

hp

HEWLETT
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From: John Minck

Date: Oct 5, 1990

To: Dick A.

Re: Another Memo from the Trenches

With all the budget-bashing going on, I guess the last thing you need is a letter from Minck. But these nasty divisional excercises on budget are what leads me to write.

I'll start with the simple common-sense statement I tell all the new non-marketing people I brief here at the division, which is very appropriate guidance for this difficult and austere sales year:

Help Marketing Get Orders
or Get the Hell out of our Way!

So I will paraphrase it for Corporate Staff:

Help Divisions Get Orders
or Get out of our Way

...which speaks to the point of corporate bureaucracy and the auditing mentality which sometimes infects our corporate/division operations. Or another similar message:

Help Divisions Make Profits
or Be Prepared for Dissolution

...which speaks to an attitude problem of assuming that just because some corporate function has been there a while, means it has a God-given right to stay and grow.

Such growth and attitude shows up as higher total costs to divisions. To wit: In Russ Berg's day, literature freight was paid under the corporate tax placed on the divisions. Now we still get the corporate tax, but we also get to pay the specific bill for \$70K for our share of the freight. Literature fulfillments used to be done by Dave Asplund for \$1.35 and now under CIC we get a bill of \$5.50 each. Further, the fulfillment house in Oregon draws down our stock of literature to keep their shelves full. Or we get charged \$1.2K for a training course at the HP Marketing School.

Frankly, (and without knowing any numbers) it appears from my position, HP has done a pretty lousy job of controlling the growth of non-division staff, and expenses. And within those staffs, the urge to create things goes on without apparent control. For example, I was recently sent some publications examples from a printer in Sacramento, who wanted to do some of our SPD literature printing. What they sent were were 3 and 4-color HP INTERNAL newsletters. Whoever controls such budgets ought to get a slap on the hands. I have some argument on the very existance of certain newsletters, but NOTHING internal should be anything but black/white.

1) Why hasn't some Exec-VP sent a message to the corporation that it would

be considered extremely poor management judgement to publish anything internal that is fancier than black/white. Guess how fast people might reconsider whether they want to publish at all? To me such announcements send a strong message that someone besides the divisions are watching spending, in these difficult times. It becomes something visible, and shows management's concern for austerity across the company.

I have even questioned the 4-color decision of the MEASURE newsletter. To no avail. But there must be dozens if not hundreds of newsletters from finance to traffic, each of which should have to justify its existence. And some should probably be cut just for the hell of it, in this year.

No quarrel whatsoever about Customer newsletters. They are vital.

For example, we could really use some of Gallagher's budget to be spent on the Application Note Index to help merchandise our 500 applications and products notes, which is a sales function and would help get orders. The plea is no budget. I understand that, but my suggestion is that you cancel the HP MARKETING REVIEW. I know of few people in the divisions that read it, and I find it a bit arrogant and redundant with many excellent outside pubs available that do equal work.

Personally, I believe that functional meetings such as all T&M marketing managers or marcom managers or lab managers, where we work out real problems, make more sense than funding an expensive HP marketing school, which is pretty theoretical, and taught by outside bus school folks anyway. Young product-managers-to-be learn by watching their managers, just like they always have. Specific training is available outside from AMA and many others, and in my opinion, the interaction of people from other companies has it's own value.

I know some of these marketing assets have your personal stamp on their creation, and perhaps they were needed for a while. But sometimes, such areas take on a life of their own. For example, I wonder if there is a continuing need for the design system function, now that the work is done. There are certainly plenty of other examples across corporate. For example, does anyone anywhere know whether we're getting our money's worth from HPL these days? Or I heard that there is an army of 200 folks working for Edmondson who are working on leveraging of product design techniques, and elements of time-to-market. Trouble is with a lot of that stuff, once you get it worked out centrally, the divisions won't use it anyway.

Don't get me wrong Dick, some things done centrally are magnificent. The HPDESK and communications systems worldwide are world class. And Telnet and order processing and many other systems like accounting and payroll work like gems. And I guess that materials engineering pays their way with better, higher rel and cheaper parts. And the experts of traffic and international trade and customs seem to know what they are doing. But I'd be interested in doing with less lawyers, perhaps less political lobbying staffs.

I believe that when corporate services get too expensive for divisions to afford them, it's time to call those managers to task. For example, we usually shoot our video training tapes without using the HP studio because they are too expensive. I guess we still need Sam Chu Lin but I'll bet we could do without him for a year.

I personally like the following idea for gaging whether corporate services measure up. Make it a rule that every 3 or 4 years, most corporate

managers have to return for at least a year to a profit-making division, or group. Send someone like Alan Seely or Bill Wurst over to run Edmondson's corporate engineering services for a year. Believe me, one of those division managers would soon decide whether those armies of people are doing anything useful to the profit-making part of the corp.

Such a planned program works like the Pentagon. Upcoming officers get rotated often, to taste every part of military life, some staff and some line. And you don't get managers with hardening of the arteries or an attitude problem because they see both sides of staff and line. I believe that we are too far along with professional corporate staff who assume a God-given rightful position.

Well, Dick, this advice is probably worth about what you paid for it, nothing. Some of these things just occur to me in my observations of these many years. I truly believe that we have an HP Culture problem. And nothing works better on cultural interchanges, than changing people.

So, as long as all the other big changes are going on, let's just plug in a few more small ones.

Best of luck to you in all the travails.

HPDesk Local Print for John MINCK

Start of Item 2.

Message.

Dated: 10/10/90 at 1027.

Subject: Your Memo from the Trenches

Sender: Dick ALBERDING / HP0000/00

Contents: 2.

TO: John MINCK / HP0400/08

Part 1.

FROM: Dick ALBERDING / HP0000/00

TO: John MINCK / HP0400/08

Part 2.

Thanks for your inputs. Obviously, age and a few grey hairs (but not many) have not changed your views about Corporate Services. Let me offer a few comments for what they're worth:

- I agree with your "help divisions get orders or get out of the way" statement, assuming it applies in both directions (i.e., divisions have been known to self-inflict pain as they resist teamwork with other activities, the sharing of best practices, and common make-sense procedures, etc. We all live in glass houses, I guess.
- As to the "good old days" of Russ Berg, I don't remember them that way. However, I do agree that literature management/distribution is a challenge, and your understanding could be valuable in making improvements. I'm asking Don Schmickrath and Jan Stambaugh to meet with you ASAP. It's important that the agenda also include the use of AIM as a next-generation tool for solving some of the issues.
- I like your idea of "black and white HP internal publications" to save \$; yet, color is a fact of life today. The key to a newsletter-type publication is to get it read, or it shouldn't be done at all. I believe color plays a role here, but built on good common sense. I'll look into just how far off the mark we are as a company. Another thought - - - now that T/M has its "independence" back (e.g., you are, or will be, producing all of your own publications) let's see if you can practice what you preach.
- Your points about a marketing school are accepted, but not totally digested. Times change, John, and HP must also. On-the-job training from "old timers" only fills part of the need in my mind. Further, we certainly don't want everybody setting up their own school. I do agree we should not be substituting for 3rd Party available courses.
- The HP Marketing Review was cancelled some time ago, even though many felt (probably non-T/M people) that it was valuable.
- The Design System is a living and breathing set of standards and procedures. Related maintenance work is never done. Further, HP now looks like one company for the first time in 25 years, and that's a powerful asset. You're wrong on this one!
- No comment on the "Edmondson army" other than to say that we do have a very serious time-to-market issue as a company. T/M's flat (negative) growth for the last two years supports that statement. Hal's effort is

focused on new tools to fix the problem. As to lawyers, Government Affairs, etc., it appears that our society has made such investments a given part of what it takes to play the game. How do we avoid the issue?

- I like your idea of manager shifts (i.e., Division to Corporate and vice versa). I see advantages in both directions, in that we might get on top of our division-based time-to-market problem, solve our slowing division order rate concerns, etc., while reducing Corporate overhead, as you point out.

Well, the above represents a brief response to your inputs. I'm biased, like most I suppose, but to me we should always try to take the best of all worlds and not simply go "back to the good old days", as you generally imply.

Best regards,

Dick

P.S. I've shared your letter with Don Schmickrath for his follow-up.

End of Item 2.