

Foreword

You might think twice about reading a book by the only person in the history of Hewlett-Packard to win the company's Award for Meritorious Defiance.

But it turns out Chuck House is an intriguing storyteller with a very important topic and tons of inside information.

Chuck was given the "Hewlett-Packard Award for Meritorious Defiance" in 1982 to honor his indefatigable (some might call it bull-headed) pursuit of a large-screen electrostatic monitor—a product that the initial target customer had declined ("The display is too fuzzy"); his boss had killed ("Does not meet spec"); his division's marketing department had roundly rejected ("There are too few customers"); and the company's CEO, Dave Packard, had unequivocally deep-sixed while reviewing the product ("When I come back in a year, I don't want to see that product in the lab!").

When Chuck heard that the CEO had killed his product, his response was typically entrepreneurial: "If we have it in production before he returns, he won't find it in the lab!" His courageous boss, Dar Howard, funded the project for another year, and, indeed, when Packard came back a year later, he did not see it in the lab: the monitor had already gone through accelerated testing and into production, and was on its way to earning over \$10 million a year in sales.

Chuck and Dar were honored for this disobedience—which tells us that Hewlett-Packard was very different from the typical company of the day. It is this difference, and Chuck's total immersion as the HP story evolved, that makes this book so fascinating.

Chuck started at HP in Palo Alto, California, in 1962 as an oscilloscope designer. By then, Bill Hewlett and Dave Packard had already moved well beyond the small engineering job shop they had founded in a garage in 1939 and become leaders in measuring equipment for electronics, communication

systems, and computers. The high-tech field was still young; products as well as corporate cultures were rapidly evolving; and Bill and Dave were essentially making it up as they went along, trusting their smarts and intuition to guide them as they pursued new products and new ways of managing their company. They had no idea that the freedoms they gave their teams; their combination of trust, fairness, and uncompromising honesty; and their willingness to change direction and embrace the new would become a model for their industry. Nor could they know that the culture they were inventing would spread to thousands of other companies and become so integral to the success of the American high-tech industry.

The HP culture was built on contribution, profitability, fairness, and trust. It was an exacting culture. At the same time that it respected and encouraged innovation and intrapreneuring, it was committed to the highest standards of honesty and technical excellence. The culture was not planned, or even envisioned, from the start. Rather, two great leaders—men of integrity, fairness, and great technical gifts—conducted a continuous, dynamic experiment. In the process, they discovered the genes of one of America's greatest institutions.

Chuck's story at HP reflects the development of that culture. He moved with the Oscilloscope Division to Colorado Springs in 1964, where he developed the display system a year later. When the first widescreen electrostatic display failed to meet the specifications of its intended customer, Chuck didn't see failure; instead he saw potential. "The monitor isn't right for that customer," he said, "but it will be right for someone." And with his boss's permission, he took vacation time, removed the front seat of his VW, loaded the monitor into the empty space, and set off for Arizona and California to find customers. At another company, such intrapreneurialism would have been unthinkable—but HP gave that kind of discretion to its managers. And the freedom paid off. Chuck did indeed find customers, and those customers encouraged his boss to continue funding the project. Years later, Dave Packard acknowledged how right Chuck and his boss had been.

Over the next twenty-nine years, Chuck had a major role in the development of many of HP's products—an output that the company formally recognized in 1988 with the creation and presentation of the "Chuck

House Productivity Award.” By that time, Chuck had risen to the position of corporate engineering director and had witnessed a hundred-fold growth of the company, from \$98 million in mid-1962 to \$9.8 billion. In *The HP Phenomenon* he chronicles that growth with an engineer’s eye on the products and a manager’s attention to the people.

I’ve long thought that someone who lived that culture from its early days should write a book about how it happened and teach us the recipe for the secret sauce. Someone has finally done it, and done a superb job.

This is an important book for the same reason that Hewlett-Packard is an important company—because the growth and learning curve described are not just those of a single company, but of all of Silicon Valley. HP’s evolution mirrors the evolution of the Valley—its technology, its leadership style, its business and culture. And even for an old-timer like myself, who considers himself something of a student of Silicon Valley, Chuck’s account contains innumerable “aha’s” as well as lessons on leadership ready to apply. For people who live in the high-tech culture and want to understand it, this book is required reading.

Gifford Pinchot
April 2009