

# INTERCOM

A newspaper for Memorex people everywhere



Volume 17 Number 3 August 1980

## 'Go For Gold' program advances toward goal

Through June, the Profit Improvement Program (PIP) launched by the former Large Storage Systems Group reached 61 percent of its lofty dollar savings goal. Only 35 percent of the time has elapsed.

Storage Systems Group president James Simpson hosted a luncheon in the Building 14 cafeteria recently to honor "Go For The Gold" individual and function winners for the months of May and June.

The top function for the month of May (that function attaining the highest percent of its goal in the one month) was the Components Manufacturing Division. Components Manufacturing accounted for a savings of \$2.81 million, or 56 percent of its total goal, in one month.

Within that function, a Krugerrand (a one-ounce gold coin) was awarded to Terry Eitner, materials manager in Tucson. Eitner was responsible for \$1.1 million 1980 cost savings and \$1.8 million annual cost savings by reducing the inventory balance and making smart purchasing decisions.

Ben D'Souza, staff engineer, SSG engineering, earned a Krugerrand in May, saving the company \$849,000 in 1980 and \$1.3 million annually. D'Souza designed a new RZ PCB (printed circuit board) assembly for the 3674 Storage Control Unit utilizing one single memory PCB to replace nine previously needed.

In June, the top function was Tape Subsystems, which produced a cost

savings of \$1.34 million, or 134 percent of its total goal in the one month.

The monthly Krugerrand winner within that function was Roy Nakai, manager, tape subsystems engineering. Nakai developed a new method of refurbishing old read/write heads and established a refurbishing vendor. The 1980 costs savings attributed to Nakai total \$106,500 with an annual savings of \$965,580.

Gordon Stoufer, manager, advanced materials planning, manufacturing, was the other June Krugerrand winner. Stoufer saved the company \$5.77 million in 1980 and \$7.03 million annually by improved inventory turns.

The Components Manufacturing Division, headed by Hal Mattice, earned the top honor in the "other profit improvement" portion of PIP in the latest reporting period. The function attained 51 percent of its overall goal during this one report period through excellent sales of printed circuit boards from its Eau Claire, Wisconsin facility.

PIP will continue through December 31. All Krugerrand winners and those employees within functions reaching their assigned goal will be eligible for the "Pot of Gold" grand prize drawing.

Winner of the drawing will receive a trip for two to Dublin, Ireland... plus \$1500. In Dublin, the lucky winner will pick up the "pot of gold" containing six more Krugerrands.



Dick Larsen, left, 1270 staff engineer, points out changes in the new 1270 Model-8 to product manager Mike Vandervoort, right, and Bob Bertram, supervisor of assembly.

## New model-8 highlights 1270's tenth birthday

Ten years ago a new Memorex product was demonstrated to the Equipment Group sales people without their knowing it.

The Memorex 1240 Communications Terminal they were viewing at their National Sales Conference in San Francisco, July 1970, was operated with an engineering model of the new Memorex 1270 Terminal Control Unit (TCU) hooked up to a computer at the Memorex facility in Santa Clara.

The 1270 Terminal Control Unit was not announced to the sales force or the general public until the following day.

This July, almost ten years to the day of that first 1270 demonstration, the Memorex Communications Group shipped the first customer unit in a new line of 1270s, the 1270 Model 8 Terminal Control Unit.

Control units are positioned between the terminals and the computer. Information moves from a terminal over communication lines to the TCU. The control unit then feeds the information to the computer. Data sent back to the terminal from the computer also is routed through the control unit.

The 1270 Terminal Control Unit was developed by Communications Products Corporation (CPC), a Memorex Equipment Group company formed late in 1969.

At that time, Memorex 1240 terminals could be used with IBM control units, but they were limited to their slowest transmission speed, 10 characters per second. This was because IBM used a different transmission code for communicating with terminals at higher speeds.

The 1270 Terminal Control Unit was the breakthrough which allowed Memorex terminals to be used to their full advantage on IBM systems. With the 1270 control unit, Memorex 1240 terminals could operate at all their speeds, from 10 to 60 characters per second.

The 1270 was the first communications front-end TCU capable of recognizing and adapting to different line speeds. Up to 96 lines can be installed in almost any synchronous or asynchronous combination.

As with just about all of the Memorex communications products, the 1270 control unit was designed with built-in flexibility for enhancements to maximize customer value.

continued on page 2

## Memorex announces loss for quarter

Memorex Corporation reported revenues of \$185.7 million for the second quarter of 1980, compared to \$181.3 million for the same period last year, and a net loss of \$21.7 million (\$3.11 per share) compared with a net income of \$10.6 million (\$1.32 per share) for the same 1979 quarter.

More than \$15 million of the loss before tax was special charges and reserves. Operating results were affected by continued high manufacturing costs, start-up costs on new products, reduced volume and profit margins from equipment sales to third-party financing institutions, and a four-week strike at the factory in Liege, Belgium.

The company continues to take action to increase revenues and reduce costs. Unless the current decline in general economic conditions worsens these actions are expected to bring improved performance some time during the second half of 1980. Even so, it is expected that results for the full year will reflect a loss.

Positive factors occurring during the quarter include a number of large new orders, introduction of important new products, and substantial sales and profits of computer media.

In a letter to employees, chairman and chief executive officer C.W. Spangle wrote, "Reporting a loss is not uncommon in corporate history, especially in high technology industries. Most major computer companies have had such experiences.

"The real measures of success," continued Spangle, "are not the quarter-to-quarter fluctuations in earnings, but the underlying fundamentals, which I believe Memorex possesses.

"We have excellent products, an outstanding image in the marketplace, a strong and committed management team, key technical contributors, aggressive sales and distribution organizations in the U.S. and overseas, and excellent people in every part of the business.

"On a personal basis," he continued, "we all need to do better; most of us have been working hard, but we need to work with renewed dedication.

"Cost control and cash conservation are clearly our highest priority objectives. We must improve our quality at every level of production and service. We must meet the commitments we make.

"Each of us must take a careful look at our individual activity and challenge everything that isn't in the long-term best interest of the company.

"It is a time to show confidence in our basic strengths and in each other, a time for extra effort in teamwork, cooperation and communication with each other. Everyone can contribute. Everyone must contribute.

"We have many opportunities. We are reducing costs. We are developing and producing new products. We are opening new markets.

"However, our greatest opportunity is a renewed commitment of every employee to do a better job. As we overcome our present obstacles we will become a better and stronger company than ever before.

"Of course, we must never lose sight of the ultimate measure of success, which is to perform well in the competitive environment," Spangle concluded.



## Earhart named group president

Howard Earhart, previously vice president of operations for the Consumer Products Group, has been named president of that group.

With this appointment, Earhart becomes a corporate vice president and a member of the Memorex Corporate Operating Committee, reporting to president and chief operating officer Charles S. Strauch.

Joining Memorex in 1968 as supervisor of tape coating development, Earhart worked up through a number of management posts, including Precision Plastics Division general manager and Consumer Products Division general manager.

Before joining Memorex, he spent six years with Eastman Kodak working in industrial engineering and development engineering for the company's industrial and consumer film products.