

HEWLETT-PACKARD  
STATEMENT OF  
CORPORATE OBJECTIVES



The achievements of an organization are the result of the combined efforts of each individual in the organization working toward common objectives. These objectives should be realistic, should be clearly understood by everyone in the organization, and should reflect the organization's basic character and personality.

If the organization is to fulfill its objectives, it should strive to meet certain other fundamental requirements:

FIRST, there should be highly capable, innovative people at all levels throughout the organization. Moreover, these people should have the opportunity — through continuing programs of training and education — to upgrade their skills and capabilities. This is especially important in a technical business where the rate of progress is rapid. Techniques that are good today will be outdated in the future, and people should always be looking for new and better ways to do their work.

SECOND, the organization should have objectives and leadership which generate enthusiasm at all levels. People in important management positions should not only be enthusiastic themselves, they should be selected for their ability to engender enthusiasm among their associates. There can be no place, especially among the people charged with management responsibility, for half-hearted interest or half-hearted effort.

THIRD, the organization should conduct its affairs with uncompromising honesty and integrity. People at every level should be expected to adhere to the highest standards of business ethics, and to understand that anything less is

totally unacceptable. As a practical matter, ethical conduct cannot be assured by written policies or codes; it must be an integral part of the organization, a deeply ingrained tradition that is passed from one generation of employees to another.

FOURTH, even though an organization is made up of people fully meeting the first three requirements, all levels should work in unison toward common objectives, recognizing that it is only through effective, cooperative effort that the ultimate in efficiency and achievement can be obtained.

It has been our policy at Hewlett-Packard not to have a tight military-type organization, but rather, to have overall objectives which are clearly stated and agreed upon, and to give people the freedom to work toward those goals in ways they determine best for their own areas of responsibility.

Our Hewlett-Packard objectives were initially published in 1957. Since then they have been modified from time to time, reflecting the changing nature of our business and social environment. This booklet represents the latest updating of our objectives. We hope you find them informative and useful.

A handwritten signature in black ink, reading "David Packard". The signature is fluid and cursive, with a large initial "D".

*Chairman of the Board*

A handwritten signature in black ink, reading "William D. Hewlett". The signature is fluid and cursive, with a large initial "W".

*President and Chief Executive Officer*

April, 1977

# HEWLETT-PACKARD OBJECTIVES

## 1. PROFIT

*OBJECTIVE: To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.*

In our economic system, the profit we generate from our operations is the ultimate source of the funds we need to prosper and grow. It is the one absolutely essential measure of our corporate performance over the long term. Only if we continue to meet our profit objective can we achieve our other corporate objectives.

Our long-standing policy has been to reinvest most of our profits and to depend on this reinvestment, plus funds from employee stock purchases and other cash flow items, to finance our growth. This can be achieved if our return on net worth is roughly equal to our sales growth rate. We must strive to reach this goal every year without limiting our efforts to attain our other objectives.

Profits vary from year to year, reflecting changing economic conditions and varying demands for our products. Our needs for capital also vary, and we depend on short-term bank loans to meet those needs when profits or other cash sources are inadequate. However, loans are costly and must be repaid; thus, our objective is to rely on reinvested profits as our main source of capital.

Meeting our profit objective requires that we design and develop each and every product so

that it is considered a good value by our customers, yet is priced to include an adequate profit. Maintaining this competitiveness in the marketplace also requires that we perform our manufacturing, marketing and administrative functions as economically as possible.

Profit is not something that can be put off until tomorrow; it must be achieved today. It means that myriad jobs be done correctly and efficiently. The day-to-day performance of each individual adds to — or subtracts from — our profit. Profit is the responsibility of all.

## 2. CUSTOMERS

*OBJECTIVE: To provide products and services of the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.*

The success and prosperity of our company will be assured only if we offer our customers superior products that fill real needs and provide lasting value, and that are supported by a wide variety of useful services, both before and after sale.

Our responsibility to the customer begins with product development. Products must be designed to provide superior performance and long, trouble-free service. Once in production, these products must be manufactured at a reasonable cost and with superior workmanship.

A prime objective of our marketing departments is to see that the finished product is backed by prompt, efficient service. Moreover, good communication should be maintained with the customer and among various HP sales teams.

Because of our broad and growing line of products, very often several sales teams will be working with a single customer. Each of these teams has a high degree of technical knowledge and sales skill. There must be considerable cooperation among teams to assure that the products recommended best fulfill the customer's overall, long-term needs.

HP customers must feel that they are dealing with one company with common policies and services, and that our company is genuinely interested in arriving at proper, effective solutions to their problems. Confusion and competition among sales teams must be avoided by a clear assignment of sales responsibilities, plus sound judgment by HP sales people in understanding customer needs and HP objectives.

## 3. FIELDS OF INTEREST

*OBJECTIVE: To enter new fields only when the ideas we have, together with our technical, manufacturing and marketing skills, assure that we can make a needed and profitable contribution to the field.*

The original Hewlett-Packard products were electronic measuring instruments. Over the years, our product line has expanded to include computers and computer systems, solid-state components, electronic calculators, medical electronic equipment, and instruments for chemical analysis. Thus our growth has led to a continuing expansion of our fields of interest. To a large extent, diversification has come from applying our resources and skills to fields technically related to our traditional ones.

The key to HP's prospective involvement in new fields is *contribution*. This means providing customers with something new and needed, not just another brand of something they can already buy. To meet this objective, we must continually generate new ideas for better kinds of products. It is essential that before final decision is made to enter a new field, full consideration be given to the associated problems of manufacturing and marketing these products.

## 4. GROWTH

*OBJECTIVE: To let our growth be limited only by our profits and our ability to develop and produce technical products that satisfy real customer needs.*

How large should a company become? Some people feel that when it has reached a certain

size there is no point in letting it grow further. Others feel that bigness is an objective in itself. We do not believe that large size is important for its own sake; however, for at least two basic reasons, continuous growth is essential for us to achieve our other objectives.

In the first place, we serve a rapidly growing and expanding segment of our technological society. To remain static would be to lose ground. We cannot maintain a position of strength and leadership in our fields without growth.

In the second place, growth is important in order to attract and hold high caliber people. These individuals will align their future only with a company that offers them considerable opportunity for personal progress. Opportunities are greater and more challenging in a growing company.

## **5. OUR PEOPLE**

*OBJECTIVE: To help HP people share in the company's success, which they make possible; to provide job security based on their performance; to recognize their individual achievements; and to help them gain a sense of satisfaction and accomplishment from their work.*

We are proud of the people we have in our organization, their performance, and their attitude toward their jobs and toward the company. The company has been built around the individual, the personal dignity of each, and the recognition of personal achievements.

Relationships within the company depend upon a spirit of cooperation among individuals and groups, and an attitude of trust and understanding on the part of managers toward their people. These relationships will be good only if employees have faith in the motives and integrity of their peers, supervisors and the company itself.

On occasion, situations will arise where people have personal problems which temporarily

affect their performance or attitude, and it is important that people in such circumstances be treated with sympathy and understanding while the problems are being resolved.

Job security is an important HP objective. Over the years, the company has achieved a steady growth in employment by consistently developing good new products, and by avoiding the type of contract business that requires hiring many people, then terminating them when the contract expires. The company wants HP people to have stable, long-term careers — dependent, of course, upon satisfactory job performance.

At Hewlett-Packard there are many opportunities for advancement based upon individual initiative, ability and accomplishment. Managers at all levels should be concerned with the proper development of their people and be committed to providing advancement opportunities to everyone, regardless of race, color, creed, sex, age or national origin. Since we try to promote from within whenever possible, people should be given the opportunity — through continuing programs of training and education — to broaden their capabilities and prepare themselves for more responsible jobs.

We want people to enjoy their work at HP and to be proud of their accomplishments. This means we must make sure that each person receives the recognition he or she needs and deserves. In the final analysis, people at all levels determine the character and strength of our company.

## **6. MANAGEMENT**

*OBJECTIVE: To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.*

In discussing HP operating policies, we often refer to the concept of "management by objective." By this we mean that, insofar as possible, each individual at each level in the organization should make his or her own plans to achieve

company objectives and goals. After receiving supervisory approval, each individual should be given a wide degree of freedom to work within the limitations imposed by these plans, and by our general corporate policies. Finally, each person's performance should be judged on the basis of how well these individually established goals have been achieved.

The successful practice of "management by objective" is a two-way street. Management must be sure that each individual understands the immediate objectives, as well as corporate goals and policies. Thus a primary HP management responsibility is communication and mutual understanding. Conversely, employees must take sufficient interest in their work to want to plan it, to propose new solutions to old problems, to stick their necks out when they have something to contribute. "Management by objective," as opposed to management by directive, offers opportunity for individual freedom and contribution; it also imposes an obligation for everyone to exercise initiative and enthusiasm.

In this atmosphere it is particularly important that the strength of the whole company is kept in mind and that cooperation between individuals and between operating units is vital to our profitable growth.

It is important for everyone to realize there are some policies which must be established and strictly maintained on a corporate-wide basis. We welcome recommendations on these corporate-wide policies from all levels, but we expect adherence to them at all times.

## **7. CITIZENSHIP**

*OBJECTIVE: To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate.*

All of us should strive to improve the environment in which we live. As a corporation operating in many different communities throughout

the world, we must make sure that each of these communities is better for our presence. This means identifying our interests with those of the community; it means applying the highest standards of honesty and integrity to all our relationships with individuals and groups; it means enhancing and protecting the physical environment, building attractive plants and offices of which the community can be proud; it means contributing talent, time and financial support to worthwhile community projects.

Each community has its particular set of social problems. Our company must help to solve these problems. As a major step in this direction, we must strive to provide worthwhile employment opportunities for people of widely different backgrounds. Among other things, this requires positive action to seek out and employ members of disadvantaged groups, and to encourage and guide their progress toward full participation at all position levels.

As citizens of their community, there is much that HP people can and should do to improve it — either working as individuals or through such groups as churches, schools, civic or charitable organizations. In a broader sense, HP's "community" also includes a number of business and professional organizations, such as engineering and scientific societies, whose interests are closely identified with those of the company and its individual employees. These, too, are deserving of our support and participation. In all cases, supervisors should encourage HP people to fulfill their personal goals and aspirations in the community as well as attain their individual objectives within HP.

At a national level, it is essential that the company be a good corporate citizen of each country in which it operates. Moreover, our employees, as individuals, should be encouraged to help in finding solutions to national problems by contributing their knowledge and talents.

The betterment of our society is not a job to be left to a few; it is a responsibility to be shared by all.



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