

INTERCOM

A magazine for Memorex Employees
Vol. 11/May-June 1974 U.S. Edition



**Attitude, Cash And Profit
Key Memorex Priorities
Says President Wilson**

First Quarter Revenues Increase 16.5 Percent Over Last Year; Loss Is \$5,000, Less Than \$.01 Per Share

Revenues for the three months ended March 31, 1974 were \$48,800,000, a 16.5% increase over revenues of \$41,900,000 in the first quarter of 1973.

The loss for the first quarter came to \$5,000, less than \$.01 per share. Operations produced an operating income of \$5,527,000 before interest expense of \$5,532,000.

The Company reported a 1973 annual loss of \$119,090,000 on revenues of \$176,923,000, including write-offs for the discontinued computer systems program, changes in accounting policy for research and development expenses and lease acquisition costs, asset revaluation and accelerated depreciation, and income tax provisions. Because of these changes in accounting policy, comparison

of current results to prior periods is not appropriate for other than sales and revenues.

Early in 1974, in connection with the employment of **Robert C. Wilson** as President and Chief Executive Officer of Memorex, the Company announced an agreement in principle with its senior lenders which, if effected, would lower debt service through a number of revisions to existing credit agreements. The accounting treatment of this Agreement to reflect the timing and form of the transaction, including the amounts of interest and dividends to be charged against earnings, has not yet been determined, but the company believes that completion of potential revisions to existing credit agreements will not affect first quarter results.

Three Months Ended March 31, 1974

Rental and Service Revenues	\$24,419,000
Net Sales	24,384,000
Total Revenues	48,803,000
Operating Costs and Expenses	43,276,000
Operating Income	5,527,000
Interest Expense	5,532,000
Net Loss	\$ 5,000
Earnings (Loss) per Common Share	\$.00
Average Number of Common Shares Outstanding	4,312,133

Bragg Named Vice President For Corporate Development

George L. Bragg has been appointed Vice President for Corporate Development. He will report directly to Memorex President **Robert C. Wilson**.

Bragg previously was director of business development for Collins Radio Co., Dallas, a division of Rockwell International. At Collins he was heavily involved in the company's international expansion programs. In this capacity, during November 1973, he represented Collins in the First Executive Trade Mission to the USSR, cosponsored by the Department of Commerce and the Soviet Ministry of Trade.

Bragg joined Collins in March, 1973, after 12 years with Rockwell, where his last position was executive director of corporate development, responsible for business and economic planning, corporate development, and financial analysis.

He began his career with Rockwell in 1959 at North American Aviation, which later became part of Rockwell, as a financial analyst. He subsequently served in a number of increasingly responsible positions until he resigned to form his own business.

In 1971, he became a founder and president of Dawson and Bragg, Inc., a Los Angeles based investment firm with a primary interest in real estate. Two years later he joined Collins Radio.

Following graduation from Pepperdine University in 1954, Bragg served in the U.S. Army Counter Intelligence Corps in Stuttgart, Germany. He then spent two semesters studying in Germany at the University of Berlin's Graduate School of Economics.

By 1962, while at Rockwell, he completed both the academic requirements for a

Masters Degree in Economics at U.S.C., as well as the Certified Public Accountant Program at U.C.L.A. In 1965, he was awarded a certificate for his work in the Executive Management Program at U.C.L.A.'s Graduate School of Business.



George L. Bragg

INTERCOM

Editor: William D. Bellou

Published by the Memorex
Corporate Communications Department



On The Cover:

The Company's new President, **Robert C. Wilson**, makes his first address to employees. (See story on opposite page)

Attitude, Cash And Profit Are Key Priorities Before Company, Says New President Robert C. Wilson

"As I see it, there are three fundamental priorities before this Company, the first is attitude, the second is cash, and the third is profit," said Memorex's new President **Robert C. Wilson** during a series of meetings with Memorex employees. Wilson met with employees to give a prospective on the Company's future and his personal philosophy of business management.

"Attitude is always the most important single thing in any organization," said the president. "If the attitudes are right, you can do almost anything. When I say attitude, I mean positive thinking, end-result thinking, and teamwork thinking by everyone. It also means the attitudes of the people around us, like our customers, creditors, vendors, the press and the public. We will be addressing all of those kinds of attitudes.

"Our second priority is cash," continued Wilson. "The one thing that is restricting the freedom of action in this Company is the lack of cash. I look at it as a jail house in which we're incarcerated, and that jail house is cash. Until we break out of that cash bind we just can't do all of the things we want to do. What is cash? Cash is a new advertising program, a new production run, or the development of a new product. I'm sure there are at least \$10 million worth of things we would like to do but haven't been able to do because of cash restraints."

The chief executive said everybody in the Company controls cash in various amounts. "Re-work is cash, turning off the lights is cash, raising prices is cash, controlling inventories is cash, payables is cash. We're going to be talking cash at every operations meeting and we're going to encourage everyone to think in terms of cash in everything they do.

"Profit, our third priority, is the finest measuring stick ever devised in determining whether a business is winning or losing," Wilson said. "Being profitable is essential to our future. There is no reason why we can't be profitable at the existing level of business, but it's going to take concerted action and individual initiative to make it happen. We have to be intolerant of anything that is non-productive, wasteful, or negative.

"One of those non-productive aspects of everyday business activity is the generation of reports, memos, or letters without purpose," explained Wilson. "There are two tests I always give a report. Is there a need to know and does it help make better de-



Robert C. Wilson

isions? If it doesn't meet those criteria, it shouldn't be generated.

"This is a small Company," commented Wilson, "so we ought to be able to talk to each other by picking up the telephone. We ought to be able to do a lot of things that are going to avoid reports, letters and documentation. They are all expensive and time consuming, and we just can't have that."

The president also said he is intolerant of any procedure in the Company that doesn't make sense, whether it's a policy, a practice, or a product. "I assure you that, to the best of our ability, we will make judgements or decisions on the basis of what makes sense for the business, and we won't be doing things just because they happen to exist."

The new Memorex chief also gave some insights of his personal management style. "I don't want to become a mushroom manager," he said. "That's a guy you keep in the dark and throw fertilizer on. I prefer not to be that type of manager.

"When I was in the selling organization, one of my favorite cartoons showed someone sitting on the 'John' and the caption read, 'This is the only member of management that knows what he's doing.' I am sure there are those who have that feeling, but what I would like to do at Memorex is to create an environment where everyone feels that they're a vital part of the management team.

"Management is not a mysterious, remote, ignorant group of people. Management is just us, and we are going to try to get the best inputs we can and the best data we can to make the best decision we know how. We want to utilize the talents, capabilities, insights and the understanding of everyone in the Company to that end.

"Decision making is very important," Wilson continued, "because nothing is so frustrating to an organization as lack of decision. I like the expression, 'the neck of the bottle is always at the top,' and management can sometimes be quite a bottleneck at all levels. Unless we make proper decisions at the right time, it impedes the total flow of activity in the Company. But to make a lot of right decisions, all of us have to work together. Winning is always winning versus competition. There is no way you can win internally. You can't beat yourselves."

In concluding his talk, Wilson said the future of Memorex is going to be whatever we collectively make it. He said we have the capabilities to shape our future because we have excellent people. "I believe we can get the job done. It's going to take a lot of dedication and team work, but the job will be done, and we might have some fun in the process."



Overhead Costs Reduced

Company Organization Restructured For Greater Management Effectiveness, Improved Productivity

A restructuring of Memorex's organization to more effectively manage the business activities of the Company and improve productivity while, at the same time, reducing the cost of overhead, has been announced by Chairman and President **Robert C. Wilson**.

"The reorganization streamlining more logically follows Memorex's business requirements and will allow us to effect better fiscal planning and control, to provide more adequately for the needs and development of our people, and helps us to be more customer-oriented. We do not anticipate any other major changes in the immediate future," said Wilson.

"The reorganization is very positive as it puts us in a more effective posture for immediate and long-term performance," stated Wilson. "Among the many benefits will be a more efficient management structure, greater financial integrity, improved productivity, shorter lines of communication facilitating more intelligent decision-making, and a new attitude that problems of all sizes can be resolved if we work together to overcome them," he said.

Another benefit of the reorganization is savings of about \$4 million. However, the impact of the savings will not be felt fully until 1975, because of severance pay and other costs of the restructuring. The savings resulting from these moves will mean that additional funds will be available for investment in the future of the business, an invest-

ment that otherwise could not have been made, according to Wilson.

One of the major organizational changes is the establishment of International Operations as independent entities apart from the Equipment Products Group. This will enable Vice President and General Manager **John J. Kramer** and his Equipment Group to concentrate their efforts on the markets they serve.

Separating the Company's International Operations from the Equipment Products Group will have a beneficial impact on both organizations, according to Wilson. International Operations have been established on geographic lines. The European-Middle East-Africa operations, headed by Vice President and General Manager **William S. McCalmont**, is headquartered in London; and the new Americas and Asia Operations, which includes Canada, Mexico, Latin America, Japan and Australia, is directed by **Richard L. Renne**, with headquarters in Santa Clara.

Equipment Marketing Organization has been restructured in order to better consolidate both the Sales and Field Service operations under the direction of Vice President **George E. Dashiell**. **William D. Randolph** is named Director of Field Engineering, responsible for all Field Engineering activities, including Field Operations. Other changes include the assignments of **Robert K. Loudon** as manager of Customer Service; **Jack P. Kelly**, Vice President, who assumes responsibility for

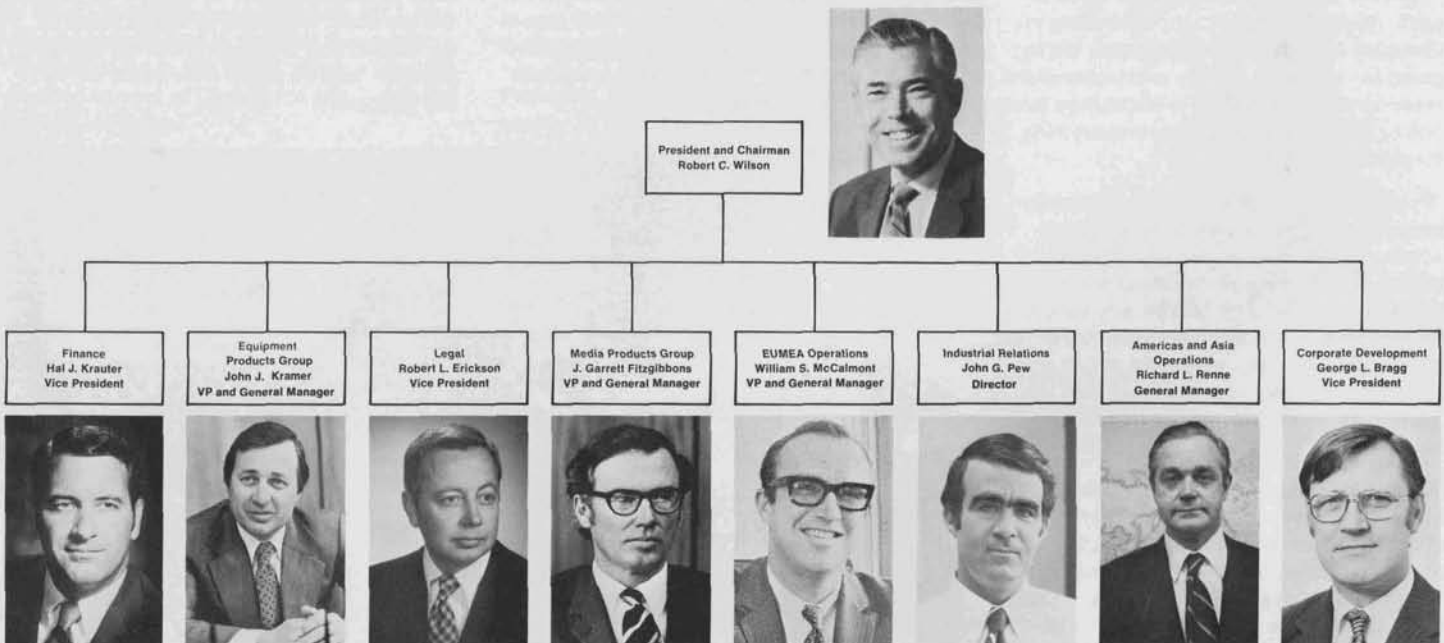
Marketing Administration; and **William F. Emmons**, Vice President, who will direct Product Marketing.

Both International Operations will report directly to the president. The importance of the international markets is indicated by the fact that they contribute more than 40 percent of total Memorex revenues.

In order to establish improved financial control and planning throughout the Company, all financial activities will be responsible to Vice President **H. J. Krauter**. Each line operation will have a controller as part of its business team. These controllers will be directly responsible to Corporate Finance for the integrity of their activities.

The responsibilities of Media Products Group, headed by Vice President and General Manager **J. Garrett Fitzgibbons**, remain unchanged by the reorganization. A rapidly growing component of Memorex, Media will continue to directly report to the president.

To reflect the importance accorded to managing the human resources of Memorex, a new Industrial Relations function, formerly Personnel Administration, has been established. "Under **John G. Pew**, its director, Industrial Relations will devote itself as a major staff function to employee attitudes, improved compensation and benefit programs, manpower development and training, career opportunities, and all the considerations that contribute to well motivated, productive employees," said Wilson.



A new Corporate Development Operation has been established under Vice President **George L. Bragg**. It encompasses those corporate activities that deal principally with developing the future of the total business. These include the treasury function, strategic planning, acquisition planning and corporate communications. Wilson said Corporate Development will continuously search for new opportunities, recommend allocation of

available cash among alternative opportunities, manage cash resources and develop a good image for Memorex.

Another new operation, headed up by Vice President **Robert L. Erickson**, will be responsible for all of the legal affairs of the Company. Memorex has a large amount of litigation in progress. Erickson will have the responsibility for optimizing the Company's

interests, reducing legal costs, and providing counsel and guidance throughout Memorex.

Overall, the organization changes will mean a brighter future for Memorex. They provide for more effective management and control with reduced overhead costs. Thus, Memorex will be able to be more competitive and more responsive to customer needs.

New 1242-S 'Super Sync' Batch Terminal Announced

A bisynchronous remote batch communications terminal that offers customers the most capability and flexibility for its price has been announced by Memorex.

The 1242-S "Super Sync" is a bisynchronous keyboard terminal with a 200 card per minute reader and impact printer—capable of speeds up to 180 lines per minute.

The 1242-S printer terminal is especially appropriate for Remote Job Entry (RJE) and inquiry/response applications where data processing centers require better distribution and turn around of their input-output data streams to areas where the information is being utilized.

"Super Sync" has expanded our terminal product line into an entirely new market place and has established a new level of price performance never before offered, according to **Harry Orendorf**, Manager of Customer Systems Market Planning.

"The 1242-S offers an extended array of functions for the bisynchronous Remote Job Entry applications," said Orendorf. "The card reader functions as a data device allowing the information to be sent in the printed form to another remote site via a communications network."

Orendorf indicated that Remote Job Entry is the fastest growing terminal market place, and the Memorex "Super Sync" will fill a required need in this area.

Checking the new 1242-S operation with printer listing at 240 characters per second are (l to r) Wain Chew, Farrokh Mottahedin, Ed Durler and John Christoferson.

Wain Chew completes final work on the "Super Sync" printer support PCB. Prototypes are now operational with first customer shipments expected in early July.



