

# INTERCOM

A Newsmagazine for Memorex Employees  
Vol. 11/September, 1974 U.S. Edition



**Memorex Pension Plan . . .  
A Welcome Addition To The  
Employee Benefit Package**

# Revised Lender Agreements In Effect; \$40 Million In Senior Debt Converted To Preferred Stock; Arrangements Provide Improved Cash Flow

Documentation of the revised agreements between Memorex and its senior lenders, which was announced March 30, 1974, has been completed and the agreements are now in force, announced **Robert C. Wilson**, President and Chief Executive Officer.

"Establishment of the revised agreements is a concrete expression of the great confidence extended by our senior lenders, the Bank of America and ILC creditors, in our ability to build the future of Memorex," said Wilson. (ILC Peripherals Leasing Corp. is a wholly-owned subsidiary of Memorex.)

"These arrangements result in an improvement in Memorex's total preferred and common shareholders' equity of \$69.4 million. As of June 30, 1974, Memorex reported a deficit shareholders' equity of \$92.2 million. The arrangements further provide for substantial improvements in Memorex's cash flow," stated Wilson.

According to Wilson, the short-term benefits of the revised agreements are:

- Conversion of \$40 million of senior debt principal to new Memorex preferred stock.

- Reduction of interest on the senior debt to 4 per cent from the previous rate of 7½ per cent, retroactive from July 31, 1973, and continuing at 4 per cent through December 31, 1977. Total interest reduction during this period amounts to \$22.3 million which will be credited to common shareholders' equity. For income reporting purposes, however, Memorex will continue charging interest at an effective rate of 7½ per cent during the above period.
- Conversion of \$7.1 million interest accrued at 4 per cent on senior debt through June 30, 1974, to the new Memorex preferred stock, and
- Reduction of principal payments from \$3 million per month under the old agreements to \$2.25 million per month starting in July 1974. The principal payments as set forth in the revised agreements have been made during the period of loan documentation.

Included among the long-term benefits, President Wilson said, are:

- Extension of a new \$35 million line of credit from the Bank of America to become available as the existing bank loans are reduced at the monthly rate of \$750,000 starting July 1974. The line is available to fund investment in Memorex equipment additions to its lease base.
- Future conversion of \$25 million in senior debt to preferred stock, if requested by Memorex, in the event that \$40 million or more of Memorex's 5½ per cent subordinated debentures are converted to equity prior to December 31, 1977, and
- All interest paid on remaining senior debt through December 31, 1977, may be paid with preferred stock.

"The agreements, by adjusting the debt burden to more manageable proportions, provide us with increased freedom of action and time to rebuild the Company as well as strengthen its immediate financial integrity," said Wilson. "Memorex shareholders, employees and management are appreciative of the confidence and understanding of our senior lenders in shaping these revised agreements."

## Wabash Suit Against Memorex Dismissed

A lawsuit, brought ten months ago by Wabash Tape Corp. of Huntley, Ill., against Memorex and three former Wabash employees employed by Memorex, has been dismissed by the parties in the United States District Court in San Francisco.

The suit against Memorex and its employees, **Roscoe Moore, Donald Neumann and Terry**

**Henning**, had claimed breach of contract and abuse of trade secrets used in making magnetic tape.

A counterclaim by Memorex and its employees against Wabash claiming breach of employment contracts, interference with advantageous business relations and other causes of action has also been dropped.

The dismissal of the Wabash suit and counter-suit involved no payment of money or other consideration, and came after U.S. District Court Judge Robert H. Schnacke had denied Wabash's request for a preliminary injunction and ruled preliminarily that Wabash had failed to show a strong likelihood that Memorex or its employees had acted illegally.

## INTERCOM

Editor: William D. Bellou



### On The Cover:

Robbie Walker, Benefits Specialist, adds a Pension Plan information folder to the employee benefits file in the Industrial Relations Department. The new benefit, which will be offered for the first time to Memorex employees on October 1, is a contributory, voluntary Plan with full vesting rights after 10 years. (See story on page 4.)

Keith Plant To Head New Team

## OEM Division Created For Improved Sales, Growth

As part of its accelerating program to increase sales to Original Equipment Manufacturers, Memorex is establishing an OEM Division to support its long-term commitment to growth in that area.

The new division will be headed by **Keith Plant**, who was formerly OEM Marketing Director. Plant's new organization will incorporate OEM functions of manufacturing, engineering, marketing, product and business planning, and finance and administration.

"Reorganization of our OEM operation will permit us to concentrate our OEM activities

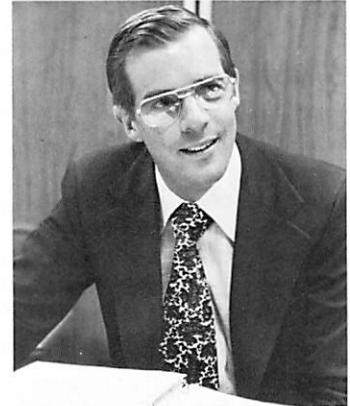


Memorex Disc Files have been very well received by both OEM and end-user customers. Pictured above is a section of the Disc File Manufacturing Operation.

in a single office and to be more responsive to the specialized demands of this market," said **Jack Kramer**, Vice President and General Manager for Equipment Operations.

"The first priority of the manufacturing and engineering programs will be extensions and enhancements to expand the application possibilities of Memorex's series 651 and 652 Flexible Disc Drives, which have been very well received by both OEM and end-user customers," said Kramer. He said Marketing will have the responsibility for all equipment products sold to OEMs. Product and Business Planning and Finance will continue to report directly to their functional groups, however, they will work directly with the OEM Division and participate in all of their programs and decisions.

Plant, who first joined the Company in 1971 as Director of Product Marketing, International Group, will have the following managers reporting to him; **Wayne Lettiere**, Manager of Flexible Disc Manufacturing; **Don Reichel**, Manager of Small Files Electrical Development; **Clarke Carey**, Manager of Small Files Mechanical Development; **Carl Burke**, Manager of Administration; and **William Harry**, Manager of OEM Product and Business



Keith Plant

Planning. The Finance responsibility will be announced at a later date.

Through this new management focus, Memorex will be able to offer increased customizing of OEM products and meet other demanding needs of the OEM marketplace.

## Corporate Secretary Anderson In Semi-Retirement

**Carl Anderson**, who has held the position of Memorex Corporate Secretary since 1964, has entered semi-retirement. Anderson, 65, joined Memorex in 1961 as Controller and has held the positions of Security Officer, Manager of Internal Audit, Administrator of Tax and Insurance, and President of Memorex Foundation, a corporation organized to handle Memorex's Charity Program.

Anderson is now on a three-day work-week and has taken the position of Assistant Corporate Secretary reporting to **Robert Erickson**, Vice President and Corporate Secretary. Anderson will continue to process employee stock options, maintain stock option ledgers, act as custodian of Corporate

Carl Anderson



documents, keep minutes of domestic subsidiaries, maintain officers' payroll, provide information for reports filed with the Security and Exchange Commission (SEC), file IRS forms covering employee stock options, and file compliance reports with transfer agents—a very busy schedule for a man in semi-retirement.

Anderson's social life is just as busy as his work schedule at Memorex. "I believe the way to stay young, both physically and mentally, is to be active in as many different areas as possible," explained the Assistant Corporate Secretary. "In addition to my hobbies of gardening, traveling and regular golfing schedule, I'm also a Certified Public Accountant and prepare tax returns for numerous friends."

"I'm indebted to President **Bob Wilson** and Bob Erickson for allowing me to semi-retire," expressed Anderson. "I enjoy working for Memorex, as I have over the past 13 years, and I'd like to keep this arrangement permanently."

At the 1974 Memorex Annual Shareholders' Meeting, President Wilson expressed his appreciation for Anderson's many contributions and dedication. "Carl has served faithfully, long and well, and I wish him continued well being and express sincere gratitude for his contributions over many years of service."

# Contributory Pension Plan To Be Offered Employees; Plan Represents Significant Benefit Improvement

For the first time in the Company's history, a contributory, voluntary Pension Plan with full vesting rights after 10 years is being instituted on October 1 for all employees in the U.S. and Canada. The Pension Plan is being installed in lieu of the Savings and Investment Plan.

"We believe the Pension Plan more appropriately satisfies the need for a retirement security benefit," said Memorex President **Robert C. Wilson**. "The cost of the Plan is substantial to Memorex, and represents a significant benefit improvement to employees.

"Recent economies effected at Memorex, including renting our administration building and a company-wide drive to reduce overhead, have made it possible to offer a pension benefit for the first time," said the president.

The new Pension Plan, when integrated with Social Security benefits, is designed to provide a qualified retired employee with yearly pension benefits equal to approximately 55 percent of his average highest five consecutive years of income. Memorex pays 78 percent of the cost to fund the Plan; member employee contributions are one percent of basic earnings plus overtime and commissions. The Corporation's and employee contributions are paid into a trust fund.

At age 65, and with at least 10 years service, an employee qualifies to receive his total pension benefit, to be paid monthly. An employee who chooses to retire as early as 55 years, or at any age before 65, may request to receive larger monthly benefit payments until Social Security payments begin. Benefit payments will then be reduced after this date. This feature provides a more uniform total retirement income from both sources.

## Employee Eligibility

Employees eligible to join the Plan are those who work at least 20 hours per week and five months per year, have completed at least one year of continuous service immediately preceding enrollment, and have not attained age 60 when hired. Those choosing to join will sign an enrollment card authorizing a one per cent payroll deduction. Once enrolled in the Pension Plan, members will receive an annual statement showing the accumulated amount of contributions with interest and estimated monthly benefit payments at normal retirement.

An employee who meets these requirements may join the Plan on October 1, 1974. Otherwise, membership begins on the first

day of the month on, or after, which they meet all the requirements. Employees who do not join the Plan when they are first eligible, or who discontinue making contributions and elect to resume making contributions, must wait until the next January 1 before they can become a member or before they can resume contributions.

Employees who had at least one year of continuous service on January 1, 1970, or thereafter until September 30, 1974, and are eligible, will be granted credited service from that date, provided they have enrolled in the original Plan sign up on October 1, 1974. Memorex will fund the Plan for both employees' and the Company's contributions required for this period.

Employee members may not withdraw contributions or interest from the Plan as long as they remain a Memorex employee. However, the employee's money will be refunded if he terminates prior to vesting.

After an employee becomes fully vested (10 years of continuous service) and terminates employment, he may elect either to leave his contributions in the Plan and receive benefit payments at the normal or early retirement date, or he may choose to withdraw his contributions with interest. If an employee withdraws his funds, however, the benefit previously credited will be cancelled.



Jim Pelkey, Corporate Compensation Manager, and Robbie Walker, Benefits Specialist, review plans for instituting the Pension Plan on October 1. Sign-ups begin this month.

Regular benefit payments will be made monthly for as long as the member lives after retirement. If he dies before receiving total payments at least equal to his contributions with interest, the balance will be paid to his beneficiary.

A temporary absence due to illness, accident, military service, layoff, or authorized leave of absence will not be considered termination of service. During this period no contribution to the Plan is required, as temporary absence does not count as credited service.

Pension Plan sign-up is scheduled this month, and enrollment cards will be sent to employees who are eligible. The first Plan year ends December 31, 1974, and each Plan year thereafter begins on January 1.

"The approval of the Pension Plan by our Board of Directors is significant in its demonstration of confidence in the future of Memorex and of appreciation for the continued support of Company employees," said President Wilson. "I urge all employees to give thorough consideration to the Plan, as I believe it to be well-designed and an excellent benefit."

## Estimating Your Monthly Retirement Income At Age 65

LINE 1. Average monthly earnings in highest five consecutive years before retirement	\$ _____
LINE 2. Years of credited service (30 maximum)	Years _____
LINE 3. Multiply line 1 by .015	\$ _____
LINE 4. Multiply line 2 by line 3	\$ _____
LINE 5. Estimate your primary monthly Social Security*	\$ _____
LINE 6. Multiply line 5 by .015	\$ _____
LINE 7. Multiply line 2 by line 6	\$ _____
LINE 8. Subtract line 7 from line 4 to obtain your monthly benefit from the Plan	\$ _____
LINE 9. Enter figure from line 5	\$ _____
LINE 10. Add line 8 and line 9	\$ _____

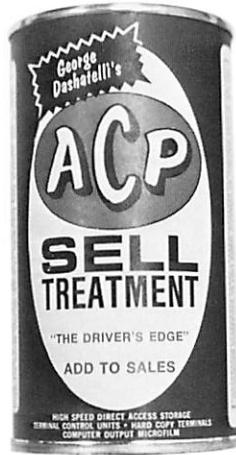
Your monthly income from the Plan  
Your primary Social Security  
Your total retirement income

\*Current Social Security information can be obtained from the Industrial Relations Office or your local Social Security Office.

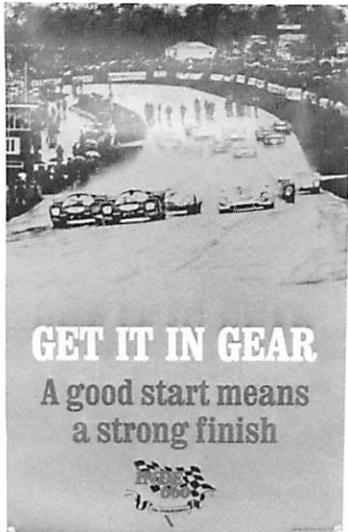
# Sales Incentive Program Launched To Promote Sale And Lease Of 3660 Drives; Salesmen 'Geared-Up'

A special sales incentive program called the "INDE-660" has recently been launched by equipment marketing to promote the sale and lease of Memorex 3660 Disc Drives. The promotion's theme "INDE-660" ties in the elements of the competitive spirit of racing with the Company's existing sales and advertising themes, "It's a new ballgame" and "The Independent."

The "INDE-660" was first announced to all branch sales offices via a motivating video tape featuring **George Dashiell**, Vice President for Equipment Marketing. Dressed in full race uniform, Dashiell emerges from a specially



A can of ACP (attitude, cash and profit) was mailed to the homes of Memorex salesmen to give them "The Driver's Edge."



Colorful racing posters were developed for the promotional program by Memorex's advertising department.

prepared Memorex cube race car, removes his helmet and gloves and announces the new sales program. "I'm a winner," he tells the audience, "because I've got ACP (attitude, cash and profit) in my crankcase."

The program was also kicked-off with a home mailing to salesmen of a paperback book on success motivation, posters and a can of famous ACP. Those qualifying for the race (selling at least one 3660 system) will receive an authentic racing jacket.

The salesman who generates the most revenue exceeding \$200,000 in 3660 sales wins a cash prize and qualifies to enter the race for the grand prize—an all expense paid vacation for two to Mexico City to witness the Pan American Grand Prix.

"Geared-up is the best way to describe the attitude of the sales force," said **Frank Kirchhoff**, Product Marketing Manager.

"They're running hard and exceeding all projections for both lease and sale of the 660's," he said. "Their winning attitudes have prompted the continuation of the campaign throughout the rest of this year's racing season and possibly next year also."

Kirchhoff, who is assigned the responsibility for the worldwide coordination of the 3660 Sales Program, said the campaign is very important to Memorex because there are substantial profits to be made by keeping the units on a high on-rent status. "By exceeding the on-rent plan for 3660's, the Memorex priorities of cash and profit will be enhanced greatly."

George Dashiell, Vice President for Equipment Marketing, introduced the new "INDE-660" Program on video tape after emerging from his specially prepared Memorex cube race car.



Expenses Large Compared To Company's Size

# Phone Usage Campaign 'Conversation Conservation' Being Kicked-Off; Employees Can Liberate \$400,000

Memorex employees are going to have a chance to "liberate" more than \$400,000 within the Company simply by reducing their usage of the telephone for local and long distance calls. Beginning this month, a campaign called "Conversation Conservation" is being kicked-off to communicate to all employees the need for everyone to take a conservative approach to telephone usage at Memorex.

## CONVERSATION CONSERVATION

"Although the 'Conversation Conservation' Program is being presented in a somewhat humorous nature, each of us should take a serious attitude toward reducing telephone expense," said **Greg Plahn**, Telecommunications Manager. "For 1974, the projected domestic expense for telephone service is approximately \$2.8 million."

This year, Memorex will spend \$1,440,000 for long distance calls, \$168,000 for local calls, \$696,000 for telephones and related equipment, and \$96,000 for installation and moving phones. It has been estimated these expenses can be reduced by more than \$400,000.

In-plant calls are made through Centrex, which is paid through a monthly set rate.

Plahn said Memorex's telephone expenses are large in relation to the size of the Company, but he is optimistic about the future. "I believe employees will respond quickly to the reduction campaign, just as they are responding to Memorex's priorities of attitude, cash and profit," he said.



Looking over the art work created for the "Conversation Conservation" Campaign are **Neil Jacobs (l)**, Director of Information Systems, who was instrumental in initiating the reduction program, and **Greg Plahn**, Manager of Telecommunications.

"Employees can assist in the reduction of telephone expenses by questioning the value of calls before we make them," said Plahn. All non-essential conversations should be eliminated, and personal calls kept to a minimum, and never call person-to-person. Because of Wats Lines, cost saving could be effected if long-distance calls were placed other than prime-time periods such as before 8, during lunch and after 2 p.m.

Individual departments can also help by restricting all telephones which do not require outside lines, and by removing unnecessary lines and equipment. This can be done by two-man offices sharing one telephone, low volume users sharing a line with an extension, secretaries sharing a line with a manager or low volume user, and removing convenience equipment.

The average external phone call at Memorex is about six minutes long. If these calls were reduced by 2 minutes, more than \$360,000 could be saved annually. The best ways to reduce call lengths is to pre-plan them. "I want to encourage everyone to remember that every time they pick up a telephone cash is being expended," stated Plahn. "Let's all work to reduce this expenditure."

## Promotions

**Donald Ackles** to Engineering Specialist  
**Alice Boros** to Production Control Clerk B  
**Bob Broderick** to Supervisor—Credit Division  
**John Campbell** to Manager—Technical I  
**John Cox** to Senior Inspector  
**Philip Douglas** to Maintenance Technician I  
**John Franklin, Jr.**, to Inprocess Inspector B  
**Helen Frenay** to Manufacturing Engineer  
Aide I  
**Donald Friss** to National/Major Accounts Manager  
**Richard Goett** to Process Test Technician C  
**Vern Goode** to Manager-Engineering Section

**Malcolm Gray** to Slitter Operator B  
**Richard Hale** to Production Control Analyst  
**Lynn Hegg** to Supervisor-Technician Process  
**James Herman** to Department Technician-Assembly  
**Jerry Jenkins** to Senior Order Administrator  
**James Jones** to Production Center Expeditor/Dispatcher  
**James Kane** to Accounting Associate  
**Chung Kim** to Technician Associate  
**Freddie Leuschner** to Supervisor-Production Control  
**Donald Leverich** to Technician Associate  
**Randal Matthews** to Coating Operator B  
**Dianne Miller** to Order Correspondent A  
**Virgil Monselle** to Department Technician-Fabrication/Test  
**Warren Mullen** to Technician Instructor  
**Joseph Nussbaum** to Director Engineering  
**Jeanne Nyden** to Production Center\* Expeditor/Dispatcher  
**Anita Ordóñez** to Secretary A  
**Sally Palacio** to Production Control Analyst  
**Kathleen Perry** to Order Administrator  
**Evelyn Peterson** to Accounting Specialist B

**Michael Price** to Department Tech Manufacturing  
**Cynthia Pulliam** to Document Coder  
**Delmar Quackenbush** to Manager of Corporate Taxes  
**Sharon Qualle** to Manager Billing  
**Neal Rayborn** to Director of Manufacturing for Consumer Products  
**Marsha Richards** to Plant Services Administrator  
**Penney Richardson** to Credit Correspondent C  
**Dennis Scott** to Supervisor—Credit Division  
**Rowena Shepherd** to Accounting Clerk B  
**Elliott Sidey, Jr.**, to Department Tech Manufacturing  
**Scott Smith** to Maintenance Technician I  
**Gordon Stoufer** to Manager Material Planning  
**Arnold Strate** to Fabrication Group Leader  
**Agnes Sturms** to General Clerk A  
**Gary Suechting** to Manager-Technical I  
**James Swift** to Coating Operator B  
**Diana Takaki** to Executive Secretary  
**William Thompson** to Manager-Technical I  
**Wendall Williams** to Senior Field Support Representative, Flint, Michigan

# COM Program Being Revitalized Due To Increasing Market Demand; Paper Shortage Renews Interest

A sudden resurgence of interest in computer-output-microfilm equipment, due to expensive and dwindling paper supplies, has prompted a marketing revitalization of Memorex's computer-output-microfilm (COM) System which first entered the market in 1969.

The Memorex COM System works on-line with the IBM 360 and 370 computer systems to eliminate most paper required in computer activities. The system not only provides substantial savings by eliminating the need to buy paper, but it also increases computer performance. For instance, the Memorex COM System prints at the rate of about 10,000 lines per minute.

What once may have taken thousands of pages of paper to record may, using a COM System, be stored on a 100-foot cassette tape. Cost savings of using microfilm instead of paper are substantial. For example, a 1,000 page six-part hard copy readout costs approximately \$45. The same information can be stored on microfilm for about \$5. In addition to providing substantial reproduction savings, the COM system allows savings in storage and handling. Film represents about two percent of paper's bulk.

When Memorex first entered the COM Market with its unique on-line, low cost system, it was met with excellent acceptance. In fact, the Company pioneered more than 170 users into their first COM system within a year. However, the market soon fell short of every manufacturer's expectations, and many curtailed or reduced their involvement with COM equipment and began to rely on the sale of other products which had a greater market demand.

"Our marketing program for COM has been turned around 180 degrees," stated **Don Kelley**, Sales Manager for COM. "Most organizations are now looking at COM as an active systems tool rather than just an archival tool," said Kelley. "I think they respect COM more now because of the paper shortages and also because they are more informed about this important computer output media."

## Design Concept of Memorex COM System

The basic design concept behind the Memorex 1600 system was to keep it simple, explained **Joe Werning**, Product Manager for COM. "The system is both hardware and software compatible with the IBM 1403 and 1443 line printers, but is ten

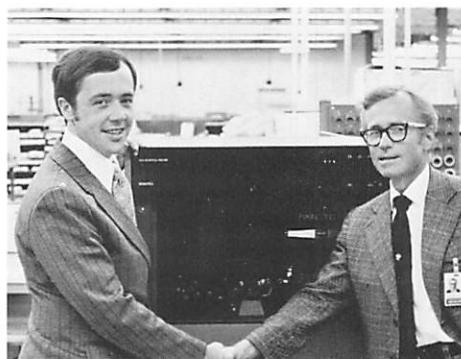
times faster," Werning said. "This total compatibility allows immediate implementation with absolutely no changes. There are several other major advantages such as its low cost, low maintenance, ease of operation similar to a tape drive, and no software changes.

## Memorex Attends National Microfilm Association Convention

Memorex recently attended the National Microfilm Association Convention held in Boston. The Company's appearance at the convention was a surprise to competitors and a number of users alike, because Memorex COM products have not appeared at a trade show in about 3 years. More than 15,000 users and prospective buyers of COM and other microfilm products attended the show, which exemplifies the impact of high paper costs. The Memorex COM System displayed at the show was sold by **Tim Connors**, and was delivered the following week to his customer in Boston.

## COM Seminars Being Held

The San Francisco Branch Office recently held a COM Seminar and was very well received. The presentation included an introduction by San Francisco Branch Manager **Larie Brandner**, and an overview of the COM marketplace by Kelley, a report on COM Supplies and System Costs by **Graham Baxter**, Sales Representative, and a discussion on systems considerations and procedures by **Mike Mann**, Product Support Manager. More than 25 companies sent representatives to the seminar, and because of its great success, many more are being planned by other branch offices throughout the U.S.



**Don Kelley**, National COM Sales Manager (left) and **Joe Werning**, Product Manager for COM, congratulate each other on the successful revitalization of the Memorex COM Program.

## Utility Company Switches to COM, Saves 100,000 Pounds of Paper Monthly

The Orange and Rockland Utilities, Inc., of Spring Valley, New York, is one of hundreds of companies that are switching computer reports from paper to microfilm. The utility, which distributes electricity and natural gas, is conserving more than 100,000 pounds of paper each month with its Memorex COM System.

The utility now stores the equivalent of more than 1.8 million pages of records, two years of billing and accounting records as required by the New York Public Service Commission, in 70 Memorex Microfilm Cassettes.

By contrast, this two-year supply of records, printed on paper, would require approximately 1,080 square feet of floor space when housed in conventional five-drawer filing cabinets. The COM system is in use about 30 hours per month, printing more than 200,000 customer billing records, general accounting records and some engineering data.

## Power Transmission Manufacturer Saves \$2,000 Monthly with COM

An example of the savings realized through COM is its application at the Dodge Division of the Reliance Electric Company, a producer of power transmission equipment.

The company reports that it eliminates approximately \$2,000 monthly in the cost of preprinted paper forms by using COM, and have also freed valuable computer time. The company has been using the Memorex system since 1972 on-line to its system/370-145.

## PAPER vs. MICROFILM (per 1,000 pages)

PART	PAPER	FILM	SAVINGS
1	\$ 5.00	\$ 2.15	\$ 2.85
2	15.00	2.75	12.25
3	20.00	3.30	16.70
4	25.00	3.90	21.10
5	35.00	4.45	30.55
6	45.00	5.00	40.00

This illustration shows the cost savings realized by using microfilm instead of paper printouts. Paper costs have risen about 70 percent since 1971, so it's not surprising that so many data processing users are switching to COM.

# Business And Product Planning Group Works To Keep Memorex Equipment Competitive In The Years Ahead

**Editor's Note:** This is the sixth article in a series on Memorex Organizations and their contributions to the Memorex "team effort."

One of the most challenging and dynamic organizations within Memorex is Business and Product Planning for Equipment Products. This organization has the key responsibility for planning the Company's new equipment products for the next five years.

In addition to looking to the future, the group also monitors the results of the various development programs in comparison to the original plans, and makes necessary modifications in order to react to the rapidly changing conditions of the data processing industry.

The Planning Organization is currently working on programs which impact the 1975-76 time period. These plans are top priority, because they must be formulated this month so that budgeting and forecasting cycles can be established in the fourth quarter of this year, according to **William Warren**, Director of the Planning Organization.

Planning development programs far in advance is essential, because it takes several years to bring a product from its inception to mass production.

"For all functional organizations within the Equipment Group to be able to accurately forecast expense and revenue levels, it is necessary to know what products they will be producing," explained Warren. "Once these

plans are put in motion, we will be concentrating on the detailed engineering programs for the development of products Memorex will sell and market from 1977 to 1980."

For the first time, the planning responsibility of the Organization now reports to **Jack Kramer**, Vice President and General Manager of the Equipment Group. "I believe this increased awareness of the impact the planning group has on the direction of the Corporation will be extremely beneficial."

"There is a great deal of parallel effort within the planning team, as each individual is developing plans for specific products and monitoring them over the entire life-cycle," explained Warren. "Each member of the group knows the importance of teamwork, because each of us works closely with the Marketing, Engineering, Manufacturing and Financial Organizations. In addition, two-way communication is essential to make sure the objectives of each of these groups are served by the product plan."

Product planning responsibilities are distributed among members of the team as follows: **Cliff Gard** manages Storage Products, **Richard LeCour** and **Dennis Palmerston** are responsible for Communication Products, Director **Keith Plant** handles OEM Products in addition to being OEM Divisional Manager, **Russ Schneider** manages New Business Planning along with **Harry Morris**, and **John Navas** is Manager of Lease Base Planning.

Each of these individuals has both technical and marketing oriented backgrounds, which gives them insight into engineering or selling problems that might exist before planning a product.

The challenges to this team are great, but the experience rewarding, said Warren. "It will be our job to begin moving the Equipment Group away from the current dependence it has on the IBM product line structure," he said. "This dependency is one of the greatest problems we face in the Company, so it is essential that we begin to develop diversified products.

"To accomplish this change in direction, it is going to require the coordination and cooperation of all the functional areas such as Engineering, Manufacturing and Marketing," stated Warren. "In addition, it is going to be essential that Planning take into consideration the objectives of each of these organizations and make sure the contributions each of us makes to the planning cycle are clearly and fairly analyzed to have the best product plans possible. Product plans formulated over the next planning cycle will not only have to show an acceptable level of profit, but at the same time, be within the capabilities of the Company.

"I see some fundamental changes taking place over the next several years. For instance, there's a growing requirement for disc storage systems throughout the Data



Katie Eckardt



Cliff Gard



Richard LeCour



Harry Morris



John Navas



Dennis Palmerston



Russ Schneider



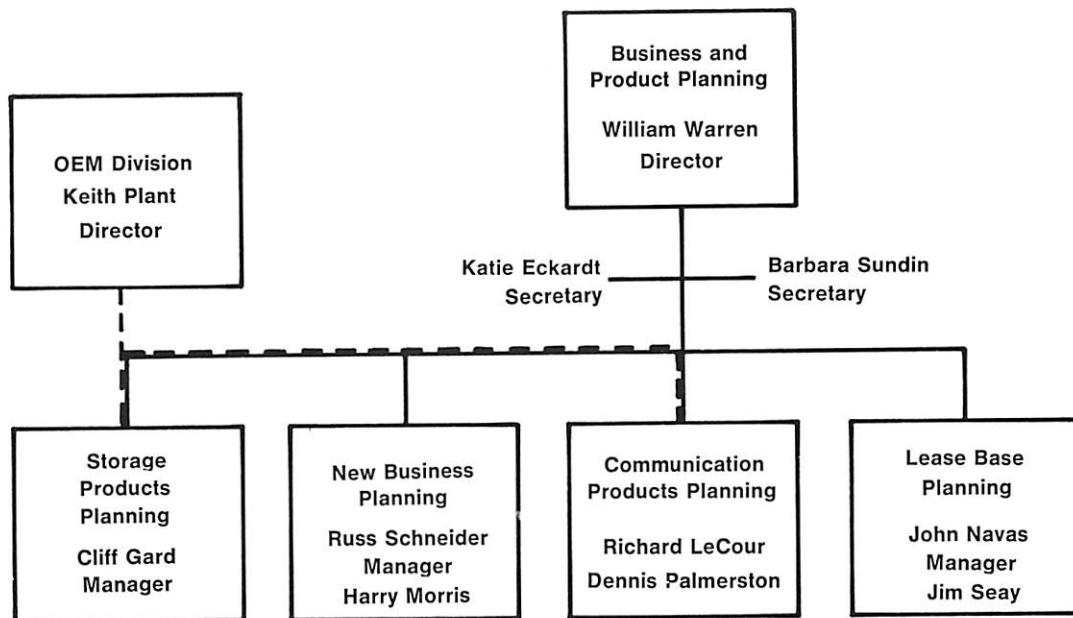
Jim Seay



Barbara Sundin



William Warren



Processing marketplace. There is, of course, the IBM marketplace, and other large computer manufacturers who are looking for vendors to supply them with storage systems. At the same time, many of the small mini-computer and microcomputer manufacturers are looking for business relationships with disc storage companies.

"In addition to these markets, there is another segment I call "Systems Integrators," or customers that buy various parts of Data

Processing equipment such as computers, discs and printers, package them with software applications, and market them to specific subsegments of industry. All of these different market areas are being aggressively pursued, and I think this diversification will be healthy for Memorex.

"We have established Memorex as a leader in the communication marketplace with both terminals and communication controllers. We can now expand these product lines by

moving into more unique and specific application areas.

"We have the unique opportunity to grow the equipment side of the business, and at the same time, reduce our dependency on leasing our products to the End-users of IBM systems as our sole source of revenue. I believe that while these transitions will be difficult for some parts of the Company, they are essential to Memorex's long term growth and profitability."

## Employees Celebrate Anniversaries With Memorex

Seven employees have recently celebrated their 10th anniversary with Memorex. Each was presented an engraved clock and a letter from their vice president in recognition of their accomplishments and contributions to the Company. (Photo 1) Pete Aye (l) Manager of Consolidations and Reporting, receives

the award from Ed Phillippe, Vice President and Controller; (Photo 2) J. Garrett Fitzgibbons (third from left), Vice President and General Manager for Media Operations presented awards to (l to r) Oscar Wittman, Maintenance; Hazel Himan, Test Operator for Video; Nellie West, Media Finishing; Ed

Hanlon, Mix Operator for Consumer Products; and Rebecca Montez, Packaging Operator for Consumer Products. (Photo 3) Eric Kocher (r), Quality Engineer for Equipment Products, accepts the award from E. Douglas Larson, Vice President for Equipment Manufacturing.

Photo 1



Photo 2



Photo 3



# News In Brief

## Sears Appointed President, Ray Rose Named Secretary For Memorex Canada Ltd.

**Barry Sears** has been appointed President and **Raymond Rose** Secretary for Memorex Canada Ltd, Toronto. A graduate of the University of Toronto, Sears joined Memorex in 1970 as Equipment Division Manager and was later named Vice President and Director in January 1972.

Before becoming controller last January, Rose was division controller for the Anglo Canadian Pulp and Paper Mills Ltd. Rose is a Business graduate of York University.



Barry Sears

## Himmler Appointed Director Technology For Tape Media

**Bill Himmler** has been appointed Director of Technology for Tape Media Operations and will be responsible for overseeing and coordinating all high priority technological matters. According to **B. B. Patel**, Director and General Manager for Tape Media Operations, the continued increase in sales and marketing requirements of Memorex products has brought about the need to have concentrated focus and coordination of all technical activities. "Bill will have full authority to cut through all organizational lines to accomplish desired objectives," said Patel.

## Engineers Projecting Costs For 1975 Equipment Products

Cost engineers in Equipment Manufacturing are busy working on the cost estimates of products for 1975. The group is now analyzing total projected costs for the coming year, and these figures will be used by Finance to project the total corporate financial picture.

## Memorex Increases Lease And Maintenance Prices

Memorex has adjusted prices on its equipment product line which will result in an average increase of five per cent to lease and maintenance customers not covered by a fixed price contract. "We have decided to make these adjustments because of substantially increased costs to us," said President **Robert C. Wilson**. Each Memorex customer will be notified by letter at least 90 days before the effective date of any price change affecting his installation.

## Quackenbush Appointed Manager For Corp. Taxes

**Del Quackenbush** has been promoted to Manager of Corporate Taxes, announced **Ed Phillippe**, Vice President and Controller. In his new position, Quackenbush will be responsible for Memorex taxes worldwide. He joined Memorex's tax department in October 1969 after several years of tax work in public accounting. "This is a very significant responsibility which Del assumes and one of major importance to the Company," said Phillippe.



Del Quackenbush

## Cost Reduction System Saves \$1,000 Monthly

The Receiving Inspection Test Area in cooperation with Purchasing, is implementing a system whereby small quantities of defective integrated circuits and transistors that are rejected during the testing process will be collected and returned to the vendor on a monthly basis. Although defectives on a lot basis represents about two percent of the total lot quantity, the cumulative monthly total is valued at more than \$1,000.

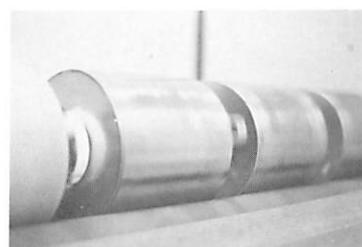
## Steele Named Manager For Terminal Products

**Charles Steele** has been named Manager for Terminal Products, announced **Jack Kramer**, Vice President and General Manager for Equipment Operations. Steele will have the responsibility for engineering, marketing, inventory management, program planning, and implementation for the existing Memorex terminal products. In addition, he will be the interface with manufacturing as it concerns additional products and requirements to support our customers. Prior to this assignment, Steele was Manager for Custom Systems.

Kramer explained that although Memorex has made certain decisions to limit additional production of the existing terminal products, the on-going program is very important. "We have a large, existing lease base from which to expand using equipment either already available, in process of manufacture, or equipment that can be readied for installation by field or factory reconditioning," said Kramer. "We have substantial opportunity to generate significant revenue, cash and profit from this program, and I feel confident that Chuck and his organization will put in place those total programs that will insure our future success in the terminal area."

## New Component Tumbler Reduces Inspection Time And Increases Yields

Through the combined efforts of the Head Manufacturing Department, a substantial cost reduction has been achieved in the Ceramics Component/Slider Assembly area. A special process has been developed for tumbling specific ceramic components, which has reduced inspection requirements from 100 per cent to four per cent. In addition, yields are showing a dramatic increase.



The new component tumbler, developed by Don Faubion and Leonard Harr of Head Manufacturing.

## Field Service Changes Name

To more accurately describe its recent re-organization to a single management control, the Field Service Organization has undergone a name change to Field Engineering. Both the existing field organization and headquarters groups, which includes Technical Support, Education, Spares Operations and Administration, and a newly established function called New Business Development, are now under the leadership of **William Randolph**, Director. The principal objectives of Field Engineering are to create a more logical operating structure, more closely align Field Service within the Marketing Operation, and to operate the Field Service as a business.



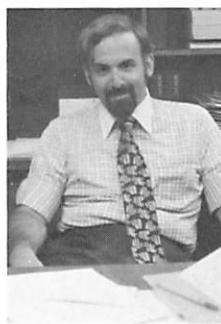
William Randolph

## Schleckser Named Manager Production Planning And Control For Tape Media

**Hank Schleckser** has been named Manager of Production Planning and Control, Tape Media Operations, announced **B. B. Patel**, Director and General Manager. Schleckser's group acts as a communication link between marketing and production for the establishment of factory build schedules, order processing, back-log reporting and accomplishment reporting. The group is also responsible for raw material throughout the manufacturing process, controlling productive resources of the plant, and assures production is consistent with market requirements. "I am pleased to become a part of this strong professional team, and I appreciate their support and the support of other interfacing groups which I have received," said Schleckser.

## Nussbaum To Direct Product Manufacturing Engineering For Tape Media Operations

**Joe Nussbaum** has been appointed Director of Product and Manufacturing Engineering for Tape Media Operations. Nussbaum will be responsible for six engineering groups which support the manufacturing organization by providing technical expertise, by assuring that equipment is maintained properly and by providing increasing production capabilities for manufacturing as a result of market requirements. The engineering groups include mechanical, electronic, industrial, component, project, and chemical. "Our main objective will be to help maximize profits while continuing to support current growth projections," said Nussbaum. He joined Memorex in June of 1966.



Joe Nussbaum

## Orsborn Named New Terminal Control Marketing Manager

**Gordon Orsborn** has been named Product Marketing Manager for the Company's Terminal Control Products, announced **George Dashiell**, Vice President for Equipment Marketing. Orsborn will be responsible for headquarters' support programs, developing sales forecasting and strategies. This position was formerly held by **Frank Kirchhoff**, who has assumed responsibility for the coordination of the 3660 Disc Drive Program worldwide. Orsborn, who joined Memorex in 1969, will report to Dashiell.



Gordon Orsborn

## INTERCOM Discontinues Mailing To Reduce Costs

**INTERCOM** Magazine has discontinued employee home mailings to reduce costs. The monthly magazine will now be distributed via mail stops throughout the Company. Employees are encouraged to inform the mail room, Ext. 7-1961, if they encounter any problems in obtaining copies. Cost savings effected throughout the Company, such as the elimination of mailing costs, will help to bring a quick restoration of Memorex profitability.

## Employees Celebrate Fifth Anniversary With Memorex

The following 33 employees have recently marked their fifth anniversary with Memorex and will receive five year awards in recognition of their contributions to the Company.

Hal Krauter	Claude Drew
Maria Aguero	Felix Donato
Mary Blais	Carol Dwinells
Alice Mazur	Donald Faubion
Gordon Orsborn	Sandra Orsborn
Francis Quijas	Oscar Weller
Kathleen Sotelo	Rogerio Silva
Robert Vidis	Lyle Hamilton
Bertha Flores	Gilbert Montez
Gerald Radvich	Elfriede Satterlee
Casper Fens	Herbert Shaver
Wayne Lettiere	Marilyn Toto
Mary Johnston	Patricia Verrier
George Toldi	Spencer Rott
James Cranny	Erna Guagliardo
Ronald Fredrick	Roy Mercado
	William Montero

## Test Engineering Achieves Substantial Cost Savings

Test Engineering has achieved a substantial cost savings by utilizing a Network Synthesizer for over-the-line testing for Memorex 1270 Controllers. The unit simulates and replaces the Bell Systems Modems and telephone lines and also leased IBM equipment totaling \$27,000 a month. In addition, test time has been reduced from 30 minutes to approximately 6 minutes.

## Phone Power Group Rings In The Media Sales

"Yes, Mr. Howard, that's very true and this is why Memorex can offer you quality assurance with our lifetime warranty on Cubic Tape."

"Can I ship you 20 reels as soon as possible, or 40 reels at the end of the month?"

"All right, Mr. Howard, I'll have this order processed immediately."

"Thank you, and if I can be of further assistance, please don't hesitate to call."

This is a typical conversation by a group of Memorex sales people called Phone Power, who support the field sales force by selling to Media customers throughout the country over the phone.

Phone Power, a unique marketing concept, is a convenient and efficient way to fill the computer media needs of customers, and at the same time maximize the Company's penetration of the computer media market. It's the only service of its kind in the Computer Media Industry.

Barry Carpenter



"There is a lot of business that goes untouched, because it just isn't profitable for field salesmen to pursue it," said **Barry Carpenter**, Manager of Marketing Administration and Phone Power. "This is usually small account business or business located in rural areas." Carpenter explained that it's a matter of marginal utility and return on invested sales time. "The field salesman knows he can generate more revenue with the same expenditure of sales time by concentrating on larger potential accounts located in major metropolitan areas. Phone Power can more economically reach the smaller accounts, thus increasing Memorex's overall revenue, profitability and market share."

Among the many responsibilities of the Phone Power personnel are requirements to locate and qualify new prospects, to determine and develop account needs, to present Memorex products as the best solution to those needs, to make sales, and to provide after sale customer service.



The Phone Power group (l to r): Elaine Durick, Jane Peterson, Claire Piette, Sandy Callahan, Diane Daniels, Lu Otrumbo and Barbara Maez.



Phone Power's Lu Otrumbo sells 150 reels of Computer Tape to a Media Customer located in Sacramento.



Jane Peterson answers a customer's questions about Cubic Computer Tape.

Phone Power personnel are not order takers, but rather competent sales representatives who supplement the field sales effort. Every member of Phone Power has achieved a high level of product knowledge and sales skill, both through formal instruction and on the job experience.

Carpenter said that in many instances selling over the phone is more difficult than selling face-to-face. "Sometimes you can analyze an individual's receptivity to your sales pitch or his mood by just looking at his face. That's impossible on the phone," he said. "You can also use visual aids to help get your sales message across. Phone Power representatives have to be able to communicate concisely and effectively with words only."

Each member of the Phone Power sales team has a specific geographic sales territory, consisting of States and are divided among the sales personnel. States are distributed such that each representative has a territory which encompasses a number of different time zones, allowing the maximization of daily sales call activity.

Carpenter said that although the group had a slow start-up, revenues, gross margins and operating profits are now very good. For the Second Quarter of this year, for example, the group achieved 120 percent of assigned revenue objective.

Not only has Memorex realized the value and benefits of the Phone Power program, but so have the customers. Responses to a recently conducted survey were overwhelmingly favorable. Customers said Phone Power is extremely beneficial, because the new service enabled them to contact representatives immediately and obtain quick response to their needs.