

# Future Of Tektronix Tied To Research

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Four thousand five hundred or more Portland-area families live off the dollars they carry home from the pay windows of Tektronix, Inc.

They buy groceries, automobiles, furniture, pay doctor bills, light bills and, the economists figure, generate service jobs for approximately 15,000 additional people.

So these are prime dollars, flowing into Oregon from across the nation, from Europe, Japan, South America, wherever there are electronics and that is almost everywhere.

In its most recent "Audit of Brand Recognition," Electronic Design Magazine showed that of 690 potential customers, 94.8 per cent replied "Tektronix" when asked: "What manufacturer would you consider in planning the purchase of an oscilloscope?"

Nowhere in all the field of electronics was there another manufacturer so popularly selected for any product. So there is no doubt that this has been a successful company. Now about the future?



**HOWARD VOLLUM**

In the market where Tektronix stock is traded, investors have excitedly run the price in a matter of days from \$17 a share to more than \$30 and then watched despondently as it rolled back to a miserable \$14.

Wise men in the street have at one time romanced the firm as another Xerox or International Business Machine, only to turn on it later and depreciate it as a 70-cent earner with no dividends and but one single product facing the possibility of being outdated at any moment.

In all of this there has been a degree of ignorance and speculation because Tektronix has not been one to tell its story outside the family circle.

Since 1947 when the company was formed and began at once to make successful men out of the handful of ex-servicemen who put it together with a versatile, moderately priced instrument, Tektronix has been closely held. There was Howard Vollum, the president and technician of the original crew; Jack Murdock, the chairman of the board; and Milt Bave and Miles Tippery and Logan Belleville and later Bob Davis, the last four of whom have left Tektronix much better off than when they began.

Then, Jan. 10, 1964, Howard Vollum stood among the mass of "buy" orders on the floor of the New York Stock Exchange, waiting to purchase the first 100 shares traded there, and all of that changed. He got his purchase off at \$23.50 and the stock was off and running.

A short time later, amid recommendations from an investors tip sheet and rumors of mergers with IBM and Xerox and several other companies, depending upon your tout, the price climbed to \$25 and then \$30 and \$31 a share. It was still moving when Vollum spoke out, painfully for a company that had kept to itself and for a man of very quiet nature.

He told the Wall Street Journal in that day when Tek was the most actively traded stock on the exchange: "I know of no reason for the sudden increase in Tektronix stock price."

They shut down the trading shortly after that only to open again moments before the day's close with Tek off several points. It was then the downside began and the scuttlebutt came the other way: one product, over-manned; no dividends etc.

Much of that speculation and adjustment is behind now but knowing what the company went through you can understand the caution Vollum insists upon in discussing the firm.

You meet him in the booth-like office in the administration building, set off a little from the main complex of Tektronix plants which are cast in a village pattern over a 305-acre tract adjacent to Beaverton.

The unpretentious, bare floor office has already been explained in memo to employees entitled: "Ideas that have built Tektronix." There Vollum is quoted as saying: "We prefer not to have a series of status symbols — two more feet of office when you get promoted, then a rug with the next promotion, then a pad under the rug."

## Status Symbols Unneeded

"I believe people who have to rely on status symbols are insecure. My experience has been that the most valuable are those who don't have to."

There is more than \$21 million in new plant and equipment in the Tek complex and even more new buildings under construction, the latest the 240,000 square-foot Technical Center. So you ask: "Why the boom? How big is the oscilloscope market and Tektronix's position there?"

And Vollum admits that is the most often asked question he faces today, that and: "What happens when something is invented to replace the oscilloscope?"

"What people don't realize is that this is like any other industry, like the automobile industry or the machine tool makers. What happened to the wagon maker when the need for wagons disappeared?"

"The need for individual transportation did not disappear and the wagon makers became automobile makers. The need for electronic measurement will always be with us and when a device is invented to replace the oscilloscope, we believe it will be created and produced at Tektronix."

The company, he explained, is spending a whopping 10 per cent of its gross income on research and development or between \$7 and \$8 million a year. By way of perspective, Hewlett-Packard Co., the world's second largest oscilloscope maker, has 136,000 square feet of plant space dedicated to its entire manufacturer. The new development Technical Center alone, Vollum pointed out, is 240,000 square feet.

"I suppose we could cut out the R&D," commented Bob Fitzgerald, Tek's 37-year-old vice president and chief of operations. "We could apply that to earnings. But we would live about two years, maybe."

Put it another way, suggested Vollum, "The research that is being done in this field is being done at Tektronix."