

BILL & DAVE

How Hewlett and Packard Built the World's Greatest Company

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Friends first, partners later

From a modern business history perspective, the first meeting between Bill Hewlett and David Packard could best be described as “momentous”. It actually took place in the autumn of 1930 in a casual setting – both men attended the annual tryouts for the Stanford University football team.

David Packard was a six foot five freshman from Colorado who was a natural athlete. As well as being one of the rising stars of Stanford’s brand new electronics department, Packard would not only get selected for the football team but he would also play for Stanford’s basketball team and become a key member of the University’s track team.

By contrast, Bill Hewlett was short and stocky. What he lacked in natural ability he tried to make up for with his enthusiasm and commitment. Hewlett was lucky to even be at Stanford at all having been admitted on the strength of his family connections more than his grades. In fact, it wouldn’t be until nearly three decades later that he would be accurately diagnosed as having severe dyslexia – which finally explained why he was so good at listening to other people talk but lousy at reading. Hewlett missed out on making the football team.

Although Bill and Dave met on the football field, they didn’t immediately become good friends. Both were busy earning their undergraduate degrees in engineering so they often ended up in many of the same classes and seminars, but it wasn’t until their junior year at Stanford that they really struck up a friendship around their shared passions for the outdoors and electronics. Bill also owned one of the few cars on campus at that time and he and Dave often took off on outdoor adventures all over California. When they both graduated in 1934, David Packard managed to convince Bill Hewlett to join him on a two-week horseback pack trip in the San Juan Mountains.

“The Great Depression was now in full force. The young men knew they were facing the worst job market in American history – and in a strange way, it was kind of liberating: if the traditional corporate career paths were all but closed, they were free to try something radical and new. They even mused about starting up their own company, perhaps in the field of ‘electronics’ (a term so new that it had been coined after they came to Stanford). But even with their limited experience, they knew that starting a company required capital, products and customers – none of which they currently had. The dream would have to be deferred for now.”

– Michael Malone

David Packard accepted a job with General Electric in Schenectady, New York. On his first day at work, his supervisor told him to forget about doing anything in electronics because there was no future in that but to concentrate instead on gaining experience in how to build generators for hydroelectric dams. To gain experience, Packard was assigned to test new refrigerators for leaks and other malfunctions. Obviously, this was a nightmare scenario for Packard, especially in light of the fact he had worked so hard to become one of the best young electronics engineers in America.

While Packard was off east, Bill Hewlett decided to stay on one more year at Stanford. He enrolled in a graduate electronics class taught by Professor Fred Terman, the head of the university’s electrical engineering department. Hewlett earned a reputation that year as being a real practical joker. At one stage, the roof on their electronics lab leaked so badly Professor Terman set up drip trays to catch rainwater as it came seeping

through. Bill Hewlett responded by putting goldfish into the drip trays. He also learned how to rock-climb and would often climb up the rough-hewn sandstone wall of Stanford’s quad, much to the amusement of his classmates. And on one memorable occasion, Professor Terman was forced to give a presentation to Stanford’s trustees describing how some students were secretly using Stanford’s state-of-the-art three-mile-long Linear Accelerator to pump beer from a nearby roadhouse to the campus. It was never made clear what Bill Hewlett’s contribution to that project was but he was well known for improving the morale of his fellow students.

“I was slow in realizing that Bill not only solved problems but looked beyond them for their implications. He could see that one good creative problem solved always led to two more unsolved”.

– Professor Fred Terman

At the end of that one-year graduate course at Stanford, Bill Hewlett was accepted for the master’s degree program at MIT. He left for Boston at the end of the 1935 school year, full of ambition and determination. At least he was now on the same coast as his college buddy David Packard and it wasn’t long before Bill Hewlett was regularly catching the train from Boston up to Schenectady to see what was happening.

Packard by this stage had managed to escape inspecting refrigerators by transferring to GE’s radio transmitter department where he assumed responsibility for the manufacture of GE’s large mercury vapor rectifiers. Since these units failed all too often, Packard planted himself on the factory floor and followed every step of the manufacturing process. He found the production workers were given inadequate instructions and therefore were following some outdated practices. Packard completely rewrote the instructions and saw the number of units being manufactured to specifications leap.

“It was the first indication that David Packard was not only a brilliant manager but an innovative one as well. Years later, when HP codified its leadership practice, called ‘Management by Walking Around’ – and business theorists began to write books about it – Packard looked back and realized that it was during those weeks on the factory floor that he first practiced it: ‘That was a very important lesson for me – that personal communication was often necessary to back up written instructions’, he later noted”.

– Michael Malone

Packard was living in a house with several other bachelor engineers who also worked at GE. They often would purchase defective electronic equipment from GE and tinker with it in the attic of their house. On one memorable occasion, they were playing around with a transmitter which was designed for a huge electrical plant and they found that when they pressed the key, all of the lights in their rented house would light up – whether they were turned on or not. Remarkably, despite living and eating in the massive electrical fields these pieces of cast-off industrial equipment generated, all of the men would ultimately end up living long lives and have exceptionally productive careers.

At the end of his MIT graduate studies, Bill Hewlett sent out his resume – and received just one job offer from Jensen Speaker Co. of Chicago. That didn’t appeal so Hewlett wrote to Professor Terman back at Stanford and asked if he knew of any good jobs going. Dr. Terman managed to find a product development project which was being funded by a San Francisco doctor. Hewlett accepted a job to work on this project and move back to the San Francisco region. He worked out of Stanford’s

