshalled in three shipping departments. From here they are trucked to the airport to be loaded on a fast Flying Tiger turbo-prop cargo plane to be flown to Los Angeles for pickup of Moseley recorders, and then on to Newark.

At Newark, Flying Tiger personnel break the consolidated shipment down by individual customers and distribute each order via United Parcel Service, parcel post, independent trucking firms, or local air delivery as directed by HP's Palo Alto Traffic Department. The specific method of transporting instruments that last leg of the journey depends on the distance, speed, and cost.

At present the program covers an area bounded by Maine, Western Pennsylvania, and southward to Virginia. Forty percent of the shipments originating at the company's West Coast plants go to 1,500 customers in these 13 states.

Prior to August, transit time between the coasts averaged 14 days by overland carriers. Now the time has been reduced to no more than four days to the furthestmost corner of the Eastern area. Locations close to the metropolitan New York-Newark area receive delivery in as little as one day.

Ernst, working closely with Bud Eldon (systems and operations analysis manager) and Flying Tiger officials, put the program through a dry run last March. The study confirmed that such a system—the first developed by an electronics manufacturer—had many advantages for the customer, the carrier, and the company. Speed is an obvious advantage, and particularly when it costs no more than slower shipping methods. The delivery advantage Eastern competitors may have had, no longer exists. The company also has better control over shipments. It's now possible to pinpoint the hour of delivery and to know in advance the exact cost.

All in all, HP's air consolidation program was one of those ideas that they ran up a flagpole, and it's been flapping happily in the breeze ever since.

During a recent meeting in Palo Alto, Hewlett-Packard board of directors reviewed business operations for 1963 and established corporate goals for 1964.



Sales up in '63; earnings dip

HEWLETT-PACKARD'S TOTAL SALES for the fiscal year ended October 31, 1963, amounted to \$115,930,801, according to final operating figures released to the press on January 7. This represented a 4% increase over 1962 sales of \$110,959,355.

Net earnings totaled \$7,139,950, down 6% from the \$7,588,174 earned in 1962. After payment of preferred dividends, 1963 earnings allocated to common stock were equivalent to 60 cents a share on 11,211,654 shares of common stock outstanding on October 31, compared with 65 cents on a slightly smaller number of shares in 1962.

Detailed financial information on the company's operations is contained in the 1963 annual report. The 20-page report, now being printed, is expected to be mailed to stockholders on January 24.

In his year-end review, President Dave Packard noted that nearly all HP operating divisions and subsidiaries increased their sales and earnings during 1963.

"As we anticipated, however, over-all earnings were affected by the integration into the corporate structure of our newly acquired sales organizations," he said. "Figures for these groups are consolidated into our financial statements for prior years as well as for 1963, thereby providing the most satisfactory basis for comparing operating results."

"The sales firms had substantial earnings in 1962 because they received considerable commission income from com-

panies other than our HP group. In 1963, however, they lost this outside revenue and also incurred heavy expenses of a non-recurring nature in their integration into the corporate organization. These factors reduced our earnings by about 8 cents a share in 1963.

"The transition to direct selling, while it affected our 1963 profit picture, has been highly successful. The sales groups are now an integral part of our total operation and we expect them to add substantially to our earnings beginning in 1964."

In discussing other phases of the company's 1963 operations, Mr. Packard said changes in defense programs and government procurement schedules tended to slow the placement of orders during the first six months.

"However, business picked up considerably during the second half," he said. "Orders for the entire year reached a record level of \$120,705,503, up more than 8% over 1962. At the end of fiscal 1963 our backlog was approximately \$17,000,000, the highest in the history of the company."

Total full-time employment at year end was 6,598, up 5% over 1962. Of this total, approximately 50% were employed in Palo Alto; Colorado accounted for 9%, the sales groups 8%, international 7%, and the remaining 26% by Moseley, Boonton, Sanborn, and Harrison.

The company's annual stockholders meeting will be held at 2 p.m., February 25, at the Stanford plant.

Packard at White House meeting

HP President Dave Packard was among a group of U.S. businessmen recently invited to the White House to discuss various matters pertaining to the nation's economy. The members of The Business Council, were asked by President Johnson for their advice, ideas, and for "a cooperative spirit whose total aim is to move this country forward in all areas."

Following the President's talk, there was informal discussion on the subjects of unemployment, civil rights, and taxes.

The December meeting with President Johnson was Packard's second visit to the White House in less than a year. Last July he was among a group of Business Council members who conferred with the late President Kennedy.

international report: operations in Europe move forward

New "444" accounting machine or tabulator can add, subtract, and multiply internally (10 digits by 10 digits). Curt Edelman (left) is manager of the IBM system for HPSA, and Charles Hartlieb is operator and programmer.



GENEVA Extensive IBM equipment has been installed by Hewlett-Packard S.A. in Geneva to provide vital services for order processing, statistical analysis, and accounting. It produces customer order acknowledgments, invoices, and packing lists. For sales statistics, it yields accurate monthly records of booked orders by country, by instrument and by supplier. And for accounting, it provides information on inventory changes, accounts payable, receivables, and shipments.

Formerly, manual order processing was in operation at Geneva, requiring four to eight people to type orders and shipping releases. It became apparent that an improved system was necessary to keep up with the rapid growth of the business in Europe. Geneva law limits the number of people HPSA can have on the payroll, thus making it necessary to find methods of improving efficiency.

The equipment reduces order acknowledgment time substantially and provides much greater capacity for handling the growing European business. Included is a document writing system, a tabulator, document-originating machine, and an electronic card sorter. The entire system could ultimately be locked-in with Palo Alto; Boeblingen, Germany; and Bedford, England, for semi-automatic order processing.



Ingrid Borzner operates an IBM "836" control unit at Geneva, Switzerland, to prepare punch cards for accounting and statistics.

INTERNATIONAL OPERATIONS VP Bill Doolittle recently awarded 5-year pins to employees in Europe and Canada, marking the first time service citations have been presented outside the U.S. Recipients were: Arnold Stauffer, Switzerland; Lisa Klaus, Canada; Joe de Vos and Fred Schroeder, Germany; Frank Boff, England; Pierre Goemaere, Serge Goemaere, and Gaston Dieryckx, Benelux.

ELECTRONIC MARKETING COMPANY officially changed its name to Hewlett-Packard Benelux on January 1. The subsidiary company handles the sale of HP products in Belgium, Holland, and Luxembourg. Main office is in Brussels, and there is also a branch office in Amsterdam.

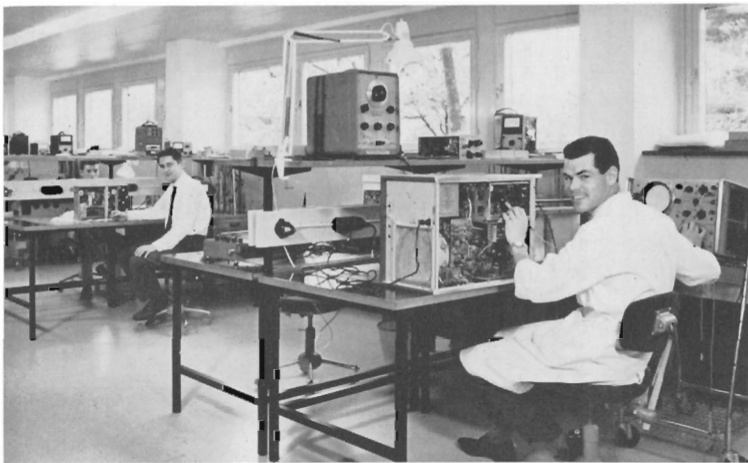
FRANCE On the first day of this new year, Hewlett-Packard France officially went into operation as a subsidiary of HPSA, Geneva. The Paris-based firm has been established to handle sales of the corporation's full line of products throughout France.

With Andre Renard serving as manager, the subsidiary already has a staff of 20 people. HP is not new to France, having been represented there saleswise since 1946 by Sassoon Sopher of Radio Equipments, Paris. Mr. Sopher will continue as a consultant to HP France and is a member of that organization's board of directors.

Prior to joining HP recently, Mr. Renard had been a research scientist in the Aeronautics Division of Philco Corp. at Newport Beach, Calif. He spent some months in Palo Alto, before taking over as head of HP France, to become familiar with various phases of the corporation's activities and its products. The French firm's address is Boulevard Massena 150, Paris.



Andre Renard is manager of HP France, newly formed subsidiary of HPSA.



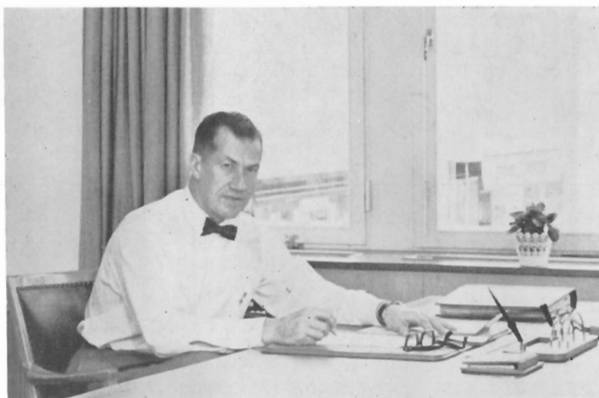
Swedish workshop is well lit and spacious. Service Engineer Tommy Pellarp is shown at left and Walter Schafroth, sales engineer, is at right.

SWEDEN HP Instrument AB has been formed as an affiliate in Sweden to market instruments in that country. Erik Ferner is managing director of the organization which includes a staff of 20 people.

Hewlett-Packard has been represented in Sweden since 1955 by an independent sales organization headed by Mr. Ferner and bearing his name.

The new affiliate's home office building is located in Solna near Stockholm. Approximately 3,800 square feet are used for offices and storage.

Sales engineers include Jan-Erik Lissnils, Gunnar Jonsson, and Walter Schafroth. Gus Romö is service and parts manager.



Erik Ferner, general manager of HP Instrument AB.

HP's new affiliate in Sweden is housed in a large area of this modern building near Stockholm.



around



the circuit

By NOEL E. PORTER, *Vice President, Operations*

NEW MARKETS for existing products and capabilities, and new product areas to broaden our total market.

These are the lines of emphasis for 1964. Although we've stressed these same ideas over the years, they take on added significance in view of the gradual reduction in federal defense and space expenditures.

We went over the \$120 million mark in orders for fiscal 1963, and are targeting an increase to over \$130 million in 1964. We're off to a good start with the highest backlog in our history. The large scope order and the \$1.6 million counter order received in December, coupled with our anticipated normal level of orders, will keep us plenty busy for the next few months.

There was substantial growth and development for all of the HP family during 1963. We are now a divisionalized company with 30 major operating entities. There are 15 engineering-manufacturing operations, three of which are overseas (Germany, England, and the Japanese joint venture). All of these operations are overlaid by a marketing organization of 15 divisions and subsidiaries, providing sales outlets in nearly all the principal cities of the Free World.

Swinging around the circuit, the F&T Division in Palo Alto is in production on the new synthesizer, and the Microwave Division is putting full steam behind the spectrum analyzer program. The Oscilloscope Division is getting under way on its big government contract, and at the same time transferring more of its normal commercial production to Colorado Springs. Dymec is moving along nicely and projecting a substantial growth for 1964. Since HP Associates is rapidly outgrowing its facilities, we are doing preliminary planning to resolve its long-range space requirements.

In Pasadena, Moseley has started construction on a two-story, 30,000-square-foot facility. In Colorado, the Loveland Division is expanding to take on the balance of the audio video instrument production presently being done in F&T.

This is a necessary rearrangement since F&T needs the room for synthesizer and counter production. In Colorado Springs, the new 135,000-square-foot scope plant is on schedule and will be in operation this summer. Incidentally, it looks like the scope people will have a new electronic neighbor in the Springs, as Ampex has decided to put in a branch plant there.

In New Jersey, the Harrison Labs' new 45,000-square-foot facility is nearly complete and they plan to move in during March. Boonton is doing some rearrangement of its plant to make room for the Eastern Service Center. We'll have more to say about this later, but generally the purpose of the Center is to provide Eastern customers with close-to-home, extensive service facilities. It was decided to put this function in the Boonton facility to take advantage of available space and to share various administrative services.

In Massachusetts, the Sanborn operation is in the process of some realignment and reorganization. Particular emphasis is being put on the strengthening of engineering efforts in both the medical and industrial lines.

In Japan, Yokogawa-HP is now in actual production with nearly 200 people on the payroll. Ground has been broken for the new plant, even as we polish off details on the total plant layout. This 60,000-square-foot facility is expected to be completed next fall.

Our international group is projecting a 20 percent increase in sales during 1964. To help handle part of this load, HP GmbH in Boeblingen, Germany, is ready to start a 50,000-square-foot addition to its plant right after the spring thaw. In Bedford, England, HP Ltd. is moving into its other 13,000-square-foot leased building, which had been sub-leased to another firm for the past couple of years.

As reported in the international roundup on another page of this issue, HP France's new sales office in Paris is now open with about 20 employees.

At home and abroad, there is more than enough to keep everyone busy as we get off to a good start in 1964.

LJUBLJANA ELECTRONICS FAIR in Yugoslavia provided opportunity for Belram Electronics to display HP products recently. Belram is the Hewlett-Packard S.A. representative in Yugoslavia. Arnold Stauffer, Geneva, designed many of the demonstration set-ups and was present at the show.



RMC assists Sperry training program

Stu Yellen (far right) explains operation of test instruments during Sperry course.



BEING A SUCCESSFUL HP field engineer requires a variety of talents, not the least of which is being able to clearly explain complex instruments.

Stu Yellen of the RMC Sales Division recently demonstrated his ability along this line when he successfully conducted a half-dozen 1½-hour classes in "Commercial Test Equipment" for a large group of Sperry Gyroscope production employees at Great Neck, N.Y. Yellen was assisted in a pair of the sessions by Boonton Radio's peripatetic applications engineer, Chuck Quinn, who also has mastered the art of making difficult material understandable.

Sperry, in conjunction with the Great Neck Public School System, is currently conducting an "Industrial Technology Training Program" for 250 employees. The test equipment course is one of six major subjects selected to help Sperry technical people keep pace with rapidly changing technologies.

The basic content of the course, as taught by Yellen and Quinn, included details of operation of commercial test equipment with emphasis on applications.

64's major trade shows

TRADE SHOWS and conventions provide HP with opportunities to promote products, exchange ideas, and keep abreast of the important trends. Here are a few events where the company will play prominent roles in 1964 . . .

January 22-25	American Physical Society (APS), New York City
March 23-26	Institute of Electrical & Electronic Engineers (IEEE), New York City
April 13-17	Federation of American Societies for Experimental Biology, Chicago
* August 25-28	Western Electronic Show and Convention (WESCON), Los Angeles
October 12-15	Instrument Society of America (ISA), New York City
October 19-21	National Electronics Conference (NEC), Chicago
November 4-6	Northeastern Electronics Research & Engineering Meeting (NEREM), Boston
Nov. 30-Dec. 3	Atomfair, San Francisco

* Authors planning to have papers considered should submit abstracts and summaries by April 15.

Suppliers get close look at HP



A portion of 250 suppliers who attended "vendors' night" at the Stanford plant are seen during tour with Hank Taylor (right).

THE SHOE WAS on the other foot for 250 vendors who converged on the Stanford plant November 26. Instead of selling and providing service to the company—their usual role—they were “sold to” and served a banquet feast.

Purpose of the unusual gathering, organized by Materials Manager Hank Taylor, was “to let vendors know what we’re doing as a company; to help save their time and ours by informing them about us; and to stress that we want to buy as a ‘single’ company regardless of our many locations.”

The program started at 4 p.m. with plant tours. These were followed by informal conversation between suppliers and the various HP purchasing people they contact most frequently. After dinner in the plant cafeteria, Corporate Purchasing Manager Bob Sundberg welcomed the guests and

introduced the speakers. Noel Porter, vice president, operations, talked on what each division is doing and major developments in other areas of the company. Ralph Lee, manufacturing vice president, spoke on what the company expects from suppliers.

About 35 HP people were present to help with the program which was attended by salesmen representing firms ranging from huge international organizations to local manufacturers and distributors.

Over 50 letters have been received from vendors who were present. One man called the program “an outstanding innovation in supplier-buyer relations.”

Another, an “old-timer” in his field, said: “In my many years as a supplier, I have never before experienced a meeting as unique and rewarding.”

Neely expands to 50th state

THE STATE OF HAWAII will be served by the Neely Sales Division beginning February 1. This represents the first significant territorial change for the Neely organization in more than 15 years.

In the past, the Hawaiian Islands have been handled directly by HP from Palo Alto.

Neely’s territory, in addition to Hawaii, includes California, Arizona, Nevada, New Mexico, and El Paso County, Texas. For the time being, the Islands will be covered by a field engineer working out of the division’s headquarters in North Hollywood. A sales branch probably will be established in Hawaii eventually if business develops as expected.

Hawaii, since achieving statehood, has undertaken a vigorous industrial development campaign.

Robinson installs tie-line service

“FOREIGN EXCHANGE” telephone lines have been put into operation by the Robinson Sales Division, extending from branches at Camp Hill, Pa., and Asbury Park, N.J., and terminating in the switchboard at the main office in West Conshohocken, Pa.

The system enables branch office customers and prospects to be connected with the West Conshohocken office for the price of a local call, and provides them with direct contact with all the departments and services located there.

There are other advantages, too. For example: quicker processing of customer orders; immediate availability of price and delivery information; and more efficient handling of repair problems at lower cost to the customer.



people on the move

HP PALO ALTO

Rod Carlson, project leader, sampling oscilloscopes, Oscilloscope Division—to Microwave Division R&D.

Bob Cornell, corporate finance—to Frequency & Time production section manager.

Del Fillmore, finance department, PAECO—to Oscilloscope Division accounting.

Darwin Howard, Microwave Division R&D—to project leader, sampling oscilloscopes, Oscilloscope Division.

Dan O'Brien, quotation sales engineer, contract sales—to manager, logistics support data, contract sales, Marketing Department.

John Richter, contract administrator, contract sales, Marketing Department—to contract administrator, Oscilloscope Division.

Ed Valencia, Dymec accounting department—to billing supervisor, HP Palo Alto finance.

Ed Winn, corporate marketing—to contract sales, Marketing Department.

HP ASSOCIATES

Wayne Grove, Oscilloscope Division engineering—to R&D applications engineering, HP Associates.

Paul Lufkin, sales engineer, RCA regional sales office, Burlingame, California—to corporate sales liaison engineer, HP Associates.

HP HARRISBURG

Pete Roddy, field engineer, Robinson Sales Division, West Conshohocken office—to field engineer, HP Harrisburg.

DYMEC

Joe Mardesich, Oscilloscope Division accounting—to office and credit manager, Dymec accounting.

SANBORN

David M. Link, manager, sales and contracts administration, General Technology Corporation—to sales engineer, Industrial Sales Division, Sanborn.

HP FRANCE

Pierre Arger, formerly with Societe Anonyme Telecommunications—to field engineer, HP France.

Gilles Bastien, formerly staff engineer, HPSA—to field engineer, HP France.

Kleber Beauvillain, formerly with Radio Equipements, Paris—to field engineer, HP France.

Michel Detienne, formerly with Etablissements Tranchant, Paris—to field engineer, HP France.

Richard Jais, auditor, Arthur Andersen & Co., Paris—to office manager, HP France.

Felex Lazarus, formerly with Cie Francaise Thomson-Houston—to service manager, HP France.

Georges Retornaz, formerly with S.E.E.I., Paris—to field engineer, HP France.

BIVINS & CALDWELL

John J. Dermody, project engineer, General Electric Space Electronics Division, Huntsville, Alabama—to field engineer, Bivins & Caldwell, Inc., Atlanta office.

Measure

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"I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind . . ." LORD KELVIN (1824-1907)



HP SCOPE SCORES AT A BIG GAME

A 175A SCOPE got top billing at a football game November 30 between traditional rivals, the University of Florida and Florida State University. HP people who chanced to be there were surprised and mighty proud to see a picture of the scope staring at them in full color from the cover of thousands of souvenir programs sold to fans. Rather than feature a sports theme, editors of the program took the unusual approach of showing something of academic life at the U. of F. The scene depicts research work in the school's Systems Engineering Laboratory, one of two such labs in the nation. Stiles Sales Division donated two 175A oscilloscopes to the school and later sold two more to the College of Engineering. In addition to serving as important instruments for students and faculty members, putting the scope on the program cover may have brought them luck: University of Florida won the game.