



Carly's Way

As Told to Michelle Delio March 4, 2005



An electronic engineer who worked as a Research Scientist at the Hewlett-Packard Imaging Systems Laboratory starting in 1975 until he resigned in 2003, G.S. thought HP represented the very best of American character -- "a spirit of adventure and a belief in unlimited possibilities."

He charges, though, that starting in 2000 the can-do attitude was killed by management choices intended to placate nervous investors and board members rather than benefit the company and its workers over the long-term. He warns that sustained cut-backs to R&D budgets over the past half-decade may have irreversibly damaged H-P and the entire U.S. technology industry.

I snuck out of Hungary in 1973, one week after I was told that if I ever wanted to advance as an engineer, I would have to join the Communist Party.

Being a good party member was far more important than your skill level, and so my boss was a man who had been a pig farmer. After decades spent raising hogs, he suddenly was supervising dozens of machinists, most of whom had engineering degrees and had built bridges and buildings until we were reassigned to "practical and useful" work -- making parts for factory machines.

Working for Carly Fiorina reminded me of my days working for that farmer. I remember the first time she walked into the Hewlett-Packard labs. She said that our new company slogan was "Invent." Then she told us that the technology industry would never again be as exciting and profitable as it was in the '90s. That we'd all need to grow up now and face that fact.

I knew from that moment that HP's best days were behind us.

Carly was a marketing person put in charge of engineers, a person who cared nothing about the art and beauty of technology. She just wanted saleable stock to bring to market.

My uncle gave me a present when I first arrived in America -- an HP-35 Scientific Calculator, the first handheld scientific calculator.

"People here don't use slide rules anymore," he says.

Well, that turned out to be not quite true, but my HP-35 was beautiful. It had integrated circuits and LEDs, brand new things that had been developed in HP Labs. When I got a job at HP's Palo Alto lab two years later, I was proud. You were encouraged to work on whatever

excited you.

Bill Hewlett used to remind us that "The marketing guys said the HP-35 would be a failure because it was too small, and then we couldn't make them fast enough to meet the demand. The marketing folks don't know everything."

It was Bill's idea to start HP Labs in 1966. He figured there should be a place where people could focus on building the future. I worked on projects such as thermal inkjet printing because I thought dot matrix printouts were ugly. And I worked on miniaturizing huge industrial inkjet printers because I thought it would be great if people could print wonderful color images from their desktop PCs.

We had no idea when we started what these projects would lead. We just wondered "what would happen if?".

Our biggest mistake at HP Labs came from being too cautious. We passed on developing Steve Wozniak's cheap little personal computer. Woz was working in HP's lab, on calculator projects, at the time. We knew the computer idea was great, but we couldn't work out how to market it, so we passed.

The lab was never packed with genius marketers. Carly told us we had no business sense, and that every project needed to make a profit within three years or less.

She usually said that right before the research budget got slashed again and more lab employees were laid off.

In mid-2002, HP's labs became solely focused on finding ways for other businesses to save money. This led to some good projects -- grid computing, self-maintaining servers, self-healing systems. But the emphasis was not on creating new or better technology, just technology that would boost the bottom-line.

I left in late 2003.

Profit is every CEO's major focus. Research almost always benefits an entire industry more than any particular company. And research doesn't have immediate results.

Sometimes it doesn't have the results that CEOs want. You invent a product that has a longer life-cycle, that doesn't need constant refills or upgrades. Research is expensive and unpredictable. Things that today's business world frowns on.

New technology typically has a five-year development cycle. The U.S. technology business stopped being serious about research in 2000 and the results are showing now.

People have a little more money but there's nothing they want to buy. There's nothing that makes you say, "Wow." Ten years ago I was seeing something interesting every month, but now we're touting bloated software and cute case designs as innovation.

The damage to HP and the U.S. technology industry at large may already be irreversible. If we start investing today and let our engineers play we might have something exciting to show people in 2010. That's a long time to wait for the next big wow.

To me, this rabid fixation on short-term profits is a bigger threat than outsourcing -- it is killing our ability to make astonishing things.


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