MEMOREX CORPORATION ANNUAL MANAGEMENT MEETING SILVERADO 1978

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THE WIDELY HELD VIEW OF QUALITY ASSURANCE IS THAT IT REPRESENTS THE CONSCIENCE OF THE COMPANY, BUT. QUALITY ASSURANCE IN THE LARGE STORAGE SYSTEMS GROUP IS MUCH MORE THAN THAT. IT'S A MAJOR FORCE!! THE CONSCIENCE ASPECT OF QUALITY ASSURANCE IS LIKE THAT OF FINANCE. FINANCE MEASURES FINANCIAL RESULTS. QUALITY ASSURANCE MEASURES QUALITY RESULTS.

BUT RESULTS DON'T JUST HAPPEN. THEY MUST BE EARNED AMD THE KEY TO ACHIEVING QUALITY IS BEST EXPRESSED BY WHAT I CALL THE QUALITY EQUATION:

- QUALITY IS DESIGNED IN.
- BUILT IN,
- AND FROM THE CUSTOMER POINT OF VIEW, SERVICED INTO OUR PRODUCTS

CONTRARY TO POPULAR BELIEF, QUALITY IS NOT A PRODUCT OF THE QUALITY ASSURANCE GROUP, IT IS A PRODUCT OF TEAMWORK.

IN THE LARGE STOAGE SYSTEMS GROUP, QUALITY ASSURANCE IS A MAJOR CONTRIBUTING FORCE. LET'S LOOK AT THOSE CONTRIBUTIONS IN 1977:

1977 SAW A VERITABLE EXPLOSION IN THE NUMBER OF NEW PRODUCTS AND THE MANUFACTURING TEST SYSTEMS NECESSARY FOR THEIR PRODUCTION. OVER ONE HUNDRED NEW PIECES OF TEST EQUIPMENT WERE INTRODUCED INTO THE FACTORY LAST YEAR - MORE THAN ANY OTHER YEAR IN MEMOREX'S HISTORY.

THE MOST DRAMATIC ACHIEVEMENT OF 1977 WAS A QUANTUM JUMP IN OUR AUTOMATED PCB TEST TECHNOLOGY. THIS WAS ACHIEVED THROUGH THE DEVELOPMENT OF THE MOST ADVANCED TEST SYSTEM IN THE INDUSTRY. A NEW TECHNOLOGY WHICH CAN PRODUCE ENHANCED PRODUCT RELIABILITY AND GREATER PROFITABILITY - A TRULY OUTSTANDING ACCOMPLISHMENT.

THE FUTURE OF AUTOMATED TEST TECHNOLOGY PROMISES GREAT ADVANCEMENTS - PUTTING JUST ON THE HORIZON EVEN GREATER OPPORTUNITIES FOR SUPERIOR QUALITY AT YET LOWER COSTS. WE ARE A FORCE IN THIS EVOLUTION.

LET'S LOOK AT A FEW CREATIONS BROUGHT INTO EXISTENCE LAST YEAR BY THIS FORCE:

## **PAUSE**

PRODUCT INTEGRITY REQUIRES A TOTAL SYSTEM OF CHECKS AND BALANCES FROM PRODUCT CONCEPTION TO CUSTOMER INSTALLATION AND BEYOND. IN ONLY THIS WAY CAN A COMPANY PROVIDE A CONSISTENTLY SUPERIOR PRODUCT.

OUR QUALITY SYSTEM IS CROSS FUNCTIONAL WITH CONTROLS IN ALL AREAS OF PROCUREMENT MANUFACTURE AND CUSTOMER SERVICE IN THIS WAY WE MAINTAIN A DYNAMIC SYSTEM OF INFORMATION FEEDBACK TO RAPIDLY IDENTIFY AND CORRECT PRODUCT DEFICIENCIES.

OVER 75% OF OUR PRODUCT COST IS IN JUST THE MATERIALS USED IN ITS MANUFACTURE. THE QUALITY OF THIS MATERIAL IS AN ESSENTIAL INGREDIENT IN ACHIEVING PRODUCT INTEGRITY.

THE QUALITY ASSURANCE ORGANIZATION IS THE FIRST LINE OF DEFENSE AGAINST DEFECTIVE MATERIALS. ALL VENDORS MUST BE CERTIFIED AND ALL MATERIALS MUST BE VERIFIED AND CHECKED BY OUR RECEIVING INSPECTION DEPARTMENT. IN ADDITION, VENDOR PERFORMANCE IS MONITORED WITH WHAT WE CALL THE "VENDOR REPORT CARD" AND WHEN A VENDOR'S PERFORMANCE FALLS BELOW OUR DEMANDING STANDARDS, IMMEDIATE CORRECTIVE ACTION IS TAKEN.

WE HAVE DEVELOPED THE MOST COMPREHENSIVE QUALITY SYSTEM IN OUR

INDUSTRY - THIS BACKED BY A SUPERIOR STAFF OF PROFESSIONALS HAS RESULTED IN PRODUCTS WHICH ARE TODAY'S STANDARD OF VALUE IN OUR MARKETPLACE.

THAT TUNE IS FROM THE SONG DAY BY DAY. A THEME WHICH VERY APTLY PORTRAYS THE BASIS FOR QUALITY SUCCESS. THAT IS, DAY BY DAY CARE AND ATTENTION BY EVERYBODY IN THE ORGANIZATION EVERYWHERE. IN ONLY THIS WAY CAN QUALITY BE ACHIEVED CONSISTENTLY.

QUALITY IS A LOT LIKE RELIGION AND IN 1977 WE SPREAD THE WORD WITH A NUMBER OF QUALITY AWARENESS PROGRAMS. THE MOST EFFECTIVE WAS THE "QUALITY PERFORMER" PROGRAM WHICH SOUGHT OUT AND REWARDED OUTSTANDING CONTRIBUTIONS IN ALL FUNCTIONS THROUGHOUT THE GROUP, THIS PROGRAM PROVIDES A VARIETY OF AWARDS AND ACKNOWLEDGEMENTS TO EACH WINNER INCLUDING A LUNCHEON WITH OUR PRESIDENT, BOB WILSON.

IN AFFECT, THESE WINNERS ARE ESTABLISHING A "QUALITY HALL OF FAME". THE QUALITY PERFORMER PROGRAM HAS CAPTURED THE ATTENTION OF ALL EMPLOYEES AND IS THE MOST EFFECTIVE EMPLOYEE AWARENESS PROGRAM IN THE HISTORY OF MEMOREX.

OTHER PROGRAMS WHICH HAVE BEEN EFFECTIVE ARE:

THE "QUALITY POSTER" PROGRAM WHICH PROVIDES LIGHT AND HUMOROUS / YET IMPORTANT MESSAGES ON QUALITY; AND,

"COMMITMENT", THE INFORMATIVE AND MOTIVATIONAL QUALITY AWARENESS NEWSLETTER.

PAUSE

QUALITY AWARENESS AND SPREADING THE QUALITY WORD WERE MAJOR PRIORITIES OF 1977 - 1978 WILL BRING CONTINUED FERVOR IN THIS GREAT REVIVAL.

PAUSE

THE DYNAMIC GROWTH OF MEMOREX AND THE DIVISIONALIZATION OF EPG PRESENTED A STAFFING CHALLENGE THAT REQUIRED A SUBSTANTIAL INCREASE IN QUALIFIED PEOPLE. THIS CHALLENGE WAS MET, OF THE 28 QUALITY ASSURANCE MANAGERS PRESENTLY IN THE EQUIPMENT DIVISIONS, ONLY 6 WERE MANAGERS A YEAR AGO. WHAT'S MORE, THIS GROWTH WAS ACCOMPLISHED ALMOST TOTALLY BY PROMOTION FROM WITHIN.

WE NOW HAVE A HIGHLY PROFESSIONAL MANAGEMENT TEAM WITH EACH MANAGER HAVING AN AVERAGE OF OVER 20 YEARS INDUSTRIAL EXPERIENCE AND OVER 5 YEARS AT MEMOREX.

PROFESSIONAL DEVELOPMENT WAS STRESSED THROUGHOUT 1977. LARGE NUMBERS OF PEOPLE TOOK DEGREE ORIENTED PROGAMS WHILE MANY OTHERS ACHIEVED FORMAL LICENSING AS PROFESIONAL ENGINEERS.

## PAUSE

WE MET THE CHALLENGES OF 1977 AND LOOK FORWARD TO THE CHALLENGES AND OPPORTUNITIES OF 1978 WITH ONE OF THE MOST TALENTED AND PROFESSIONAL TEAMS EVER ASSEMBLED. HERE ARE SOME OF THE PLAYERS:

## PAUSE

WE ARE COMMITTED TO QUALITY AND TO PROVIDING QUALITY PRODUCTS TO OUR CUSTOMERS. 1977 WAS A BANNER YEAR IN THE ACHIEVEMENT OF THIS OBJECTIVE. OUR CUSTOMERS HAVE ACKNOWLEDGED OUR SUPERIORITY WITH COMMENTS SUCH AS:

IN THE PAST, I ALWAYS CONSIDERED IBM THE STANDARD OF VALUE - MEMOREX HAS REPLACED THEM.

AND, ANOTHER FROM DIGITAL EQUIPMENT, AN OEM CUSTOMER:

THE DRIVE IS SO RELIABLE THAT OUR SERVICEMEN HAVE BEEN INFECTED WITH THE "MAYTAG" SYNDROME.