

CHAPTER 5: THE STARTUP

Places, People And Priorities

OUR UNLIKELY RETURN TO GREECE

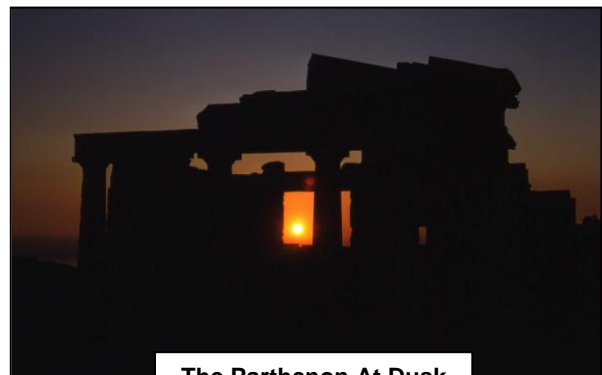
Joella and I arrived in Athens in early February of 1974 following brief visits to Mexico and Portugal. A little more than two years had passed since our first visit to Greece in December of 1971. It was difficult for us to believe that by some weird twist of fate we were able to realize our impossible dream of returning.



The Parliament



The Parthenon



The Parthenon At Dusk

Upon our arrival in Athens we stayed at the Grand Bretayne Hotel, a 19th century landmark on Syntagma Square, directly across the street from the Parliament (a building featured prominently in all of the news broadcasts that covered the Greek Euro-crisis riots). After a few days in town we moved out to the Aperghi Hotel in Kifissia, near the office.

THE HP ATHENS OFFICE IN KIFISSIA

The morning after we arrived I took a taxi to the HP office, which was not located in Athens but in Kifissia, a small village located in the hills 12 miles north of downtown. This was not the most practical location for an office. Home to wealthy foreign and local business people and politicians (Andreas Papandreou, the future prime minister lived just down the street from us after his return from exile), members of foreign diplomatic missions, U.S. Military officers, and the American Club, etc., Kifissia was more suitable as an elite bedroom community than it was as a place of business, especially a multi-national headquarters operation such as ours.



HP Athens

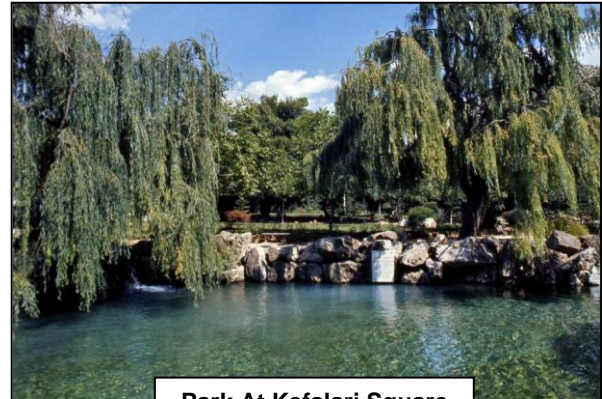
Locating the office in Kifissia was no accident. Cherif, with the help of Desi Merkel, the Greek wife of Peter Merkel, the new medical sales manager, preferred the Kifissia location for personal reasons. Thanks to his privileged upbringing Cherif appreciated the luxurious housing and proximity to several exclusive tennis clubs. Naturally, the area would also appeal to expatriate employees, such as ourselves, and their families. Desi, who was originally from Kifissia and had focused Cherif's attention in that direction, was quite pleased that her family would be close by. So, rather than establish an office near the downtown center of business, in close proximity to the airport and within reasonable commute distance for local employees, the decision was made to establish the office at Kefalari Square in Kifissia. Although it was an impractical business decision I can say that on a personal level we really enjoyed living there. Kifissia was above the Athens smog belt and was much cooler in the summer than downtown. Joella and I rented the upstairs apartment in a duplex at 32 Bitzi Street in Kastri, a small village adjacent Kifissia.



HP Athens



32 Bitsi Street – Home in 1974 & 1975



Park At Kefalari Square

The Kifissia office had been designed as an automobile show room. I thought this was a bit odd, but considering the wealth of the families who lived in the village the idea may have seemed reasonable at the time. In the end it did not pan out and the building eventually became our office. It was beautiful.....floor to ceiling glass windows that faced the square, high ceilings with a mezzanine level, and marble floors. There was a reflective film covering the windows, which was a feeble attempt to reduce the inside temperature during the summer months. The mirror effect prevented the village folk from looking inside and this resulted in rumors that something super secret was going on. Some local snoopers actually came inside to inquire if Hewlett Packard was a U.S. government (i.e., CIA) operation. Due to its showroom design there was a lot of open floor space that could easily be set up in any desired configuration. Across the street was a small Greek Orthodox chapel and a lovely park with a waterfall, lake and weeping willow trees. The local employees loved Kifissia as much as we did, but even with an electric train connection direct from Athens it was a long daily commute for most of them...usually two bus connections in addition to the train.

THE BIG PICTURE.....Discussing Plans And Priorities With Cherif

My first morning in the office I spent two hours with Cherif, who I had not had any face-to-face time with in almost a year. We had a lot to talk about. When we finally got down to business Cherif gave me a high level overview of his plans for the area. Our efforts would be focused on the oil exporting countries that had good relations with the United States. In theory, it would be much easier to do business in Iran, Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Qatar (in that order) than with the anti-western

and bureaucratically hamstrung socialist countries aligned with the Soviet Union. (Note: Oman was also in our territory but was off our list due to a raging civil war). Replacing Multi-Corp International (MCI), our distributor in Iran, with an HP subsidiary would be a top priority. Iran would be followed by Saudi Arabia, where we already had a foothold thanks to the large King Faisal Specialist Hospital (KFSH) order and a new distributor, the Modern Electronics Establishment (MEE).

The left-leaning oil and gas producers, Iraq, Libya and Algeria would be our second priority. The non-oil producers such as, Egypt, Greece, Turkey, Cyprus, Syria, Lebanon, etc., would be our lowest priority. It was ironic that we already had experienced distributors in all of the lowest priority countries and only one (MCI) where the money was. According to Cherif, we would be setting up HP subsidiaries where practical, and developing (or redeveloping) distributors in countries where business opportunities were promising but not sufficient to justify an HP presence. Selling into countries without an HP or distributor presence would be discouraged due to our inability to provide adequate service. HPSA supposedly did not want to repeat the mistakes of the past, which is why I was there.

During this first meeting it became clear to me that Cherif preferred to leave the details to his managers. His management style was classic HP. Once the objectives were set he would get out of the way and trust his managers to get the job done. Except for regular status checks he did not interfere but was always available to help solve problems that might slow our progress.

The Expected Evolution Of Customer Service In The Middle East

From the perspective of service, Cherif and I agreed that the development of the customer service organization should probably take place in five overlapping phases. As we were heading off into the unknown the timing of these phases would remain somewhat flexible, but our best guess was that the entire process would take about five years. By that point the Mediterranean and Middle East Area Operation was expected to have evolved into a mature, profitable and completely self-sufficient sales region. At that time these expectations were shared with and endorsed by HPSA management:

- Phase #1 would focus on acquiring urgently needed technical resources (service engineers and materials), resolving the outstanding service problems that we had inherited, setting up service administration, developing and implementing service plans for an HP subsidiary in Iran and successfully installing the very large medical order at the KFSH in Riyadh, Saudi Arabia.
- Phase #2 would be devoted to completing the build up of a core group of seasoned service engineers in Athens for all product types. They would be responsible for providing a first level of support for their assigned products throughout the entire area until country level HP subsidiaries and distributors could be brought on line.
- In Phase #3, as the HP subsidiaries and distributors were brought on line the role of the Athens based service engineers would begin to evolve from direct customer support to off-line backup support, which would free them up to provide mentoring (additional training and development) to the new and less experienced service engineers in the countries.
- During Phase #4 the Athens based service engineers would be reclassified as region service specialists, continuing to provide technical back up while taking on planning and supervisory roles for their assigned product types as the installed base grew.
- In Phase #5 all Athens based expatriate service employees would be gradually phased out and replaced by (by then) experienced service personnel with Middle Eastern backgrounds, probably moved up from the HP Subsidiaries and some of the more advanced distributors in the area.

Concerns About HPSA's Willingness To Stay The Course

During my meeting with Cherif we also discussed our mutual concern about the strength of HPSA's commitment to the development of the Middle East and North Africa. The success of our mission would

depend on HPSA's continued willingness to invest without any return for an extended period of time. We were cautiously optimistic. As HP measured the performance of its operations quarterly, Cherif and I both knew from previous experience that if costs rose above expectations, or if the sponsoring managers moved on, or if the original vision of a substantial increase in sales volume never materialized, support for the Athens operation would wane. It was our hope that HPSA management would have the determination to stay the course.

Pressing Matters.....1974 Priorities

In addition to dealing MCI and the KFSH Cherif advised me that we would need to quickly decide what to do about Algeria where we had inherited a small (two person) presence from HP France. Algeria was a good market but a very difficult place to do business, especially service business. There were also a couple of important events coming up: In April all of Cherif's managers would accompany him to Iran to evaluate MCI's capabilities and determine the effort necessary to transfer their HP business to a new HP subsidiary. The second event would be our first distributor meeting in September. The purpose would be to meet our few existing distributors and share HP's plans for the area, which would have a large impact on some of them. They were going to be required to invest more, especially in the area of service, if they had hopes of continuing their relationship with HP.

As with all of Cherif's meetings, either group or one-on-one, this one ended with him saying, "remember, no screw-ups". As our general manager, Cherif's reputation was on the line. Small "screw-ups" that could be resolved in Athens would be tolerated, but big mistakes would arouse the interest of HPSA management and would likely result in more visits by Doug Herdt, which Cherif wanted avoid.....and who could blame him.

Beginning From Square One.....Again

After the meeting I eventually found my desk, which someone, as a sign of ignorance or lack of respect, had placed in the shipping / receiving area. Reminiscent of my arrivals in Taiwan and Canada I again found myself at square one. Other than the few boxes of documents that I had sent ahead (samples of work orders, service agreements, etc.) from Canada as well as the basic system service kits that I had requested during my visit to Geneva the previous summer, I had little to work with.

As far as human resources were concerned I already had three employees who would for various reasons not be of immediate help to me. However, thanks to some groundwork done by Cherif, Kurt Aeberli and my other contacts in Geneva, I had the names of several qualified and interested candidates for our open service engineering positions. With no desire to begin carrying a tool kit again, I placed finding people at the top of my to-do list.

THE MANAGEMENT TEAM.....The Starting Lineup

By the time I arrived in Athens Cherif had finished hiring his management team. It had taken him more than a year to get everyone together. Here was the starting lineup, beginning with the "expatriates".

Cherif Rifaat (General Manager)

Cherif was born into a very well connected family in Cairo, Egypt. By the time I met him in Montreal he was already in his late 30's. He was about five foot nine with an athletic build, a slightly receding hairline, and wore glasses encased in a heavy black frame.

After receiving his engineering degree in Switzerland Cherif moved to Canada with his Swiss wife, Heidi, and joined HP in Montreal. Although conservative in many ways, he was very charming and witty with a whole collection of stories and jokes that he could quickly call upon to make a point. He was extremely intelligent, direct and energetic, but somewhat disorganized, impulsive and sometimes (often) unpredictable which, on personal basis, made him exciting and a lot fun to be withbut you had to be willing to go with the flow because nothing was going to happen according to plan.

For some unknown reason Cherif had developed a fondness for Americans and had taken a particular liking to me. One morning he showed up at my desk and said, "Honor, there is this new Chinese martial arts film playing downtown. Let's go see it tonight. Come by the house at 7:00". Like I said, he was very direct. When Joella and I arrived at Cherif's home that evening he had just gotten out of the shower following his daily afternoon tennis match and was sitting at his grand piano wearing nothing but a bath towel while playing some of his favorite classical pieces. We left after Heidi had fed Cherif his dinner and by the time we arrived at the theatre the film was half over. I don't think he noticed. We were prepared for this probable outcome so, in the end, it didn't matter to us. Besides, Cherif's personality provided most of the evening's entertainment.

On another occasion we were all going to the beach near Marathon in Cherif's new Alpha Romeo sedan. He insisted that I drive. As we went through the hills he kept saying "faster, Honor, faster", which for a former Corvette owner like me was just fine (also for Tariq, their four year old son, who was really into it), but it was not fine with Heidi who put an immediate stop to the fun. Whenever we were having too much fun for her liking she would say, "C-H-E-R-I-F !!!!!!" in a loud voice and we knew that it was time to become adults again.

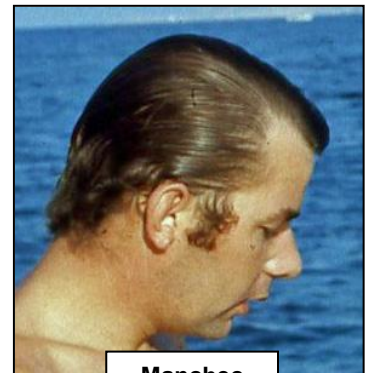


Tariq and Heidi

Heidi was a sweetheart and she had figured out early-on that when you marry an Egyptian you have to give him some latitude to do his macho thingand you also have to use psychology to maintain domestic tranquility. She was very good at managing Cherif. To stroke his male Arab ego Heidi just let Cherif think that he was in charge. Joella and I often joked that Heidi had an invisible fifty foot rope with the noose end around Cherif's neck. He could do anything within that fifty foot radius, but as soon as he stepped outside the circle Heidi would reel him in. It was fun to watch.....although as one of the instigators of whatever we were up to, I usually got reeled in along with Cherif.

Jean-Marie Manchec - Data Systems Products Sales Manager (DSD Products)

My relationship with Jean-Marie, the new Data Products Sales Manager, was probably my most challenging. Within the first hour of my arrival he was standing in front of my desk seeking my approval to begin mailing quotations to customers in places I had never heard of. Cherif had told Jean-Marie, who was an undisciplined and difficult to manage Frenchman, that he could not quote anything to anyone until after I had arrived, but now that I was there what was the problem? I quickly learned that in Jean-Marie's world there was no time for planning, just selling. I explained to him that we would need to spend time together deciding what products we were going to sell and support, how soon, and in which countries. This concept seemed foreign to him. Jean-Marie was one of those sales people who believed that HP's policies (i.e., you can't sell anything that you can't support) did not apply to them. In short, for Jean-Marie the end always justified the means. Wherever I had worked there had always been a high maintenance sales engineer or sales manager like Jean-Marie eating up my time.....and complaining to management about how uncooperative I was.



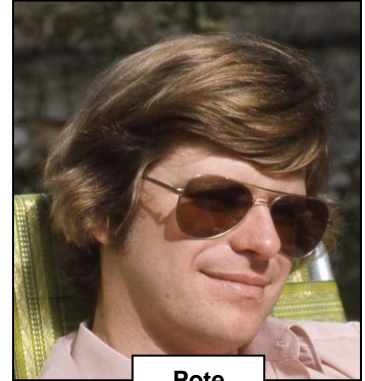
Manchec

Jean-Marie would demonstrate the extremes he would go to to get what he wanted during one of his trips to central Europe. There was a sales meeting that he was supposed to attend in Munich. Not the most organized guy, he did not bother to book a flight until the last minute. Well, there were no flights. What to do? With a little research he discovered that there were seats on a flight to Frankfurt that would stop in Munich, but it was one of those "no local traffic " flights.....meaning that the airline would only be boarding new passengers..... no one would be allowed to disembark. Not a problem for Jean-Marie. He faked a heart attack on the flight and the crew took him off the plane in Munich for medical treatment. Once on the ground he thanked everyone, excused himself as if his behavior was no big deal, and headed for the meeting.

Jean-Marie would eventually figure out that his approach to selling was not compatible with HP and would leave the company to start his own yacht rental business. On a personal level I liked Jean-Marie, who could be a charming guy, but he was a service manager's worst nightmare. I speculated that he must have been a very spoiled child who always got what he wanted.

Phil Pote - Desk Top Calculator Products Sales Manager (CPD Products)

Phil Pote, the new calculator products sales manager was a Canadian from Ontario. In the early 1970's Phil had moved to England and was working for a small computer company that did not appear to have much of a future. Phil was looking for a change when he ran across an HP employment advertisement in a London newspaper. He had just married Gillian, a Welsh girl from Cardiff, and the job opening in Rome or Athens (it did not matter which one) would be an adventure for the newly weds.



Pote

Phil was a very personable guy with an infectious laugh and a tremendous sense of humor. He was smart and outgoing and presented himself as an informal, unpretentious, and rather unkempt fellow, who could care less about making a good first impression. Because of this he was often mistaken for an American. Whether we were talking about a weekend get away to one of the islands or a big sales order he was always enjoyable to be with. He had a well balanced view of life.....work and play in equal quantities. After a severe stress related illness that I experienced at the end of 1974 I would share this opinion. Note: Phil also managed the Consumer Products business (aka, APD Products)

Geoff Bonham - Electronic Instruments and Instrument Systems Sales Manager (EPG Products)

The new EPG sales manager was Geoff Bonham, a sales engineer from England. Geoff told me that following a European meeting he had coincidentally met up with Cherif on the train taking them both to the airport. After Geoff expressed his displeasure with the poor prospects for advancement in his position in the U.K. Cherif suggested that they discuss the instrument sales manager opening in Athens. Geoff eventually accepted the position and he and his wife, Ann, arrived in Athens with their two small children, Emma and Matthew, at about the same time we did.



Bonham

Geoff was a true English gentleman, quiet and reserved with a very dry sense of humor. He reminded me of a character in one of those 1930's English movies.....a very proper and conservative colonial type who would run around the jungle in a suit and tie wearing a pith helmet. I would tease him by occasionally asking why he didn't wear his pith Helmet to work. His reply was always, "because I pithed in it". And then we would both have a good laugh.

I did not have as much interaction with Geoff as I had with the other managers. Due to customs formalities and the quantity of capital equipment required to support instrumentation products it quickly became apparent that setting up a comprehensive service center in Athens.....or anywhere else in the area.....would not be practical. We agreed that HP subsidiaries and distributors would only be required to provide a very basic level of service to meet the needs of our less sophisticated instrument customers. Our more sophisticated customers, who needed support that was beyond the capability of our subsidiaries and distributors, would be asked to ship their products directly to HPSA's Geneva Repair Center (GRC) or the Boeblingen Instrument Division (BID) in Germany.

As there was no market for computer based instrument system, the big deals that I would eventually work on with Geoff were related only to traditional instrumentation products.....I would often consult with some of his major accounts (large European and American companies, military, etc.) who wished to establish self-supporting ("in house") instrument maintenance and calibration facilities.

Peter Merkel - Medical Products Sales Manager (MPG “Med” Products)

The final expatriate manager hired by Cherif was Peter Merkel, a medical sales engineer from HP’s Rockville, Maryland office. Some years before joining HP Peter had been recruited by the CIA following his college graduation and was stationed in Athens, where he had met his wife Desi, who we all referred to as “dizzy Desi” because of her extremely expressive and extroverted personality. After Pete and the government parted ways he joined HP. Pete had apparently met Cherif at some medical sales meetings and approached him when news of the Middle East operation had become public. Of the whole crew of “westerners” Pete would be the only one who had previous experience traveling in the Middle East and was very familiar with the Greek culture thanks to Desi and her family.



Merkel

Pete was also fun to be around. He was a jolly and slightly rotund fellow who, like Bonham, had a dry and witty sense of humor, but more colorful. His specialty was spontaneous off the cuff remarks. He would always come up with some sarcastic (but appropriate) smart-ass comment whenever the opportunity allowed. Once when we were in Kuwait together we made a sales call at a new hospital. Other than the half a dozen bored doctors who were there, the place was completely empty.....no equipment, no beds, nothing, except for a large number of cats running loose inside the facility. Yes, it was bizarro. As we departed Pete commented that perhaps the place was really a veterinary hospital or maybe even “a day care center for cats”.

I enjoyed working with Pete. He sincerely wanted everything to go well for his customers and for HP. To that end we worked together to decide what and where we should be quoting, what the service plan should be, what delivery time would be needed to allow for development of our service capability, and the amount of funds that should be bundled into the price to cover the cost of providing support. In short, Pete did things the right way. He understood that it was an advantage to have the service manager accompany him on sales calls. To this end I agreed to travel with him to the United Arab Emirates (Dubai and Abu Dhabi), Kuwait, Syria and Lebanon in April after our visit with MCI in Iran.

To round out the initial management team, three people were hired locally.

George Panos – Administrative Manager

The next member of the crew was George Panos, a Greek American. He was born in Greece but had lived in the Chicago area for many years where he received his business degree and eventually became an American citizen. He returned to Greece with his American wife, Sandy, and was employed at the Athens branch of accounting firm Peat, Marwick and Mitchell. Although he was hired in Greece, George came to work for HP as an expatriate, just like the rest of us.



Panos

George was an attractive man with a personality to match. All of the women in the office loved him, including my secretary, who occasionally expressed her desire to get her hands on him. Being your typical Greek male George did little to discourage the interest that the ladies showed in him. He was a real charmer and a bit of a philanderer. On one occasion when I traveled with him to Geneva George showed me his proverbial “little black book” and offered to set us up for the evening with a couple of his female acquaintances. Although I appreciated his offer to share with me, I declined.

George was very helpful to all of us on both a business level and personal level, especially to the expatriate managers and their families as we began to establish our roots. He handled everything from finding homes for us to locating doctors who spoke English and French. A very resourceful guy, George

could be relied upon to solve just about any problem that came up..... and there were plenty of them as I began to establish our service subsidiary in Iraq in 1976. More on this later.

Alex Vondjidis - Analytical Products Sales Manager (Chemical Analysis Products)

The first true (drachma payroll) locally hired sales manager was Alex Vondjidis, who handled analytical products. Although quite competent in the field of analytical instrumentation Alex had relationship issues with many of the people in the office, especially the women. He was a true male chauvinist. Alex would make extremely suggestive remarks and tell raunchy jokes to the women employees just to see their reaction. He was rude and crude, but we all put up with him. Anne, my secretary, referred to him as “that Greek pig”. To get acquainted, Desi and Pete Merkel invited the new management team to their home for a BBQ on Easter Sunday 1974. Of course, it was a traditional Greek Easter celebration with an entire lamb on a spit, retsina, ouzo, etc. During the festivities Alex walked over to the lamb and pulled off the genitals (I am trying to be polite) and proceeded to chase me around the yard with them. I real classy fellow.



Vondjidis

As far as working with Alex was concerned, he was another Manchec. After I proved to him that he was not going to slip anything by me (I instructed order processing to not act on any of his orders until I had signed off on them) he began to work with me on his quotations. He realized that working with me up front was better than making a bunch of undeliverable promises to his customers that he would have to retract when the order did not make it through processessing.

Lee Couvela - Personnel Manager

Lee Couvela, who was temporarily acting as Cherif's secretary when I arrived, had been promised the personnel managers job after the office was up and running. Cherif eventually delivered on his promise, but Lee continued to fill both positions for quite awhile. She was a local hire with a lot of experience and even though she would occasionally demonstrate a touch of Greek management style (a bit abrasive and tough minded), was very professional and very effective. Lee had lived in the U.S. for many years and was absolutely (no accent) fluent in English. It troubled me that she was always so serious about everything so, I made it my personal mission to get her to smile. It was tough. This picture was about as close as I could get.



Couvela

OTHER EXPATRIATES

In addition to the expatriate managers there were also many expatriate “individual contributors” who were part of the startup team. Just to name a few, there were Daniele Monti from Italy, Brian Oliver from the U.K. and Faisal Kadri from Egypt, all of whom were instrument sales engineers reporting to Bonham. Both Monti and Kadri had PhD's. There were more PhD's in the other sales groups. When these guys got together it was like watching an episode of the “Big Bang Theory.”

OUR GREEK OFFICE STAFF

HP's reputation as an excellent place to work quickly spread and as a result there was never a shortage of excellent candidates for job openings. The only problem that we ran into was dissatisfaction with the long commute times for most employees to get to work and, over time, word leaked out (from accounting) about the high cost of maintaining expatriates. Just our home heating bills were often higher than the salaries of some of the Greek employees. We eventually established a policy of subsidizing the transportation expenses of our employees, which they appreciated. On the other hand, Greek employees had some very generous benefits. By law, they received six weeks of vacation every yearone week

at Easter, four weeks for summer vacation and one week at Christmas..... as well as 14 months of salary. It is no wonder that the Greek government, the country's largest employer, is broke.

Even though commute times were a problem, there was not much turnover in our office. The Greek employees loved working in the HP environment. Unlike Greek companies, which were very formal, HP offered employees an environment where they could address their manager by his / her first name, freely express themselves, use their initiative without the fear of being fired, and would be treated with respect. In contrast, Greek companies were very autocratic. Employees were required to formally address their superiors, had to follow orders to the letter, and could be fired on the spot without cause. ■

