



Fairchild Oral History Panel: International Sales and Marketing

Fairchild@50 (Panel Session # 4)

Participants:
Jerry Levine
Claudio Loddo
Horst Sandfort
Bob Skurko
Doug Usher

Moderated by:
Robert Blair

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Robert Blair: Welcome to the International Panel. This is going to be a little bit of a different panel. This is not about microns and technology and bipolar and MOS and these kinds of things. This is about international, from the sales and marketing perspective. I've got a group of folks here to help me today that have spent most of their careers prospecting in areas outside the U.S. I'm Bob Blair. I was at Fairchild for about 11 years. I joined actually the day America landed on the moon. So those of you that remember, that was July the 21st, 1969. And I joined Fairchild in Germany. the panel I have with me today is a broad panel, speaking seven or eight languages between us. And they include both my prior bosses, folks I've worked with or worked for me and folks I've never met before. So it's quite a broad group. I'll have my little 10 cents here and then we'll move on to the panel. As I said I joined in July 1969. And in those days there weren't any emails or faxes or things like this. So I got a telegram in the mail by Her Majesty's government from the first member on my right here, Doug Usher, offering me a job. I arrived by answering an ad in the London "Sunday Times" it turns out. I'm an old wafer fab guy from the U.K. and I decided I wanted to, A, leave England and, B, work for an American semiconductor company. And this ad from Fairchild popped up and I responded and I got an interview. And Doug my first boss at Fairchild hired me. On his right is Bob Skurko. As you saw from an earlier panel, Bob was 28 years at Fairchild, I believe. Probably one of the longer members we have here. On his right, Jerry Levine, who I hadn't met before today. Jerry's got some interesting things to talk about in terms of international activities very early on. Next on his right is Claudio Loddo, a colleague of mine from Europe. We served together in Germany. And then on the far right, Horst Sandfort, who I believe of this group was the last one to join Fairchild. Horst went through the privilege of getting into the watch business and getting out of it all in about, whatever it was, two years. He'll talk a little about that. So welcome to the panel. My first job, as it says up here somewhere, I'm the transistor product marketing engineer. Not knowing much about marketing, I came out of wafer fab at the time but it seemed like a good deal. Doug had been sent to Europe to set up product marketing along with Ralph Bennett and a few other folks. So I drove to Germany with everything I owned in the trunk of my little MGB, which doesn't have a very big trunk. And I took with me one of my buddies because he wanted a free ride. I'd never been to Germany before in my life. We're driving along and my buddy says to me, "Gee, there's a lot of exits from this freeway that go to this town called Ausfahrt." I said, "Yeah, you're right. It must be a pretty important town." So it wasn't long before we figured out that Ausfahrt, of course, is the word for exit. So that was my introduction to Germany. I get to my hotel in Wiesbaden in the evening. And right next to door to the hotel is a gas station. And in those days, gas stations had bars. So I'm in the bar deciding what to do after seeing America land on the moon. In those days, I used to like dry vermouth in the evening. And so, I ordered a "drei" vermouth at this garage and the guy put three glasses in front of me.

<laughter>

Blair: So I had three glasses of vermouth but I only ordered one. Seven years later, I spoke pretty good German, so that didn't happen again. While I was in Germany for about seven years, I worked for a large number of folks, some very, very qualified and interesting people by the way. I'd just like to mention them, some of whom are no longer with us unfortunately. First, a guy here on my right [in the photo], a guy called Ralph Bennett. You might remember, Dedy Saban was general manager in Europe, a very, very colorful guy. Doug O'Connor, Carlo Longoni, David Marriott Sergio Marsicano Andy Procassini, Don Brettner, Art Massicot and John Duffy. All of those folks served in some role in Europe during my tenure of about seven years over there. This slide has a number of interesting folks that many of you will know. Dave Marriott was general manager of Europe at that time. He oversaw the run-up of manufacturing. Also I believe Walter Burke, who was chairman of the board. This was obviously a visit by the corporate board of directors to the Fairchild plant in Wiesbaden to monitor our progress. Dick Bohnet in the next position

there with the hairstyle of the '70s. Dr. Hogan of course and on the right, Art Massicot, some of you might know went on to successfully be, I believe, the V.P. of sales at Altera for many years. But Art was towards the end of my reign general manager for Europe. So interesting to see those folks again. So let me move on to Doug Usher on the right here. Doug, tell us how you arrived at Fairchild if you would.

Doug Usher: I was in graduate school at Purdue when I was interviewed. And then I was flown out here between Christmas and New Year's. I interviewed for a PME job and was hired. It was the lowest job offer I had from anybody but I liked Fairchild. I liked the youth and the enthusiasm. As I was driving out to come to work my car broke down in Arizona. And I had no money to repair it, so with 25 bucks in my pocket, I hitch hiked the rest of the way out and called Fairchild. I was going to be two days late because I didn't know how fast I was going to be hitchhike out there. So I arrived at Fairchild, this clean cut Midwestern boy and they put in the cubicle with Sandy D'Arcy, Ken Parsek, and Jim Kennedy. And I was thinking after the first week that I said, "You know, I've learned more this first week than I did in four years of college." So that was an abrupt introduction to California.

Blair: And how old were you?

Usher: I was 23.

Blair: And then you showed up in Europe by the time I got there. So tell us how you got to Europe and why that was interesting to you and how you actually got over there.

Usher: Well -- and I know we get four minutes. This will be quick. I was supposed to go back to Boston in field sales and I told them before I go back, I want to take a three month sabbatical. I'm not sure I knew that word, but that's what it was because I wanted to travel in Europe. And they finally said okay. And so, while I was waiting to go on my sabbatical, Chas Habba who was made general manager of Europe -- and he was somewhat my mentor. And so, Chas Habba said, "Well, why don't you come and work for me in Europe." And so they hired -- five Americans plus Habba - Tom Henderson, Len Brown, Ralph Bennett and Gardner DeSpain And the day we were going to leave, I remember, it was a Friday morning because we were flying to Paris for the Paris show. And I showed up at Fairchild and I was paged. And I walked in the office at nine in the morning and Habba said, "I just quit. I'm not going to Europe." So I sat there thinking wait a minute, I have a passport in my pocket that I've never had. I have a ticket to Paris that I never had. My plane was going to leave about four in the afternoon. I said, "I'm going to the airport now. If they page me, I'm not answering. I'm going to Europe." And so I was the first one over there because the other guys were coming on Sunday. And so we arrived in Paris at the Paris show, none of us knew what we doing. We were wandering around the Paris show. And part of the thing was that Fairchild was playing Wiesbaden in Germany off of Liege in Belgium. And even though we had three months of Berlitz German, we couldn't go to Wiesbaden because they didn't want the people in Wiesbaden to know that they'd been selected because they were still negotiating. So we had to hang out in Paris for a couple of weeks until then they said, "Okay, now you to go Wiesbaden."

Blair: And the guy on the screen, Doug?

Usher: Oh, that's Dedy Saban. -- we were over there without a leader for a while. And then they -- I don't remember how long, two or three months later, Saban showed up and he was general manager of Europe. And in four minutes, I can't tell you all the Saban stories.

Blair: Yeah, he was a great guy, a fun guy to work for and really, really energetic. And we really enjoyed him. And then, after that, Doug, the next little incident.

Usher: Oh, Sherman Fairchild came. He was coming over to see the Wiesbaden and how we were progressing. And so, all of us spent a week putting a presentation together for Sherman Fairchild with the overhead slide projector. And I mean we spent hours and hours. And we all went to the airport at Frankfurt to greet him. And Sherman, who was -- well, that's how old he was. I don't know exactly, 70, 75, walked off of his plane with two young women, one on each arm, about 25 years old that were his traveling companions. And I mean we were all looking with envy. And they went to the hotel and Sherman came for the presentation. And it was about a two or three hour presentation. He sat in the front row, fell asleep immediately. And he slept through the whole presentation. All of us went through it word for word. And then when it was over, people applauded and he woke up.

<laughter>

Blair: And he seemed to know everything about what was said.

Usher: Oh, yeah, yeah.

Blair: Okay, moving right along. Thanks, Doug. Bob Skurko, as you know, spoke in the previous panel with Harry. Bob was involved in the early technology and the manufacturing of Fairchild. So he'll briefly touch on that and then move onto his activities further down the road in Japan. Bob.

Bob Skurko: Right. Very quickly then, in four or five minutes, I started with Fairchild in 1959. I was hired by Charlie Spork to work for Harry Sello here in preproduction engineering. The purpose of that organization was to transfer products from R&D into manufacturing. And when it went to manufacturing, it was under the guidance of Ed Pausa.. My career stayed in manufacturing for a couple of years. We moved the product into production. And I went on then into various marketing roles. As Fairchild sales picked up, a lot of activities throughout the world were becoming aware of the semiconductor industry and the products that were available. And certainly in Japan, there was a very keen interest in semiconductor technology and Fairchild specifically. The Japanese government was restricting the direct import of our devices. And Fairchild's strategic planners, Wilf Corrigan and others, were very interesting in getting us positioned into Japan in a sales mode. So we struck a deal with TDK. TDK became a licensee and our sales office, if you will. We sold through TDK as a rep. This is the vice president of TDK at the time and this is Andy Procassini who was running the Japanese operation and that became a joint venture company. Andy called me one day and it happened to be my daughter's birthday in 1975. And he said, "I'm in Japan now but I'll be in town over the weekend and I want to meet you." And he met me with Dave Marriott and he said, "We want you to think about coming to Japan and relieving me as vice president of this joint venture company." We had a Japanese president. His name was Mr. Sato. Sato san was from TDK, the Japanese parent of the joint venture. This joint venture was formed from Fairchild's point of view

as a way to launch Fairchild's products into Japan. And the Japanese interest was to get Fairchild's technology. At that time, it was N-channel MOS, that they were desirous of obtaining. And they thought that through this joint venture somehow, magically, they would learn all about Fairchild's secrets and technology. I came to Japan then in '76 and operated that joint venture. With typical Japanese zeal, they wanted to make sure that the product introduced into Japan was the best quality ever. So TDK insisted that we incorporate in our sales office a function called screening and that screening was to do both a mechanical and electrical testing of the product before they would allow it to be shipped to their customers. Well, at the beginning, we had the screening operation in a TDK factory. Almost all of the employees in my office were TDK people that were transferred to work for us. There was myself at the time as an American and Bob Bobrink and Gary Ashford, who's here, at that time. Fairchild and TDK came to the conclusion very quickly that there was no need for this joint venture any longer. Fairchild had its position in the market. TDK wasn't gonna get the technology. And we decided then to acquire the shares of TDK and run it as a wholly owned company, which we did. We continued operating in that way with the screening operation and the sales office having to move to an office in Tokyo. Now, running an office in a foreign country as an expatriate, of course, you have to deal with your personal life and your business life. And many times they're both combined. But living in a foreign country like Japan, of course, presented a lot of challenges but a real education. I was only there a few months, and I had my children out in a car. As you know, in Japan, you drive on the left hand side of the road, but I mastered that. That wasn't the problem. I was coming home and it was a Friday evening and a man came and hit us broadside. And it was a fairly bad accident. None of us were seriously hurt. My son had a slight cut. But the police came and it was a major deal, I can tell you. It took me hours and hours before I got home. And my son was sent to a hospital but it was nothing. It was a Band-Aid issue. But the next morning, in front of my house, there's a flock of people out in my driveway bowing. And I couldn't speak Japanese and I had no idea what they were saying, giving gifts. And they were talking and somehow I could see them looking for my son. And they wanted to give him a gift, so they brought him gifts. And here were the relatives and the friends of the driver of the car. And it turned out he was a president of a small Japanese company and he was drunk. Now, when the accident happened, he was explaining to the police that he was into Kendo and he got hit on the head. He said he had a problem with Kendo. And the policeman says, "No, no, not Kendo, saki," he says.

<laughter>

Skurko: So the next day I went to work and I'm sitting in our large bullpen and wide open office. My desk is in the center of it. And the door opens and here comes another flock of people, mostly businessmen and a women and a little girl. And I thought oh boy, now what. They come in bowing and scraping and basically said, "Oh, Skurko san, we have a problem. I said, "What happened?" He said, "Well, the man that hit you, he's in jail and they will not let him out of jail unless you forgive him." And I said, "Well, gee, I don't what the law is in Japan. I just got here." He says, "Well, if you don't forgive him, he won't get out of jail. And his daughter here will not get married."

<laughter>

Skurko: I said, "Hey, let him go. Let him go." It's not important. It was no big deal. But anyway you learn that very quickly. I think in any foreign country that-- there are customs and practices that are very, very unique to the country. Incidentally, he lost his license for life. That's the end of that story. We broke up the

joint venture and Schlumberger bought Fairchild. I stayed another three years at Fairchild and then came back and accepted my retirement. That's my story.

Blair: Thanks, Bob, very good.

<applause>

Blair: Okay, moving along here. Jerry Levine on my right. Jerry, you're one of the very early arrivals. Tell us how you arrived, who hired you and what your early duties were.

Jerry Levine: Well, it's interesting. As I sit here and look up, I'm seeing the vision of Bob Noyce and he's saying to me, "Jerry, 30 minutes of the 45 allocated to your panel are gone. I want you to talk for 10 minutes and then give one minute each to the other two panel members."

<laughter>

Levine: That's the kind of guy he was. He was very thoughtful and kind. I have to start by telling you that in December of 1959, I received a job offer letter signed by Bob Noyce, the original has gone to the museum here. I have a copy if anyone would like to see it. It's typical Noyce. And I accepted and started in January of 1960. And my initial assignment was administration manager. And I was asked to write my own job description, which was a pleasure. And I wrote down a few things and then I wrote "international operations." And Bob said, "We don't have any." And I said, "That's fine. When you do, I want to be it." And that was my goal all along. Going back a bit farther, when the group of eight were getting together in '57, I was actually interviewed to be the general manager. But they very wisely chose Ed Baldwin instead. I really wasn't qualified to be the general manager at that time. But I did keep in touch with Bob. So that's how I managed to get to them. If you heard any of the talks last night, you heard some critical comments about Fairchild Camera, the parent company. And I agreed with all of those. And the prevailing opinion at Fairchild Semiconductor in those days was that Camera in New York had surrendered two-thirds of the European market and two-thirds of the Latin America market in order to get one third of an obsolete germanium transistor factory in Italy. And there was a lot of truth in that. But there were some other wonderful benefits we got. There was an existing facility. We were able to convert it with Harry Sello's great help in Italy. And there were some wonderful people. Two of the first ones to come over -- and by that time, I had become the international person and so, I met them at the airport. Fabbio Cabocaci was with Telettra one of the three SGS partners with Fairchild at the time, subsequently became director and president of the Port of Geneva. And we've kept in touch with him.. Guido Ziconni was an engineer, subsequently became the Asian vice president of SGS and is still active and alive. And we keep in touch with him. And as I was sitting there at the last panel, I was loaned a copy of the Fairchild Leadwire of June 1962. I just have to tell you the first item is an excerpt from a letter to Jerry Levin from Guido Ziconni unbelievable. And this is as important as anything I can tell you because it tells you what the spirit was at Fairchild and with our Italian partners at that time. "First of all, I beg you pardon for my silence. This taciturnity does not mean at all that I have forgotten my American friends. On the contrary, my wife jests I think more to the States, to San Francisco, to the Fairchild guys than I do to her. Really, she has some reason because I keep the memory of my six months all American life as on one of the top periods of my 30 years. I have the U.S. flag, the cowboy hat, the gun, the bull head tie, all your wonderful gifts well hanged in my sitting room. I want to thank you again for my horrid written English for all that you've done."

And then he says, "It's harder for me to re-acustom to the Italian way of life than it was to Americanize myself. Just to give you one poor example, those one to two pound rare delicious steaks, in comparison with our two to three ounce wafers in Italian. Okay, everything in this world must go to some end. Those months in California are to me already a wonderful a dream." That really epitomizes the spirit in '59, '60, '61, '62, '63 when I left. I want to also tell that my last official act was helping to promote the idea of doing an assembly plant in Asia. I had been to Asia. I had done research. We were able to convince the board that this was serious. Julie Blank and Charlie Sporck went to Hong Kong, correctly chose Hong Kong as the right place to do it. It was the only logical place at that time because things moved in and out freely. There was no bureaucracy. Taxes were low. All the things people love. And as I remember and as Julie confirmed last night, we had 800 employees in Mountain View at that time and within two years later, we had 6,000 in Hong Kong but we had 2,500 or 3,000 in Mountain View. We had been able to enter entirely new markets and we were the first major American electronics plant in Asia. It was an incredible breakthrough and it was not exploitation of the residents of Hong Kong because the average wage there was under \$1.00 a day when we started this plant. And today, the Hong Kong average wage is just about equal to that in California. So we were doing a good thing and that was really very exciting. I want to also mention that after having gotten the approval for the Hong Kong plant, as was mentioned last night, Charlie hired a man named John Baldwin to be the administrative manager in Hong Kong. The story I remember about him is that he went to have a name card made, a business card, with Chinese on the back and the Chinese characters were written by this master artist. And he handed it to John and John said, "Hey, this looks very good. But does it mean in Chinese?" And the man said, "Floating Cloud." And John said, "No, no, that's not my image at all, floating cloud. Try something else." So the man thought a little while and he did a different idea graph that still sounded like John Baldwin and John said, "Okay, what's that one?" And the gentleman said, "Stinking codfish."

<laughter>

Levine: John went back to Floating Cloud. The reason I left Fairchild was I had to make a career decision within the company. It was clear that there was no way that Tom Bay and Charlie Sporck were going to let anybody else be in charge of international marketing or manufacturing. And they were right. I agree with that totally. It should be a global position. And the parent Fairchild Camera in New York had a guy who thought he was an international expert but didn't know anything about semiconductors. And it didn't make sense to me to be an in-house consultant. And I decided I'd rather be an out-house consultant. And so, I started Mentor International and have kept that going for the last 45 years or so.

Blair: Jerry, thanks very much, excellent. Moving right along to Claudio Loddo on the next right position. Claudio, tell us how you ended up at Fairchild.

Claudio Loddo: I don't remember actually.

<laughter>

Loddo: I know that I was living in Paris. And my first job just out of school was with Occidental Petroleum. And at that time, there were two hot spots in the world. One was Mountain View and the other one was Paris. So I think I got fired from that job at Occidental Petroleum because I was partying too much. I was 22 years old. So I run into Dedy Saban on the Champs Elysees. And he said, "Hey, we're looking for

somebody that's international, that's bilingual that can take care of some issues for us." And I applied for this job at Fairchild. And I worked at Fairchild Semiconductor in Paris. And that's where I also first met you, Bob. And I know that your wife is here but I did go to the Crazy Horse with Bob and we had a great time then.

Blair: And we were there all night. Let's face it.

Loddo: We were there all night and probably if Ian Fleming would have met you then, you could have been 007 but you ended up being a product marketing engineer in Wiesbaden. So my dream was anyway to move on from France. I had seen that it was again a hot spot. We knew what was happening in America in the early '70s. So we also knew that all the American au pair's were coming to Paris. So I hung out there for a little while before going to Germany. And in Germany, I started working in production control. And somebody asked me, "Well, what is it that you miss most in your professional life in the semiconductor business?" And I said, "What I actually miss most is product allocation." It was great. Everything was an allocation. It was phenomenal. The salesmen were selling. There weren't any women in sales then. There were salesmen and they were selling everything, everything we didn't have.

<laughter>

Loddo: So then they come out with the smart idea of turning Wiesbaden into an assembly and test plant. Interfacing with the U.S. was not easy. They were living over here. We were living over there. So English was of course, the language that we all spoke but allocation became the standard. Allocation was allocation here, allocation there, allocation everywhere. Now, salesmen at that time were very creative. They didn't have the alternative that they have today by going to ASICs. So a transistor was important. You know, that entity that was a transistor is something you really needed. An op amp was something you really needed. A voltage regulator, you really needed that. I don't know why they made so many voltage regulators because at the end, they only wanted the five volt and the 12 volts and the six volts. Everything else was kind of rubbish. But if you wanted to sell 12 volts, some people got creative. So they managed to add up, you know, eight and four and 12 and so on.

Blair: And tell us a little bit about the guy on the screen here from your early days.

Loddo: This is Emile Dahl. He is, of course, French. And as I said, allocation is very important in my life because although the engineers and the manufacturing people worked very, very hard, but at the end of the day, the people that actually counted were those that could allocate product to the salesmen and to the customers. So it was very tough to explain in various languages and to various mentalities why you're an allocation and how to address the customer issues. So through Emile Dahl at a young age, I was introduced to the good taste of Dom Perignon because when they would come to Wiesbaden and they wanted some product, there was a little cadeaux, as the French said. So a little Perignon here, a little Perignon there got the shipment going to France.

Blair: And this gentlemen here provided what?

Loddo: This gentlemen here is an Italian gentlemen. His name was Roberto Stephanelli. He had a problem like many other Italians speaking English. And he couldn't say obviously, so he always said abusely. He couldn't say management, so he said the managament. And then he couldn't say other beep, beep, beep words but he always said, "Abusedly, the managament, ba, ba, ba, me." So we all knew what that meant. And Roberto was also very creative. And before Roberto though, there was Carlo Longoni, who unfortunately passed away. I come from the island of Sardinia. And not to be confused with Sicily, we are specialized.

<laughter>

Loddo: We're specialized in kidnapping rather than, you know, murder. So as a matter of a fact, I think Federal Express saved one of Getty's ears through a kidnapping in Sardinia. But there were two Sardinians. Also, not to be confused with sardines.

<laughter>

Loddo: Carlo Longoni and myself, we were the only two Sardinians. And I think that's part of history. It might go down in the Fairchild museum about the two Sardinians.

Blair: The last gentlemen is Horst Sandfort. And Horst, I think of the folks up here was the last to join Fairchild in I believe '75, '76 and had the privilege of being in a leadership role, maybe general manager, I'm not sure, of the watch business in Europe. So Horst, tell us a little bit about that rapid cycle.

Horst Sandfort: Well, thank you. As you can see from the picture, when Fairchild decided to get into the consumer business to get rid of all the chips that they were able to make in end products, first in LED devices in terms of modules for the watches as well as chips that went inside to drive the LEDs. We were given a charter of selling hundreds of thousands of these chips through the finished watches into the world market. So I got chartered with that task. And they hired in 1976 Dick Bohnet. So the team that you see there-- the guy next to Dick Bohnet is Swiss fellow Michel Pitteloud. Then a gentleman that many of you recognize, John Hatch who was a P.R. guy at Fairchild. And then Jeff Chaland our French fellow, myself and John Ryan, the famous Irish man who would stand up and tell jokes for two days in a row and not rest. So the significance about this picture is very simple. Every one of the European fellows that you see were there at the conference. And we were not yet hired by Fairchild. The reason was we had all the contract on our table but we had to resign from our companies. And European custom is because you're a senior guy in the company, you have three months notice. So in that period, we started the watch business for Fairchild in Europe, the team that is on the picture, and we were in kind of legal limbo and not quite sure how to do that. And I was chartered to make sure we get enough watches and start a watch factory in Germany. So I went to ask for help from the United States. A gentleman by the name of Horst Muenzenberg came over. And he and I went and rented a space in a very noble area in Frankfurt, one of the best areas with a new office center close to the Frankfurt Airport. And then the question was, what do we need to assemble watches? By the way, the first bunch of LED modules is on its way from Hong Kong. So we were hiring, you know, anybody at the Oktoberfest in Germany, you see these big long tables. So we bought these tables. We bought a bunch of chairs. We went to a department store and got green felt stuff to put on the tables so we wouldn't scratch the surface of the watches and all the reps. And then Horst brought equipment on how we would close watches and make them work. So to cut a

long story short, we ramped up that business. Within six months, we hired about 60 employees and we got a very large order from the largest German mail order house. However, there was a twist to it. The twist was it has to retail at 19 deutschmarks 95. So nobody had an idea on how to get down to that type of a number. So I went to Switzerland and went from one watch case manufacturer to another. And I met one guy who had just bought a plastic stamp machine. And he was able to put in one operating mode, the case, the wristband together where just the metal hatch would be plugged on the back. And he could do that for a deutschmark and 50. So we went back and said we can get the business. The order came in, 50,000 units in the next quarter. So we had a couple of samples made up. We sent them to the customer for testing, getting the written approval. That's what he wanted. They took a picture, put it in the catalogue. And once we get the first lot made, we were kind people. We thought maybe these guys can sell it in the United States. So we sent the watches to the United States in November 1976. And all of a sudden I get a phone call. Is Bill Elder here? I saw him earlier.

Blair: He's in the house -- somewhere.

Sandfort: He's in town. So I get a phone call from Bill Elder and he said, "Stop shipping the watches. We got a real serious quality problem." And I said, "What? We got 10,000 on the dock. They got to go. The catalogue is out. We got to do this. We need to ship." He said, "No, no, can't do that." So then I thought Bill is a serious guy and if he says we got a quality problem, I better listen. So I said, "Could you send me the detail of what the quality problem is all about?" He said, "Yeah, I shall do that." So I was waiting for the fax coming through. What was it-- actually, I don't think we had fax at that time. Telex-- and it explained in detail and it said, "You know, we tested the device and we consider kids sitting on the floor, having that watch and rubbing it on this long floor carpet. And if you do that for five minutes, the electro static start working. So the chip goes berserk." I said, "Thank you very much. I need to call my boss." So I called Dick Bohnet. Dick said, "I need to talk to Greg Reyes" and the answer was "Go, we need to make the quarter, ship the product." So I shipped the product and then I checked one more time and I said, "Rubbish." Again, this bloody cultural difference between the United States and Europe -- because nobody in Europe has a carpet with this type long floor things and no kid would sit on the floor and rub the watch for five minutes in a row, so what's the point?" So I asked Bill whether he was mad if I told the story. He said, "Go ahead, tell it." And the good news is of the 50,000 watches we made one watch came back. So at the end of the day, everybody was happy. But talking about cultural differences, I move on. We had to go from zero in the watch business to total of about 130 million dollars if I remember right. Thirty of these came out of my factory in Germany. And in 1978, I was told "close it all down It's not making any money in the United States". And the main reason was we moved everything to Korea. The Korean watches didn't meet the customers' requirements. We start losing money and again, we all know the story, we closed it down. And then I said, "What about me?" So I come over to Mountain View. You're an ex TI guy. You understand something about semiconductors, so we retrain you. And then I got involved with automotive. And the funniest experience I had with automotive is again to do with cultural difference. And one day we get a phone call and the phone call was coming from our customer, Volkswagen, who was getting from Bosch, German modules, which were getting hybrids from Fairchild, which was getting linear devices out of the linear division. So this was a long food chain. We got word. We got not allocation, we got a yield bust. The yield bust going down to zero. So we were kind of giving that information, sharing that with Bosch and say, "Guys, we need help financially. You'll give us more lead time or whatever. You know, we can't make enough." Okay, Bosch was very serious. They said, "Okay guys, get over here. We need to solve this problem. We need to get in front of Volkswagen. It's impossible that we cannot ship." And this was the weekend of 4th of July. They called on Wednesday and they said, "We want to have somebody here on Monday." Half of the team of the senior guys had left. Is Curt Kesting in the room? Curt was also at Mountain View. He got the call and he needed to figure out

how to get a hold of Tom Roberts. At that time, it was really in the early '80s I think it was. And Robert said, "[George] Wells and Rodney [Smith] need to get on a plane tomorrow and be in Volkswagen the next day." So we went to Volkswagen and the Volkswagen guy said, "Okay, explain to us what you have." And those two guys start to explain in English. And they said, "No, no, this meeting is supposed to be held in German language." So we got a Scotsman there and an Englishman -- an Americanized Englishman who couldn't speak a word. So they said, "Horst, could we neutralize you to be the translator here so that we have at least a meeting that has a result?" Long story quick, we said want to make sure from Fairchild's side you understand why we have the problem. They said, "Meeting over. We invite you to visit the factory, So we went to the factory. The end of the line every 28 seconds, boom, a Volkswagen rolled off the line. Boom, another Volkswagen rolled off the line. They said, "Okay, if you don't supply your chips for the electric ignition module that goes into this car, you need to find the parking space for the difference between the day you don't ship and the day you finally ship for all these cars that are coming out of the line. And so, you have two decisions to make, either you pay for the space, pay for the loss of revenue and profits or you figure out how you get chips." Now, I know George and Rodney got on a plane the next day back home and we got the chips. And the other thing we learned out of yield bust, if you ramp up the volume, for some reason and magic things, the yields increase. And we all of a sudden had empty of supply and we were wondering whether Volkswagen and Bosch were placing more orders. So with that, I hang on through the Schlumberger takeover, was sent back to Europe, ran European marketing and sales for Fairchild's area in Schlumberger, was involved in the Wiesbaden factory closing and again, do all this-- somebody said it today there was no lawsuits. And I don't know in what context. We did it with no lawsuits. We satisfied every customer and that's my story.

Blair: Horst, great. Thanks very much.

Harry Sello: International did a fantastic job as these guys described. There was one area in international which was less well known but which was very effective at Fairchild and to my knowledge, the only semiconductor company to ever succeed in carrying out this kind of an objective. That is you can profit from selling technology, actual know how off of the production line. You can profit by it without losing the marketplace that you have. You must attach one caveat and that is you don't sell technology for just money. You sell it for money, plus shared market. Fairchild learned this beginning with the days in Italy It started then. Earlier there was Fairchild international operations that Jerry describes. It was a manufacturing operation, a most awesome success. I want to give credit to people that should not be forgotten, people at Wiesbaden and the people in the international scene who succeeded in getting the only export license ever given to an American company by our government before the sale and manufacture of chips abroad in the country of Hungary. This period of time you're talking about, it was forbidden to do business in the Eastern European countries not just Russia. There, we're losers, but in a place like Hungary or Poland. It was forbidden unless you had an export license from the U.S. government. Thanks to the diligent effort of Les Hogan and Wilf and some of the people that set up for our operations to go international in the States and beat the Department of Commerce down to a standstill and actually forced them to say, "Yes, you can sell digital electronic chip technology to Hungary under the following conditions: get this, all the wafers that you send over to Hungary have to be counted and then they have to be named and calculated into yields, which means that all of the bad chips that Hungarians get as a result of this, which is a natural function of manufacturing, you have to collect it and send it back to the United States for the samples in the Department of Commerce that account for all the wafers that you send." Can you imagine trying to run a semiconductor operation to do this? Well, fortunately, with the assistance of a couple of people, whether they're alive or not, deserve the credit. One of them was a chap by the names of Hans Ackleman who resided in Wiesbaden.

Blair: Yeah, we remember him well and Vaselforg.

Harry: I'm sure you do. Hans was set to Hungary to manage the Fairchild plant in Hungary in the town of Jujos where he did a splendid job. John Fritz one of the people from the United States, a technical engineer, went over there to help the operation get started and lived with it for a year and a half. It was extremely profitable. In fact, after the digital electronic watch people, namely, Ed Browder, mostly, put this whole idea together -- the first thing that happened was they would descend upon me like a swarm of locusts and say, "When's the next payment coming from Hungary for the technology?" Without those payments, digital was in total loss for the year and we saved their ass. And it was an international operation. And the guys at Wiesbaden deserve the credit.

Blair: Thank you, Harry. I appreciate you bringing that up. I think it's a very important point. So that concludes the international folks. Thank you all, folks and thank you, panel.

END OF INTERVIEW