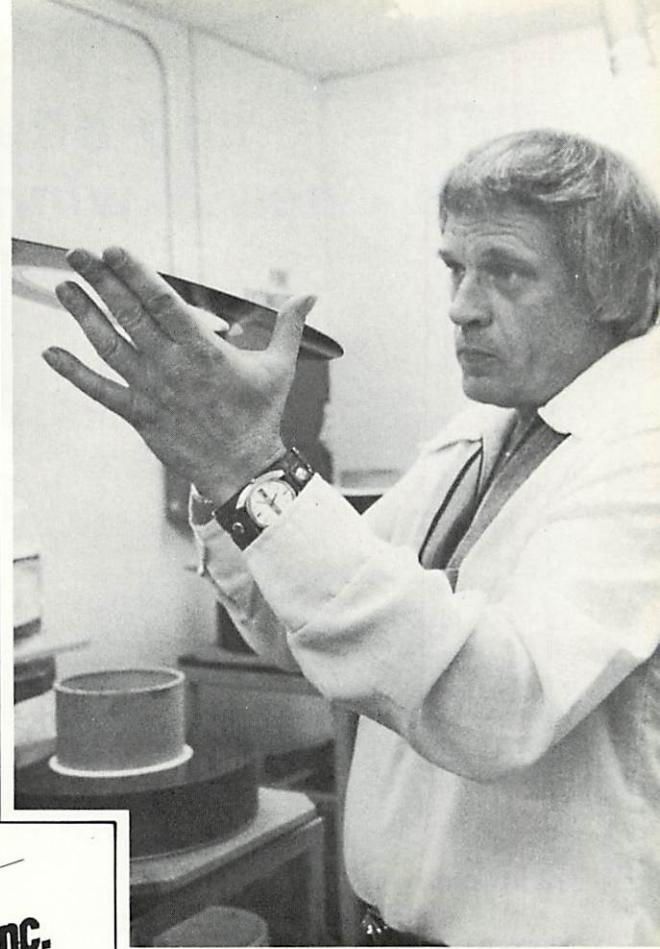
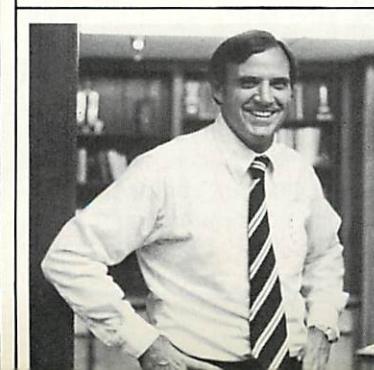
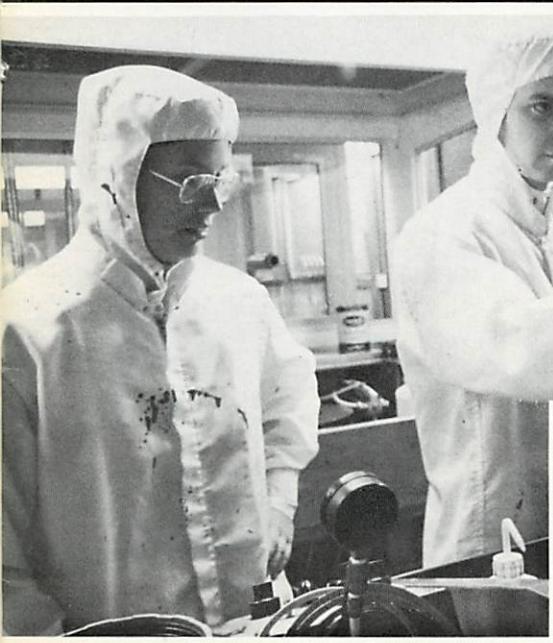


CFI: adding new talent to Memorex ranks

See page 2



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INTERCOM

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A newsmagazine for Memorex
people everywhere

CFI — going after the little ones & winning big



Margie Hernandez does visual inspection on CFI disc.

After a hard day at the office, Bill Lennartz likes to unwind by thinking. Getting in the car for the 50-minute drive from Anaheim to Rolling Hills, California, he slips an eight-track on the tape deck, then lets the ideas flow: trying out problems one way and then another, seeing where a particular set of "what ifs" will lead.

Later, at home, after the family has gone to bed, he may sit in the study for a while and sift through possible scenarios. On a business trip, he'll take a morning just to mull and plan. Or he may head to the beach alone on a weekend with several legal pads and the determination to sort out the options on paper. An optimist, he believes there's a solution to any problem if you think hard enough about it.

That inclination toward creative thought is no doubt partly responsible for the remarkable success of CFI Memories, the Orange County computer media company Lennartz founded eight years ago.

In the short history of the computer industry, there have been lots of bright ideas for making it big — and many companies with talent and promise that died young. Theories abound as to why certain companies make it and others don't.

To Lennartz, the reasons for CFI's

survival and bouncing good health are fairly simple. "We found a niche in the marketplace and a novel strategy. We never considered failure. The only question was what degree of success we would attain."

Along the road to success, CFI weathered financial crises, aggressive competitors, and a disastrous fire. Last year, the young Anaheim company chalked up revenues of nearly \$15 million. Now, as a division of Memorex, "we expect to do even better," says Lennartz. (The merger of CFI into Memorex — as part of the Computer Media Group — was official on April 27.)

What gave CFI a running start and continuing momentum was keen foresight and a sharp focus on one segment of the market. In 1969, Lennartz began looking around for a business opportunity. He was 28 and eager to test his ideas in a new enterprise. He talked at length with colleague Bob Miller, who now heads CFI marketing, and they finally decided there was "a niche that no one else seemed to be covering."

At the time, Lennartz and Miller, both alumni of IBM, were working for a computer leasing company. They knew that minicomputers were going to take off, and they also knew that as the industry grew, there would have

to be a different way of distributing products.

"Until then, all disc pack companies operated with a direct sales force," Lennartz says. "We felt that with an independent rep organization we could save costs and open up a tremendous secondary market in the medium-sized cities — the Rochesters, the Syracuses, the Portlands, the Phoenixes. With more and more small businesses getting computer systems, there would be a growing need for media, but it was too expensive for direct sales people to call on that kind of account. They had to concentrate on the large system user."

From that analysis, Lennartz and Miller moved to establish Computer Financial Incorporated, later named Lencor International, which purchased disc packs from companies such as Memorex and leased them to customers. In 1971, Lencor bought a small disc pack manufacturing firm in Anaheim for \$75,000. And Lencor's computer media operation, CFI Memories, was on its way.

The distributor system that CFI pioneered is now being looked at closely by other companies. "The computer industry is 25 years old and getting too big to rely strictly on manufacturers' sales reps," says

Miller. "It has to expand, as the auto industry did long ago, to other avenues."

Most CFI distributors represent six or seven different manufacturers. "The typical rep may be selling typewriter ribbons, office furniture, business forms, magnetic tape, computer room flooring. What we did was offer another item for his sales kit — disc packs," explains Miller. CFI's 150 distributors (a distributor may be one person or a company) have focused on areas where many big companies haven't put sales reps. "We aren't going after the Fortune 500 companies, but the small outfits. We don't have a single major distributor in Manhattan," says Lennartz, "but we have a sizable share of the Rochester-Syracuse market and the Portland market."

It was this kind of geographical diversity and experience with the small systems business that made CFI "such an important fit for Memorex," in Lennartz's view. "Memorex had made a commitment to expanding its small systems business, so finding a company like CFI was a logical step."

Both Memorex and CFI offer a full range of computer media, but their strengths are different. CFI's forte is the disc cartridge, and the CFI division is now manufacturing all Memorex cartridges; Memorex Santa Clara, on the other hand, is taking over production of data modules and Head Disc Assemblies. The acquisition of CFI has meant a substantial increase in Memorex's disc pack manufacturing capacity.

Although CFI has sold basically the same line as other companies, "we have stood out because of our responsiveness," says Lennartz. "Selling is basically confidence. Before someone gives you an order, he has to have confidence in you. Our customers don't think too long when they're going to re-order a product. In this industry, where a customer can call six competitors if you don't



Barbara Miller

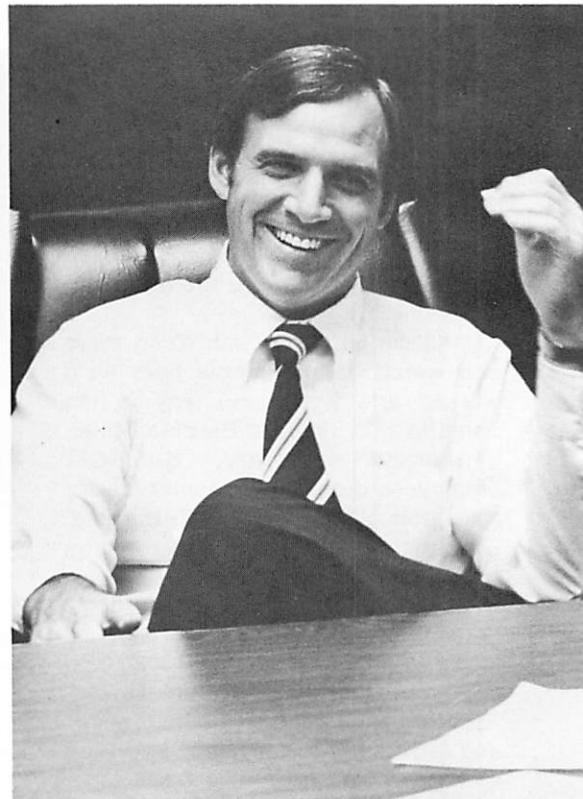
satisfy him, repeat selling is crucial. We have tremendous customer loyalty, and this gives our employees a lot of pride."

CFI's responsiveness is a major reason for the division's solid OEM business. Bruce Colegrave, who heads the CFI-Memorex OEM media sales team from his new office in Santa Clara, likes to compare CFI's approach to that of a custom paint shop. "When you're working with OEMs, you're in a partnership. Their media has to fit into a whole system of disc drive equipment, and if you don't respond precisely, you can cause them to miss their sales objectives. Little CFI has the reputation of going out of its way to meet customer specs."

By 1972, with its own disc pack plant operating and more OEM customers signing on every month, CFI appeared to have a rosy future. In January of '72, monthly sales were about \$100,000; by August, they were averaging \$300,000.

That August 22, Lennartz was driving back to the office in Anaheim after making a presentation at a bank when he noticed smoke 10-15 miles ahead on the freeway. As he got closer, he could tell the fire was near CFI, and he idly wondered where. It wasn't until he pulled off the freeway that he

(continued on page 4)



Bill Lennartz



Bobbi Washington works on a cartridge in CFI's refurbishing area.

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ON THE COVER:

A glimpse of CFI (clockwise from upper right): John Heying, swing shift supervisor for Manufacturing; Steve Bachuss, warehouse supervisor; Bill Lennartz, CFI president; Karol Shaffer, assistant lead in Disc Pack Assembly; Maggie Freeman and Tom Brocher of the Coating Room staff; and (center) a sketch of CFI headquarters in Anaheim, California.

CFI's history— growth, disaster, then triumph

(continued from page 3)

knew; the company he'd poured so much energy into was going up in smoke.

"All we could do was stand there and watch, thinking how hard we'd worked and wondering why it had come to this," recalls Barbara Miller, Lennartz's secretary. But CFI employees didn't have much time for reflection. With the fire still burning, Lennartz called a meeting in a nearby hotel.

"He just started delegating jobs," remembers Bob Miller. "We were all standing there, smoky and wet, and Bill went around the room, saying, 'OK, you take care of the insurance,' and 'You contact the reps,' and 'You arrange to buy products from other companies,' and so on. None of us went home. We just went to work."

By 8 the next morning, a temporary office was set up with two incoming WATS lines, and CFI was taking orders. Less than a week later, a clean room was improvised, and CFI was manufacturing cartridges. Within three months, CFI was shipping products from a brand new plant.

For many companies, that \$1.5 million fire might have been sufficient reason for closing shop, but CFI turned it into a triumph. Lennartz simply says, "We re-built into



Bruce Colegrove



Bob Miller

something much better because of an intense effort by some really great people." From 50 employees at the time of the fire and annualized revenues of \$3.5 million, CFI has grown to 225 employees and revenues of \$15 million (at the end of 1976).

Now, as part of Memorex, CFI has embarked on what Lennartz calls "just another stage in our growth." The integration of the two companies is well under way. CFI has stepped up its purchase of computer tapes, floppy discs, and aluminum substrates from the Santa Clara manufacturing facility. In addition to producing all Memorex cartridges, CFI is supplying single discs to Liege. The Comdata division has become one of CFI's major plastics suppliers, and CFI distributors are gradually adding Memorex products to their sales kits.

Bob Jaunich, Executive Vice President, Media, visited the new division's Anaheim headquarters at the end of June and made a presentation on Memorex to all CFI employees. "We're putting forth a tremendous effort to have a smooth transition," says Lennartz. "The new merged identity should be totally worked out by the end of the year, including such things as the letterhead, the logo, and how the product lines will be differentiated." Lennartz has already ordered a new license plate for his car. Instead of LENCOR, it will read CFI MRX.

Describing his style as a manager, Lennartz says, "I think I have a make-it-happen approach. I can't sit around and wait for things to happen. I see myself as a goal setter and a monitor. I can't coat a disc pack, but I know what the numbers should look like."

Flexibility is another important

Income, revenue break company's second quarter records

The second quarter was the best second quarter in Memorex history, according to results released July 13. Income before extraordinary credit was \$7.8 million, or \$1.29 per share, compared to \$6.0 million, or \$1.04 per share, for the second quarter of 1976. Income before extraordinary credit increased 30 percent. Revenues also were at record levels.

Net income for the second quarter was \$13.0 million, or \$2.17 per share. This includes an extraordinary credit of \$5.2 million, or 88 cents per share, from utilizing tax loss carryforwards. Net income for the comparable period of 1976 was \$9.2 million, or \$1.59 per share, which included an extraordinary credit of \$3.1 million, or 55 cents per share. Net income increased by 42 percent.

Revenue for the second quarter of

1977 totaled \$104.8 million, a gain of 30 percent or \$24.0 million over the 1976 second quarter revenue of \$80.8 million.

While it was the best second quarter ever, net income was slightly lower than that of the first quarter, 1977, down to \$13.0 million from \$13.7 million. "Despite these record results, income would have been higher in the quarter had it not been for the unusually high rate of expenditures made for the benefit of future operations, including new product development and start-up costs," said President Robert C. Wilson. Memorex completed its acquisition of CFI Memories and made substantial investments in the 3650 program and the new Communications Division, among other long-range projects.

"The year is half over," noted Mr.

Wilson in his quarterly letter to employees. "All of our futures programs must be executed efficiently while we perform well on a current basis. The real payoff on many of our programs can commence in the second half."

Cash and temporary investment balances at June 30, 1977, were \$37.6 million compared to \$33.9 million at June 30, 1976. Cash and temporary investments at March 31, 1977, were \$45.5 million. Total debt was reduced by \$5.8 million in the quarter, from \$154.7 million to \$148.9 million.

Total shareholders' equity increased during the second quarter to \$80.9 million from \$62.0 million at the end of the first quarter. The acquisition of CFI (Lencor International) contributed \$5.2 million to this increase. Common shareholders' equity



A disc pack that survived the 1972 fire

value to Lennartz, which is one reason he jogs every day. "Physical fitness really affects your thinking and your personality. When it's time to zig, you've got to be able to zig. When it's time to zag, you have to zag."

CFI will be different, certainly, as a Memorex division from what it was as a separate company, but Lennartz sees most of the changes as being positive. "Memorex is an exciting place to be working. There are so many different styles, so many different kinds of people. We're still going to have our individuality as CFI, but we will be gaining a lot by being part of Memorex."

Barbara Miller shares her boss's optimism about the future of CFI. "When people have been through something like a fire together, when everything's vanished in an afternoon, but you have somehow built it all back up again, you really feel strong. Like nothing can stop you."

improved by \$18.1 million to a positive \$16.5 million from a deficit of \$1.6 million at the end of the first quarter.

For the first six months of the year, income before extraordinary credit was \$16.0 million. This is a 41 percent increase over the comparable 1976 figure of \$11.3 million. Income per share before extraordinary credit increased to \$2.67 per share from \$1.99 per share.

Net income for the first half of 1977 was \$26.6 million, or \$4.51 per share, including an extraordinary credit of \$10.6 million, or \$1.84 per share, from utilizing tax loss carryforwards. Net income increased 46 percent over the comparable 1976 amount.

Revenue for the first half was \$204.9 million compared to \$160.3 million for the first half of 1976. This is an increase of 27 percent.

BST joins Memorex; brings expertise in small systems

Business Systems Technology officially became part of Memorex on July 11. The proposed acquisition of BST was first announced in January and became final when BST shareholders voted to approve the merger last month.

"We are delighted that the Memorex-BST alliance is complete," said James Dobbie, Executive Vice President, Equipment. "BST has a lot to offer us with its experience and reputation in the small systems business, and we really look forward to working with this talented group of people."

BST's 175 employees will be incorporated into the Small Systems Division, with BST founder and president, Del Elder, reporting to General



Del Elder

Relisting on NYSE to be decided soon

Along with the release of second quarter results, Memorex also announced that it would formally apply to relist its common stock on the New York Stock Exchange. As previously reported, the company has held informal discussions on this subject with the Exchange and has now been granted clearance by the Exchange to file an application.

The listing application is subject to review and acceptance by the Exchange. If accepted, Memorex is expected to be listed for trading on the Exchange in September.

Memorex common stock was delisted from the New York Stock Exchange in July, 1973, and traded over-the-counter until it was listed on the Pacific Stock Exchange in July, 1975. Memorex intends to retain its Pacific Stock Exchange listing.

Manager Keith Plant.

Specializing in storage equipment and printers for the small systems market, BST is a manufacturing and marketing operation located in Santa Ana, California. Its product line includes disc drives and controllers, core memories, line printers, and data entry equipment for end-users, primarily small businesses. BST was founded in 1972 and shipped its first product, a core memory, in 1973.

Since then, BST has become one of the world's largest independent suppliers of on-line information storage and retrieval equipment for System/3 computers. Its revenue for the year ending March 31 was \$13,649,000 and its net income after taxes approximately \$719,000.

In a major feature article on BST last November, *Business Week* said that BST's banker, Wells Fargo, considered the young firm "one of the hottest success stories in its portfolio of emerging companies."

Elder, who left Varian Data Machines in 1972 to found BST, says there are many advantages to the merger. "We feel that it will add a lot of depth and growth for us. With the financial and technological backing of Memorex, we will be able to enhance our already strong reputation in the System/3 marketplace. We're very enthusiastic about the acquisition." Elder compared being part of Memorex to "skating on two feet of ice. It gives us more security."

Elder said he also looked forward to the new relationship with neighboring CFI, the Orange County media firm, which officially joined Memorex in April (see story on page 2). "I think you'll see a lot of synergism there. We'll be able to look at each other's customer lists and get helpful referrals."

Since 1974, Memorex and BST have each bought hardware from the other. BST has been a customer for the Memorex 660 disc drive, which it sells under the BST label, and Memorex has been a customer for BST core memories, disc controllers and printers for sale abroad. In addition, Memorex has serviced BST equipment in the U.S. and sold the BST line in Canada.

(An in-depth article on the newest Memorex organization is scheduled for the next issue of *Intercom*.)

Cutler takes helm at CBM; three general managers named

Bringing up profits, developing new products, and completing the expansion of the audio plant are among Ted Cutler's goals as new Vice President and General Manager of the Consumer and Business Media Group.

Formerly General Manager of the Audio Division, Cutler was named to the post in June. He succeeds Bob Jaunich, who was promoted to Executive Vice President, Media, early this year. As Vice President, Cutler will continue to report to Jaunich and will serve on the Corporate Operating Committee.

At the time of Cutler's promotion, three new general managers were also announced for the Media organization. Howard Earhart, formerly General Manager of the Comdata Division in Irvine, is succeeding Cutler as head of Audio; Tony Mauro, formerly Manufacturing Manager for Word Processing in Santa Clara, is replacing Earhart at Comdata; and Jim Ottinger, formerly Director of Corporate Customer Service, is taking over as General Manager for Word Processing.

Cutler will have overall operating responsibility for the company's Audio, Video, and Word Processing Divisions, and he cited his immediate goals for each group in a recent interview. "In Video, we need to improve our performance from a profit standpoint; in Word Processing we want to work on revenue; and in Audio we have to get the expanded plant up to its peak production level."

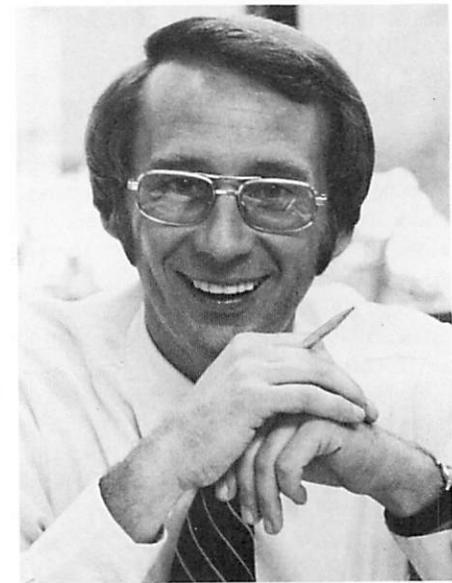
He said that Memorex is working on a home video product, but it isn't the only idea on the drawing board. "We're also developing some items that are a little different from our current line, but compatible with the basic strategy of the group."

Cutler is proud of the accomplishments at Audio during the expansion stage and attributes the division's growth to "tremendous teamwork." He said that when the new coating line and solvent recovery system begin operating, "we should have one of the most efficient audio operations in the business."

The new vice president believes in "rigorous analysis before committing to any major project," but also expressed the willingness to "take calculated risks, so long as the

rewards justify the risks. While we have every reason to be bullish and aggressive, we'll want to be sure our goals are doable."

Cutler came to Memorex in 1974 as Director of Marketing for both Audio and Video. In 1975 he became General Manager of Audio. Before joining Memorex he worked at Clorox, and from 1965 to 1972 he was a brand manager and copy supervisor for Procter and Gamble. He received his B.A. from Dartmouth and an M.B.A. from UC Berkeley.



Howard Earhart

Comdata, CFI head to hills for picnic

Double the crowd, double the fun. That was the idea when Comdata invited Memorex's new media division, CFI, to join in Comdata's annual picnic. The two Orange County groups will be heading to the Santa Ana Mountains on Sunday, August 7, for an all-day celebration at the Flying 'B' Ranch.

About 450 employees and their families are expected at the event, which will include softball and volleyball games, horseshoes, swimming, ping-pong, and a full program for the youngsters. One of the highlights of the day will be the judging of a beard-growing contest. Awards will be given to "varying types, styles, and qualities of beards," said a picnic organizer.



Ted Cutler



Jim Ottinger



Tony Mauro

Tape drive draws interest at NCC booth

Memorex showed off a number of new products at the National Computer Conference in Dallas in June. The company's booth at the NCC was, in the view of Charlie Splaine, Vice President of Sales, "one of the finest exhibits at the NCC — and the best one Memorex has ever had by far."

More than 35,000 persons attended the three-day event, which is the largest computer trade show in the world.

The booth included samples of the company's complete product line, from the 3650, the new large-capacity disc drive for System/370 computers, to audio tapes and word processing supplies.

The 3220, Memorex's first tape subsystem, was in operation and "drew a lot of interest," according to



The NCC booth offered an overview of the entire Memorex line.

Splaine. The 3220 operates at 6250 bpi (bytes per inch) and is a major addition to the company's family of large system computer peripherals. Because of its reliability, speed, and byte density, the 3220 is highly efficient in backing up the most advanced disc drives. "We expect to sell many 3650s and 3220s in combination," said Splaine. "With the 3220, we now have a complete

storage line to offer large systems users."

Along with the tape drive, Memorex introduced SuperReel, an exceptionally strong computer tape reel that Bob Jaunich, Executive Vice President, Media, calls "one of the most important innovations in computer media by Memorex, or anyone else, in recent years." SuperReel is designed

(continued on page 11)

Girl Scouts open new doors through the United Way

It was only natural that 12-year-old Rayna Oakley would want to be a Girl Scout.

She loves the outdoors and camping. And she likes to work toward goals and earn recognition.

Margaret McConnell, 13, joined the Girl Scouts six years ago for pretty much the same reasons.

Rayna, born with Down's Syndrome (formerly called Mongolism), joined the United Way-supported Girl Scout organization last spring when her mother and mothers of other girls enrolled in Rouleau School, a public school for the trainable mentally retarded, asked that a special handicapped troop be formed for their daughters.

Margaret, on the other hand, is involved in her own Girl Scout activities in an East Valley Cadette troop for 7th, 8th, and 9th graders. But every Thursday evening, Margaret



Rayna Oakley and Margaret McConnell

and her sister, Teresa (a senior Girl Scout), join in activities with Rayna and her friends at their regular troop meeting.

Margaret is the daughter of Verna McConnell, Day Shift Supervisor for Memorex Security. Margaret and her sister, Teresa, volunteer their time with Rayna's troop because "these girls are really special," says Margaret. "Working with them is a nice feeling."

Verna McConnell says that her daughters "really enjoy doing this sort of thing." The picture above is appearing on all local United Way posters and brochures. "Of course,

we were thrilled when Margaret was chosen to be a poster girl," says her mother. "And she's so excited we haven't been able to pick her off the ceiling ever since."

Give a fair share; help Memorex set the pace

So you want to do something to help other people but don't know how? Well, giving to United Way is one place to start. And for Memorex Santa Clara employees, this is the week to do it.

Department campaigners will be soliciting contributions through August 5; goal of the week-long effort is \$75,000.

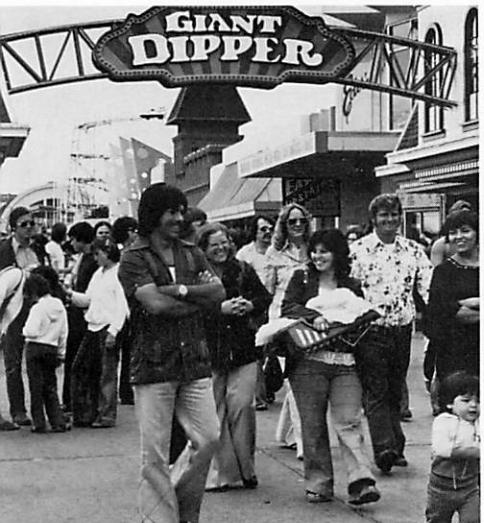
Designated a United Way Pacesetter Company, Memorex is holding its campaign earlier than usual in order to generate momentum for the general campaign in the fall.

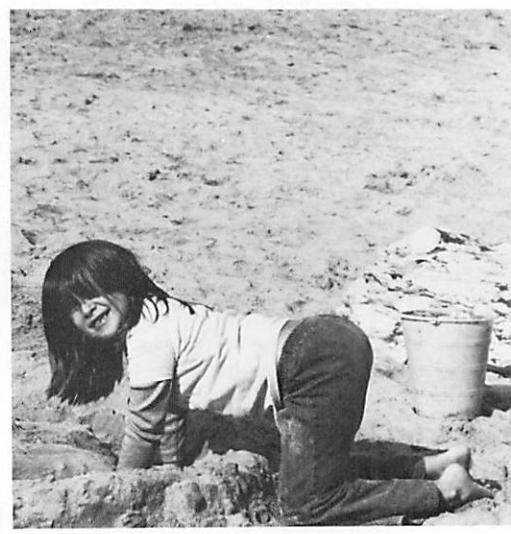
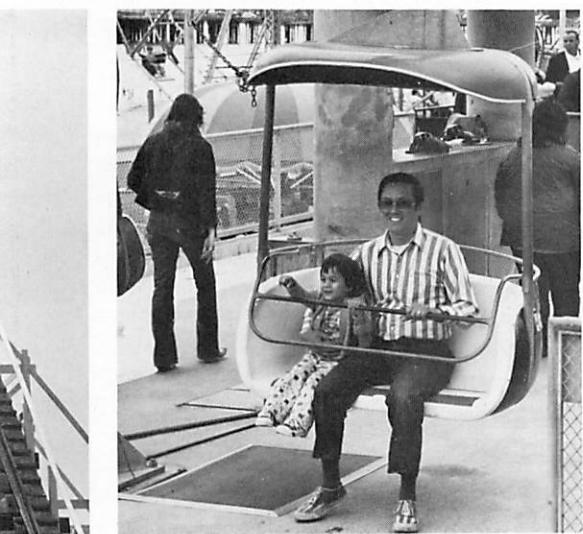
United Way funds help support 85 Santa Clara County agencies, from the Girl Scouts (see story at left) to the Peninsula Center for the Blind and Visually Impaired to the Homemaker Service, which delivers nutritionally balanced meals to ill or elderly people in their homes.

Memorex President Robert C. Wilson is vice chairman of this year's general campaign in Santa Clara County.

PICNIC!

Some 5,000 Santa Clarans flocked across the mountains to Santa Cruz for the annual MAG picnic in June. It was the first time that MAG had held the event at the beach and boardwalk, and it was a popular choice. Employees and their families rode the Big Dipper and the waves, showed off their sand-sculpting finesse and their volleyball spikes, dined on cotton candy and barbecued beef, played the Penny Arcade, and took a spin on the historic merry-go-round. Most of them said they'd do it all again.





MEANWHILE BACK IN EAU CLAIRE

The same day that Santa Clara employees were whooping it up at the beach, employees of Memorex Eau Claire were also celebrating. More than 150 turned out for an old-fashioned picnic by Half Moon Lake in Carson Park. The adults played some spirited volleyball, and the kids—well, there was no stopping them as they hopped and balanced and tumbled to the finish line.





Visitor to the Memorex booth at the NCC checks out the 1377.

Allen: making 1380 'a winner' high priority for new division

"History in data communications is more accurately measured in months than years. To talk about the industry five years ago is meaningless because the changes have been so dramatic," says Dick Allen, Vice President, Engineering.

To Memorex, it was obvious that the fast-growing communications market required greater attention and resources. That's why a separate Communications Division has been formed within EPG. Dick Allen will head the new division as General Manager while temporarily continuing to serve as Vice President, Engineering.

Headquartered in Building 14 in Santa Clara, the new division will be responsible for the marketing, engineering, manufacturing and support of the company's communications controllers, terminals and related software. It will serve

OEM and end-user customers worldwide, with direct sales and service support continuing to be provided by the appropriate Equipment Products and international organizations.

According to Allen, "It's now economical for businesses to process and enter information in remote branch offices. As a result, everybody's buying communications hardware, and manufacturers are having a hard time keeping up with the demand."

To meet this demand, Allen cited several priorities for the new division. "We want to identify and implement features that make our products more suited to our customers' environments," he said. "This means that our line of terminals and controllers will be expanded, and we'll also be offering more extensive software features."

Allen reviewed the status of each

From cartoons to limericks

Safety ideas pay off for four Santa Clara contest winners

A little imagination and creativity paid off for four Santa Clara employees recently, when the results of the company-wide safety poster contest were announced. After judging more than 80 entries the Corporate Safety Council narrowed it down to four winners.

Don Ravey, a Senior Technical analyst in EPG, was the top vote getter, walking away with both the first and fourth place awards, worth \$150 and \$50, respectively. His first place entry consisted of a number of safety limericks, including: "A man from Milpitas got madder/When they told him while using a ladder./'While you're up there in space, have someone hold it in place./'Now he's wiser but sadder." Ravey's fourth place entry was a poster with a baseball player sliding into third and the umpire yelling "Safe!" The caption read, "That's the way to play it."

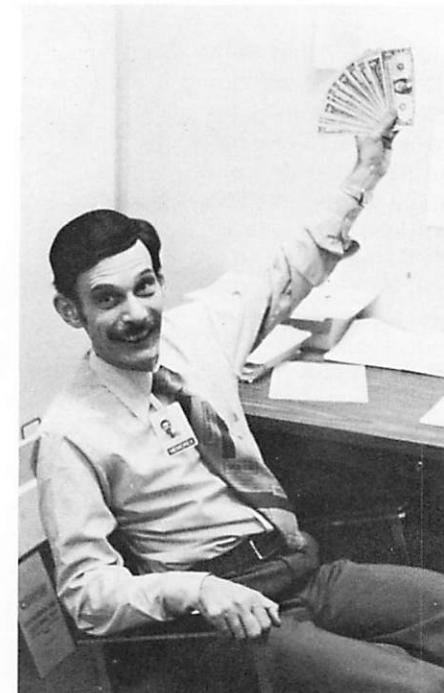
Mike Roberts, Silkscreen Department Technician, took the second place award of \$100 with his poster captioned, "Don't get caught in the dark when it comes to your safety. Help make this year a safe one." The

poster showed white eyes staring out of a solid black background. Third place, worth \$75, went to Bob Mullins, Coating Supervisor in Computer Media, for his slogan, "Have a safe day."

And the fifth place award — well, that is a mystery. There is a \$25 check waiting for someone named Vince, no further identification supplied, who submitted a cartoon in two parts. The first shows a man whizzing along on a hand forklift with the line, "The International Championship Forklift Races will not be held at Memorex this year." The second part shows a speeding couple on the same forklift and reads, "The tandem event is also cancelled." If the elusive Vince can provide proof of authorship, the prize will be presented, according to Gene Gilman, Manager of Corporate Safety and Health Services.

The safety poster contest was the kickoff to the company's divisional safety program which seeks to reduce industrial accidents by 33 percent from last year's record. "There were some excellent ideas in the contest that we plan to use in the future," said Gilman.

So that other employees can see the results, a number of the entries are being displayed in the San Tomas and Tape Plant cafeterias.



Don Ravey holds up a fistful of dollars after winning two cash prizes.

product, beginning with the 1270 Terminal Control Unit, the "mainstay of the Communications Division" and one of the world's most widely used communications controllers. "Major enhancements will extend the 1270's product life so that it continues to contribute to company profits," he said.

According to Allen, building the 1380 Communications Processor into a "real winner" is another top priority for the new division. Several improvements have already been made to the 1380 and were announced during a recent meeting of the division's employees in Santa Clara.

A number of software problems have been resolved, and following an extensive design validation test in the Engineering Development Lab, an improved software package has been released. Bell Canada was the first customer to use the new package, and according to Marcelo Gumucio, Vice President of the Americas and Asia Group, its success has been a great boost to the Canadian sales team.

Calling the 1377 Display Station "one of the biggest success stories in the industry," Allen said that its

reputation will have a positive effect in selling the division's other products. "It's an excellent product for us to gain entry into new accounts," he said, "because it's comparatively low in price, easy to demonstrate and install, and is superior to what the competition has to offer."

The credibility of the 1377 was substantiated by a recent survey conducted by the Datapro Research Corporation and published in *Computerworld*. According to the survey, users rated the 1377 highest in overall performance for all alphanumeric display terminals.

The success of the 1377 is also evidenced by the large number of customer orders. This spring, Missouri-Pacific Railroad, one of the nation's largest, purchased ninety-nine 1377s and cited several reasons for going to Memorex terminals instead of a competitor's, including its light weight, compact size, and cooler operating temperature.

"We intend to experience the same success with our other products as we have with the 1377," said Allen. "That's what the new division is all about."



Larry Sarisky (right) of the Small Systems Division talks about the 552 OEM drive with customer at NCC.

(continued from page 7)

specifically for high-tension 6250-bpi tape drives and features a unique one-piece, I-beam hub construction that greatly reduces the risk of tape damage. SuperReel is being manufactured at the Comdata Division in Irvine.

Other products introduced at the NCC included:

- The 550 flexible disc drive series for OEM customers
- Double-density flexible discs for the 550 line
- The 601, an advanced disc drive for minicomputers (see *Intercom* cover story in May)
- Two semiconductor add-on memories
- A family of disc packs for use with more than 25 different systems, ranging from minicomputers to 300-megabyte drives.

Memorex's 1377 display station (model 4) was also one of the hits of the show.

Splaine rated overall reactions to the booth as "excellent" and said he expected the exhibit to "make our sales job a lot easier in the coming year."

EPG to recognize extra quality effort

Sometimes it seems that the people who work the hardest, who go the extra mile, never get noticed. One way that's being changed is with a new program — a kind of Quality Hall of Fame — being instituted in the Equipment Products Group.

EPG's Quality Assurance organization is starting a monthly campaign to identify and recognize Santa Clara people who have shown outstanding attention to quality in their work. Employees working in all EPG

departments, from customer relations to drafting to assembly to order entry, are eligible for nomination in the program. The only requirement is that their extra effort result in improved quality, "which could mean better product performance, improved customer relations, or better communication," said Bob Erickson, Quality Systems Program Manager for EPG.

Managers and supervisors will nominate outstanding employees each month, and three judges from the QA group will select the five winners. The winners will each receive a pen and pencil set in addition to a certificate acknowledging their accomplishments. Their names will go on a plaque, and their pictures will appear on posters displayed in Santa Clara equipment areas.

Nomination forms and letters explaining the program have gone to EPG Santa Clara managers and supervisors. The first winners will be announced in September.

Come one, come all to Memorex open house!

If your children have ever asked, "What do you do at work all week?" then Saturday, September 17, is your chance to show them. That's the date Memorex Santa Clara will open its doors to employees and their families. The theme of this year's open house is "Creative Excellence on Display." There will be plant tours, product displays, and a number of activities for the youngsters.

STC merger talks off

Storage Technology Corporation terminated the exploratory merger discussions with Memorex on June 30. A week earlier, Memorex had made a formal offer to acquire STC, proposing to exchange .725 shares of its common stock for each share of STC common.

STC, headquartered in Louisville, Colorado (near Boulder), is a manufacturer of computer storage products, primarily tape drives and related controllers. Its revenues in 1976 were \$122 million.

Silk-screening: ancient process gets new look

Santa Clara's Silk Screen Department proves that something doesn't have to be new to fit into today's technologically sophisticated world. It just has to be good. That's certainly true of the 1,500-year-old art of stencil printing, which has evolved into a process with dozens of industrial applications.

The company's silk-screen operation was established in 1969 when an in-house facility was built near the Tape Plant. Today, with a staff of seven, the department stencils the company name on approximately 1.3 million products a year, including toner bottles, video tape reels, flexible disc cartons and computer tape ring labels.

While product stenciling is the department's primary job, its work can be seen in many other applications, from the well-known "Bust Your Glass" T-shirts, to the nameplates outside office doors.

Department technician Mike Roberts is quick to point out several reasons why this ancient printing method continues to be popular. "Not only is it a relatively inexpensive method of getting quality results," he says, "but it allows us to print on almost any surface or material. In silk-screening, the impression is made by forcing ink through a flexible screen. Hard surfaces won't damage the equipment, nor will fragile objects be broken. You can print on everything from glass to steel."

With an in-house shop to do this work, the department has been able to achieve lower costs, better quality control, and a faster turnaround.



Mike Roberts checks the printing quality on a video tape flange.

As in most commercial silk-screen operations, the department uses photography to produce stencils and specially designed machinery for consistent, high-speed printing. The Autoroll, for example, is a silk-screen press capable of printing the company logo on more than 8,000 toner bottles or 2,000 video tape flanges in an eight-hour shift.

Hand screening is still employed for many jobs, however. "It's not economically feasible to do everything by machine," says Roberts. "For small runs or such one-of-a-kind jobs as nameplates, hand screening is the best." Signs, buttons, bumper stickers and T-shirts are all done by hand.

According to Johnson, whether the job is done by machine or hand, the

most critical factor will always be the human element. "Silk-screening isn't something you learn overnight," he says. "It's a complicated process and it takes a lot of work to get good at it. Fortunately, all of our people have either had considerable experience at it, or are eager to learn how to do it right."

As an eight-year veteran in the department, Frances Quijas is one of the oldtimers. For her, silk-screening is more of a hobby than a job. "There are so many things we do in this department that it's impossible to get bored," she says. "Silk-screening involves a variety of fields from photography to graphic arts, and it really keeps you interested."

Supervisor Johnson says, "I've walked around our facilities and noticed a lot of hand-lettered signs that could have been professionally done for a small investment. If you're about to tackle a promotional project for your department, give us a call. There's a good chance we can help."

And here's how it works...

By 500 A.D. stencil printing — laying down images through cut-out designs — was common. In Europe, playing cards and religious pictures began to be printed by this method late in the 15th century and stencils were used in the United States after 1800 for decorating walls, floors, furniture, and other objects.

In the silk-screen process, which is the modern form of stencil printing, ink is forced through a screen onto any surface. This can be done either by hand or by machine.

The printing screen can be silk, nylon, dacron, polyester or steel. This material, stretched taut on a frame, holds the stencil in place during printing.

To make the stencil, the label or design is photographed and the image placed on a special gelatin film. The gelatin is exposed to an ultraviolet light which hardens the areas not protected by the photographic design. The soft, protected areas are then washed away, leaving the open stencil.

Once the stencil has been attached to the screen on the printing press, a squeegee is brought across it, forcing ink through to the printing surface.



The many faces of silk-screen, from posters to nameplates



Edelia Reyes shows her style to husband Ernie and (right) practices combat stance with fellow students.



Korean martial art stresses oneness of mind and body

It's not likely that Tae Kwon Do (tie-kwon-doe) will ever replace baseball as the national pastime, but like many other forms of the martial arts, this Korean style of self-defense has picked up a following in recent years.

"There are still a lot of misconceptions about the martial arts," says Edelia Reyes, one of several Memorex employees who have taken up Tae Kwon Do. "Contrary to what people see in the movies or on television, it's not something you learn to use strictly as a weapon. Rather, it's a philosophy that teaches discipline, self-control, and a high regard for other people."

For Reyes, getting involved in Tae Kwon Do six months ago was inevitable. Her husband, Ernie, is the national AAU (Amateur Athletic Union) lightweight champion in the sport, and has made it his career by teaching it when he's not training for competition. "It takes a lot of patience and understanding to be the wife of a career martial arts person, particularly when he's the instructor," says Reyes. "I had to experience the sport for myself to appreciate and accept his involvement in it." Learning self-defense and staying in shape were also prime motivators for Reyes.

Unlike some styles of the martial arts (there are hundreds), Tae Kwon Do stresses group involvement and places as much emphasis on mental exercise as it does on physical development. It's common to find men, women, and children participating at the same time. "I used to think that I was uncoordinated when it came to sports and became easily discouraged," says Reyes, a sales

administrator for EPG, "but Tae Kwon Do has helped me build confidence in my abilities because you don't have to be the strongest or the best to participate."

Len Perrone, Corporate Tax Manager, has been practicing Tae Kwon Do for two years and believes the sport's ability to build self-confidence is particularly beneficial to youngsters. "I've seen kids come into the studio who were overweight, timid, and generally had a low opinion of themselves," he says. "After participating in the sport for a few months, most of them do a complete turnaround and develop a remarkable maturity."

Like any sport, Tae Kwon Do takes practice to develop the correct techniques and form, and years to become truly proficient at it. Reyes' husband, for example, trained eight hours a day for seven years to become the AAU lightweight champion.

While this kind of religious dedication isn't required to participate in the sport as a hobby, a typical one-hour session at the San Jose studio where Perrone and Reyes train is quite a work-out. Students begin by meditating to "relieve the mind of daily pressures and devote total concentration to the sport."

Balletlike stretching exercises are used to prevent muscle strains or pulls and are followed by a repetitious series of leg kicks and punches directed into the air. Students then pair off into controlled sparring sessions in which fast-moving action helps sharpen reflexes and develop hand and foot coordination. In forms called *katás*, students imagine actual combat and perform intricate com-

bination of movement. The session ends, as it began, by meditating to remember what was learned.

Reyes says, "There are times when I come home from work tired, and I have to push myself to work out. But, like anything that requires strict discipline, when you do it well, the feeling is tremendous."

Testing to resume soon on fire-damaged system

The audio plant's new solvent recovery system, which was damaged by fire last month, is expected to be back in test operation shortly, according to Gene Gilman, Manager of Corporate Safety and Health Services.

The solvent recovery unit was installed in March and had been undergoing tests by its manufacturer prior to acceptance by Memorex. On July 17, during a test, insulation around one of the solvent tanks began to burn. The system, which is at the rear of the audio plant, was shut down and all employees in the area evacuated. There were no injuries, and the fire was extinguished within 20 minutes.

At *Intercom* press-time, the manufacturer was working to pinpoint the difficulty in the system. "Memorex personnel are working with our vendors to bring the unit to an operational state as quickly and as safely as possible," said Gilman.

According to Howard Earhart, General Manager of Audio, the division's new coating line will not be installed until the solvent recovery system is up and running.

Newsmakers

After looking over **Marilyn Stockelman's** job duties, most people would agree that she's a busy person. Aside from her normal work as an Order Administrator for the Cincinnati, Ohio, and Louisville, Kentucky, Branch Offices, Marilyn handles all of the order entry work for Computer Media in Cincinnati, coordinates field engineering dispatch between three groups of Field Engineers and two FE Managers, provides secretarial services for two Regional Managers, pays bills, and handles all other administrative duties which insure the efficient operation of a Branch Office.

But this is only what she does during working hours. The widowed mother of six children, she is involved in numerous community activities, including the Girl Scouts, Cub Scouts, American Red Cross, PTA, and her church. She has also been active in supporting national legislation to benefit the mentally retarded.

It was Marilyn's involvement in

these areas that prompted Parents Without Partners, an international organization with 131,000 members, to name her "International Single Parent of the Year." The award presentation took place in Boston last month at PWP's international convention, with Marilyn's children on hand for the occasion.

Since the word of her election has been out, people from all over the country have written her congratulatory letters, including James Rhodes, the Governor of Ohio, and Vice President Walter Mondale.

What does she think about the hoopla? "I'm surprised and very flattered," she says. "All of this is the result of my firm belief that parents should be involved in their children's activities."

How does she find time to do everything? "I guess I've always been a busy person," she says. "It keeps me out of trouble."

• • •



International Single Parent of the Year Marilyn Stockelman and her family: (back row) Tony, 17, and Nick, 16; (center) Joyce Stockelman Brooks, 20; Mom Marilyn, Chris, 12; (front) Gary Brooks (son-in-law), Schnauzer Hout, and Beverly, 13. Missing from the photo is son Andy, 19.



Jim Dobbie congratulates Manufacturing's day shift on the completion of the first 3650 production unit.

June 30 was just a normal workday for most people in Santa Clara. But if you happened to be one of the employees involved in the 677 (OEM) disc drive shipment, then it was a "give-it-everything-you've-got day."

Giving it everything they had involved meeting a midnight deadline for the largest number of 677s ever shipped during a one-month period.

Early in June, Digital Equipment Corporation ordered 274 of the units with a June 30 shipping commitment. Two weeks later, another company ordered 40 units, contingent upon their being shipped June 30 as well.

"It took a super effort on the part of everyone involved including manufacturing, engineering, and shipping," said **Gary Cramer**, Manager of Shipping for EPG. "There were a lot of 12-hour days involved and we had to borrow some people from other departments to meet the deadline."

When the final day came, the shipping area of Building 10 looked like a clearing-house sale. 677s were lined up throughout the shipping area and overflowing into the manufacturing areas, either going through the final test by engineering, or being specially wrapped and sealed for shipping. But, when the midnight deadline arrived, the last unit had been loaded on the truck, and was already rolling toward its destination.

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When EPG's "Value Engineering" program was initiated last year, the purpose was to solicit ideas that would cut down on manufacturing costs. It was assumed the program would have some effect in reducing costs, but no one knew just how much.

When the results were tabulated

this spring, they had exceeded everyone's expectations. "We hoped to reach the \$1 million mark in savings the first year," said **Wayne Fortino**, who helped judge the ideas for feasibility. "But to our surprise, we hit \$1,037,000 in just eight months." More than 70 percent of the ideas have already been implemented.

The first "Value Engineering" effort was limited to Manufacturing and Field Engineering. Cost-saving suggestions included **Bill Robson's** proposal to change a part on the 3670 series disc drives from copper to zinc; **Billy Waller's** and **Dick Larson's** idea of modifying printed circuit boards in-house rather than in the field; and **Claude Drew's** suggestion of redesigning a machined part on the 3670 so that it could be die-cut. Other contributions came from **Barbara Freel, Adan Kandah, Al Baron, Dennis Smith, Harold Carlson and Don Davis.**

• • •
Last month, EPG and Disc Pack had good reason to celebrate. The first 3650 production unit had rolled out of Manufacturing and into Final Test. To mark the occasion, there was cake and coffee for 1,500 people—all of those in some way involved with the project. **Jim Dobbie**, Executive Vice President, Equipment, addressed the morning get-together, while **Henry Tinker**, Director of Equipment Manufacturing, talked to the swing shift, and **Jim Ferenz**, EPG Production Manager, did the honors for the graveyard shift.

• • •
"Ethel, it's beautiful!" That was the reaction when **Ethel Anderson** appeared in the Consumer Products lunch room June 29, carrying the silver tray she had just received in honor of her 15th anniversary with the company.

The first woman production worker to mark 15 years with Memorex, Ethel is one of the most familiar faces



677s await shipment to customers during record-breaking month.



Ethel Anderson



William Alcock

around the Audio plant. She transferred to Audio from Computer Tape six years ago to assemble cassettes — before there was a Rockford machine. Now she is a Rockford parts sorter and label operator. Of course, the assembly process isn't the only thing Ethel has seen change in her time with the company. She remembers well the first Memorex picnic, when "there were just 50 of us — families and all." (Today, Santa Clara picnics run upwards of 5,000 people.)

At the small celebration in Ethel's honor, Ted Cutler, Vice President of Consumer & Business Media, Ethel's manager, Gary Williams, and Howard Earhart, General Manager of the Audio Division, chatted with her about the old days on Memorex Drive.

• • •
With his first Memorex pension check hot in his hand, **Bill Alcock** announced he was "ready to get cracking" on his third career: that of artist, golfer, and world traveler. Bill's farewell from Computer Media, where he'd spent 10 years on the maintenance staff, marked his second retirement. Before Memorex, Bill put in 25 years with Fairey Aviation of Middlesex, England, in a job which took him to long-term assignments in Japan, Canada, and Indonesia.

Bill, who has already been around the world twice, says he looks forward to a lot more travel next year when his wife retires. For now, he'll be working hard on his oil painting ("I like the good thick stuff") and, when the studio gets tiresome, taking to the golf links.

• • •
Comdata held its first blood drive recently, and 31 employees participated. The Red Cross called it a "very successful first-time effort."

According to **Teri Hutchison** of Industrial Relations, "MAG President **Don Williams** did a dynamite job in organizing the drive. The response was so good, that we're planning another one for the first quarter of next year. We'll probably challenge our new Memorex neighbors in Orange County, CFI and BST, to compete with us."

Five-Year Awards

SANTA CLARA

George Anderson	Randol Lane
John Bannon	Donald Leverich
Warren Chun	Cary Lowe
Gloria Cullumber	Leslie McClane
Daniel Fichera	Luis Morales
Elisa Finular	Mark Noack
Dana Franzwa	Yvonne Olszewski
Mark French	Nadine Pacheco
Arthur Gormly	Janice Pinza
Michael Gutierrez	Larry Pirkle
Thomas Harris	Vigil Pitacco
Jeanette Humphreys	Diane Webb
Dale Humphriss	Joanne Willis

OTHER LOCATIONS

Debora Agron, Kansas City
Kathy Asmussen, Eau Claire
Sharon Baylon, Comdata, Irvine
Grace Besles, CFI, Anaheim
Billy Davis, Washington, D.C.
Kent Digby, Eau Claire
Lois Farnham, CFI, Anaheim
Dolores Hambaugh, Comdata, Irvine
Stephen Heiman, Eau Claire
Donald Jackson, Los Angeles
Robert James III, Washington, D.C.
Dorothy Johnson, Eau Claire
Paulo Malavota, Rio de Janeiro
David McBride, Greensboro, N.C.
Rodney Morissette, Eau Claire
Tavak Ngarmomsup, CFI, Anaheim
Diane Peterson, Eau Claire
William Procop, Cleveland
Richard Ranck, King of Prussia, Pa.
Ronald Smith, Eau Claire
Larry Steward, Eau Claire
Gary Stoné, Eau Claire
Peter Wool, New Jersey
David Zornes, Dayton, Ohio

Survey samples MAG interests

What company activities do you like best? How can we make them better? That was the thrust of a recent survey of Santa Clara employees by the Memorex Activities Group.

According to MAG Coordinator Kathleen Campbell, more than 600 employees answered the survey, which was "designed to determine employee interests for future MAG activities as well as discover areas that need improvement."

The largest single group of employees, 36 percent, listed Family Days, such as those at Marriott's Great America and Roaring Camp, as their main activity interest. Fifty-nine percent expressed interest in the possibility of having a company store, and the first choice for the company picnic was the Santa Cruz Beach and Boardwalk, which is one reason it was held there this year.

In response to the question of whether or not MAG was a worthwhile company benefit, the majority said yes, and typically replied, "I've met a lot of people from other buildings and areas in the company as a result of MAG. I feel that its activities help bring the company together."

Nine decades of service

Nine employees joined the ranks of 10-year veterans recently, with Computer Media again heading the list. Old-timers from Computer Tape were **Bill Proctor**, Manager, Electronic Performance and Engineering; **Peggy Bridges**, Production Scheduler; **Bob Mullins**, Coating Supervisor; and **Mercedes Lopez**, Finishing Operator. Joining them were **Trini Fabela**, an Inprocess Inspector for Flexible Discs, and **Billy Carter** of the Maintenance staff. Representing Consumer & Business Media were **Manuel Reyes**, Slitter Operator for Audio; and two swing shift employees in Video, **Naish Renella**, Process Supervisor, and **Ernest Montiel**, Senior Coating Operator.



Mullins



Proctor



Bridges



Carter



Lopez



Reyes



Renella



Montiel



Fabela

New assignments

The following organizational promotions are in Santa Clara unless otherwise noted. Industrial Relations defines the organizational promotion as "characterized by an immediate, significant change in an individual's assigned job duties."

AMERICAS AND ASIA

Jeff Cabili to Senior Sales Rep

COMPUTER MEDIA

Kathy Cammack to Associate Financial Analyst

Manuel Cota to Supervisor, Production

Randal Garth to Sales Rep II, Cincinnati

Thomas Joseph to Dept. Technician, QA/QC

Leslie Kelly to Telephone Sales Rep, King of Prussia, Pa.

Bert Kelly to Maintenance Technician I

George Lamb to Mechanical Technician C

Nancy Lawson to Supervisor, Production

Tillman Mayberry to Service Coordinator

Patrick Mullen to Manager, Engineering Planning and Control

James Rivas to Coating Operator

Maria Rodriguez to Material Handler

Jaime Torres to Associate Accountant

CONSUMER AND BUSINESS MEDIA

Jessie Finnie to Inprocess Inspector C

Michael Jackson to Dept. Technician, Maintenance

Jeanette Sires to Inprocess Inspector C

Freddie Smith to Dept. Technician, Assembly

Douglas Snyder to Dept. Technician, Maintenance

CORPORATE

Sandra Boothe to Relocation Administrator

Lesley Quigley to Executive Secretary

Sheila Schaeffer to Associate Accountant

Nancy Washburn to Secretary to the President

EQUIPMENT

William Allcorn to Packaging Specialist

John Beck to Manager, Head Assembly

Georgia Bringino to Associate Accountant

James Capote to Material Handler

Chris Cellini to Product Tester

Fay Chong Jr. to Senior Staff Engineer

Fred Clay to Spare Parts Planner

Clayton Davis to Territory Supervisor, Greensboro, N.C.

Nancy Donnelly to Product Test Technician

John DeLasaux to Manager, QA, Small Systems Div.

Thomas Eckles to Staff Engineer

Bonnie Freezy to Manager, Accounting, Eau Claire

Joan Harry to Manufacturing Dispatcher

Rog Holder to Field Support Engineer, New York

Yvonne Krieger to Sales Administrator II

Linda Leffel to Sales Administrator II

John Lewandowsky to Field Support Engineer, Dallas

Kenneth Masco to Branch Manager, Field Service, Philadelphia

Curtis McCrary to Branch Manager, Field Service, Washington

Craig McGowen to Sr. Production Control Clerk

Lisa Mints to Sr. Production Control Clerk

Rebecca Montez to Receiving Inspector C

Jorge Moreloszaraogoza to Mgr., Field Support, Los Angeles

Cyril Motichka to Technical Instructor, Denver

Dennis Moynahan to Manager, 3650 Drive Program

Quy Nguyen to Material Planner

David Reynders to Technical Instructor, Philadelphia

Edna Scarr to Inprocess Inspector B

Sedro Soares to Order Correspondent A

Bruce Stamps to Financial Analyst

Harriet Tomaszewski to Receiving Inspector B

Rita Veitch to Supervisor, Equipment Mfg., Eau Claire

Daniel Weber to Regional Systems Engineering Manager, Chicago