

FROM: John Minck

DATE: July 7, 1978

TO: Bob Boniface

SUBJECT:

As we get larger and more bureaucratic, I am concerned that we are losing our sensitivity and flexibility to customers. On my trips to the field I've tried to be particularly alert to attitude and organizational impacts on HP's field image to our customers. In continuing talks with customers and instrument field personnel, I get the feeling that rigidity, institutional insensitivity, and regimentation are on the rise.

It suddenly occurred to me recently that many HP people in so many admin support jobs such as designing and installing HP administrative systems, procedures, and financial controls may never have faced a customer head-on (or a field engineer for that matter). I would include in that category a wide range of field finance and admin as well as factory finance and corporate functions. That led me to wonder if there would be some way to reach these non-sales people with a customer-oriented message.

During the last year I tried to do this within SPD by preparing a series of 12 articles for the division newspaper. The message of #1 was that everyone is involved with meeting our customers needs (see the attached).

But I feel that the main message to administrative and finance personnel is that marketing needs help from all areas in recognizing that our central objective is to increase sales. Every opportunity to optimize field engineer selling time and effectiveness should be seized. Every decision made by the support troops should recognize its impact on customers.

Let me give several examples from my last trip:

1. A shipping damage dispute of several hundred dollars involving HP, the shipper, and a good customer had been in contention for 14 months. It was probably one of those typical unclean deals where subsequent action by the customer caused a mixed responsibility.
2. The SODA order status system has eliminated manual kardex files which were very useful to field engineers. If a customer asked how his 436 order was doing, the F.E. could get information quickly. Or if a F.E. wanted to look at combined activity by his customer location, it was on one card.
3. If a customer computer-based ordering procedure has some funnies in it which don't mesh with our order processing system in areas of partials, late shipments, and other unusual steps, the field man spends a lot of time negotiating the compromise, and the customer often still has to conform to our system.

Naturally such comments are typical of field conversations and these were only from one office. I know that front line troops have always complained as a matter of pride and always will. I do myself. But you get a feeling of "us" and "them" that leaves you thinking things could be better.

It's easy to understand how this comes about. Hundreds of new people are hired into functional jobs with little perspective of life on the other side of the room. You develop loyalties to your functional specialty; "bean counters", "foot-loose field folks", "elegant administration system designers", etc. cooperation and understanding do not happen automatically.

But the overall objective is to increase profitable sales. I think we do this by increasing F.E. selling time, by removing obstacles and clearing away harassments. When George Patton told his support troops that his tanks were going to be 50 miles further down the road tomorrow, they knew that he expected the gas and munitions to be right behind them. And the objective was pretty clearly support by everyone on the team.

I realize that costs must be controlled, that computer administrative systems must be installed, and that business must put regulations on itself to meet new Federal laws. But on the other hand, customer orders do pay our salaries and the field engineer is not the enemy.

In fact, I'd like to borrow an idea from John Warmington and propose a broadbased "year of the field engineer" as a company-wide effort to focus attention on positive attitudes and positive support for the front line troops. It would accomplish a minimum of 3 things at once:

1. The field force would understand that we appreciate their efforts and HP people would get an insight into their unique role.
2. HP people would gain a more personal recognition that their paychecks rest on the quicksand foundation of a continuous order flow. And the field support is their only way to assure that flow.
3. It would be an excellent tie-in to an equally important "year of the customer" and a chance for thousands of our new employees to learn that the importance we give to customer needs means more than designing the right product strategy. Every person in the company needs a customer attitude.

This is a pretty rough idea at this point but it did seem timely to consider something like this. I feel it could accomplish a lot. Here's an example of a small effort:

Vince Yaras has a Lexington office Perennial Positive Attitude Award that his anonymous "committee" awards monthly to a support troop who really helps. They get to park in a special reserved parking space at the entrance for a month. It's just another way of getting visibility for positive support.

If some sort of exposure in "Measure" would be part of the program, I'd be happy to contribute.

Just a thought.

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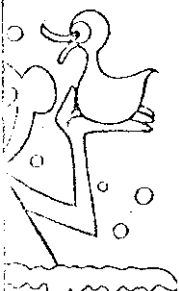
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How our SPD Products are Used

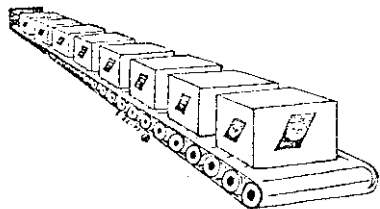
First of a Series

By John Minck
Advertising and Sales Promotion
Manager

1. The Customer Viewpoint

One of the most important things in our lives is our twice-a-month paycheck. The paycheck isn't important in itself, of course, but because it lets us get involved in other important things.

At Hewlett-Packard, as at most manufacturing companies, the one factor that keeps our paychecks flowing is a continuous stream of orders for our products. Orders translate into shipments, and shipments into profits and paychecks. The process works so smoothly under normal circumstances that we tend to forget what makes it all happen. Orders make it happen! In a very real sense, orders make our world go 'round.



Stand at the end of the 4U Packaging roller line sometime as dozens of boxes head for Shipping. Stop to watch hundreds and thousands of parts move through the shops. Take a moment to marvel at the number of trucks and cargo planes our production fills up each day, destined for customers around the world. Only then will you begin to understand our dependence on thousands of orders.

There's a danger in getting hypnotized by this massive flow. It seems almost automatic, and in a way it has to because most of us don't want to be continuously reminded of HP's tremendous production capacity. That's why the company is organized to do all these jobs with increasing efficiency and competence and with a certain amount of routine.

But let's not lose sight of one vital fact: there is a *customer decision* behind every single order. We don't have a right to these orders. We have to earn every single one of them! We earn our orders with quality, reliability, performance and value. In short, we earn orders by delivering measurements which satisfy customer needs.

Who are these customers? Why do they buy HP equipment? Where do these mountains of equipment end up and what are they used for? Is our product line making the world a better place?

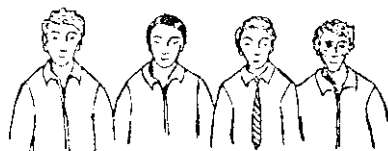
All of these questions deserve answers because the more all of us understand about customer applications, the better we can relate to their needs.

Over the next year or so, we plan to present a series of articles dealing with microwave applications in various market sectors.

For each specific market area, we'll look at the ways our products are used. We'll try to describe certain unique features of various products which customers need and how they fit into a customer's way of doing business. Hopefully this will give us the kind of insight which will prevent us from becoming too complacent or too relaxed—so that we come to expect orders to go on forever without effort on our part.

Our microwave instruments and measurements serve an exciting variety of important applications of microwave technology. They affect our daily lives in positive ways such as in communications systems which deliver Aunt Millie's phone call from New Jersey at decreasing cost; communication and navigation systems which make airline travel safe and fast; microwave ovens to warm up the beans; and mobile FM radio for police, fire and ambulance protection, to list only a few.

It's not too hard to relate personally to our SPD customers. Except for worldwide cultural differences, customers all over the world are just like the rest of us. Indeed, our own lab and



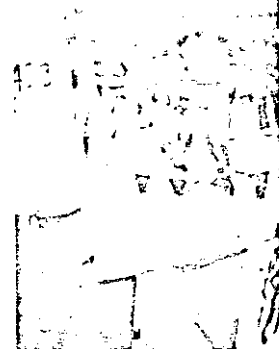
"We're pretty much alike"

production engineers functionally do the same tasks as our customers' engineers. But where SPD makes 50 generators a month of one model, some CB radio makers turn out 20,000 sets per month (and Zenith makes 5,000 TV sets per day!).

Why does a customer buy HP? For many of the same reasons all of us choose a particular car or appliance. We often make a decision to buy based on low price, but on "big ticket" items like a car or house, we more typically consider intangible things like prestige, "quality," reliability, confidence in the seller, good service and maybe even a helpful, concerned salesperson.

HP carries a hard-earned image as the supplier which delivers value year after year. Our customer knows that we'll be here 10 years from now when his instrument needs parts. He knows that even when a competitor publishes identical specifications and perhaps a lower price, by buying HP, he can

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exhausted but exhilarated.

WAY AFTER

20 minutes. "My time was quite slow by comparison" he adds, "but I really wasn't running for time. I just wanted to finish!"

By contrast, the May 15 Bay-to-Breakers race (7.6 miles) was "a picnic," according to Doug. "Whenever you have 10,000 people running, you are bound to look at it as fun rather than a serious race," he says.

The Avenue of the Giants marathon was attended by respected runners from across the country as well as from Canada. Doug explains that the race started on the old U.S. 101 highway, renamed Avenue of the Giants, in the northern part of the state.

KQED Auction Begins May 31

KQED-TV (Channel 9), the Bay Area's public broadcasting station, begins its annual auction on May 31 at 3 p.m. For the following 12 days, a most spectacular display of goods and services will be auctioned off over television. All proceeds go to support the non-commercial TV station which has been using this unique way of raising funds for the past 23 years.

If you don't know how the auction is run, just turn on Channel 9 and watch. You'll soon be caught up in the excitement of bidding and perhaps will end up with some real bargains or unusual items or services.

The auction runs daily from May 31 to June 11 between 3 p.m. and midnight.

SPD Products

Continued from page 1

expect conservative specifications and have confidence in the results.

Our SPD Marketing Department is convinced that HP equipment delivers the best value, though rarely at the lowest cost. That's why we depend on literally every employee to do the best job possible. Even if you're turning out a thousand good bevel gears, the one bad one you make may end up in a signal generator which tests the airline navigational radio on the flight I'm taking next month. That makes my risk a little higher and hurts HP's quality image in a way that's difficult to measure.

Next Month: The Avionics Business.