



Tektronix overseas: a history

(Tektronix international marketing and manufacturing have been expanded and restructured in recent months. This article is a brief history of the development of our international operations.)

To sell an oscilloscope in Baltimore, a field engineer is only required to match an instrument capability with a customer need. But to sell the same oscilloscope in Belgium, the field engineer, or distributor, must hurdle a language barrier, an exchange barrier, a customs barrier, a market barrier—and at times a predisposition by the purchaser to buy goods from a Belgian supplier rather than a foreign firm.

To overcome these barriers, to supply our overseas customers with instruments unexcelled in the electronics industry and limited only by the current state of the art, and to give them the same service offered our US customers, Tektronix devoted much thought and planning during its early years.

Tek Talk, January 1952, summarized the establishment of our European market:

“During February 1948, one of our original Type 511 scopes was purchased by the Ericsson Telephone Sales company, New York City, for shipment to their parent operating company, Aktiebolaget Ericsson Telephone company of Stockholm, Sweden. Several reorders were immediately forthcoming and 'twas thus that the fame and utility of Tektronix instruments began to spread through the ranks of research scientists and engineers abroad.

“We received correspondence from several Swedish electronic concerns with applications to serve as Tektronix sales outlets for the Scandinavian countries . . . After an exchange of many letters, mutual banking and trade references, etc., an agreement was reached, and on December 3, 1948, Aktiebolaget Norrlandia in Stockholm, Sweden, was established as the first authorized distributor of Tektronix products outside continental United States.

“Mr. Erik Ferner, one of two partners owning Norrlandia, carried the news of the superiority of our instruments throughout the length and breadth of Sweden and an almost immediate response occurred in the form of orders from the Royal Institute of Technology, the Swedish Air Force, A.B. Svenska Phillips, Chalmers Institute of Technology . . . University of Lund, University of Upsala (established in 1746), Royal Swedish Defense Laboratory, Royal Swedish Telegraphs, etc. Mr. Ferner personally visited our Hawthorne boulevard plant July 3 and 4, 1949, and left more firmly convinced than ever of the high value of our products and policies.”

Mr. Ferner now owns several companies, one of which is the distributor for Tek equipment in Sweden: Erik Ferner AB.

Korean Crisis Halts Shipments

The Korean Crisis brought US defense production priority regulations, which virtually halted overseas activity by diverting oscilloscopes to defense-related orders. But by 1952 we were able to resume export shipments.

By January 1952, distributorships were established in Norway and South Africa. According to Scotty Pyle, International Marketing staff, we establish a distributorship when the prospective distributor's knowledge of the language, local conditions and technical capabilities will enhance the value of Tektronix instruments to the customer. Two of the major factors considered in establishing Tektronix distributorships are (1) adequate experience and knowledge in commercial transactions and (2) technical know-how for customer assistance.

We now boast 30 distributors (distributors who sell and receive commissions on all Tektronix instruments sold within their territories) and three commercial agents (representatives who have no technical responsibility but who negotiate orders and receive commission on

those orders for which they are the procuring cause).

In the late fifties we realized that import duties and overseas competition were threatening our export market. Especially was this the case in Great Britain, where purchasers had to pay 33 per cent duty on Tek instruments that had an English-made equivalent. Customers do not have to pay duty on instruments that have no English equivalent.


Development of plans for the European Economic Community (EEC, often called the Common Market, composed of Belgium, The Netherlands, Luxembourg, France, West Germany and Italy) and the European Free Trade Association (including Great Britain, Portugal, Austria, Denmark, Norway, Sweden and Switzerland) also forced action, since duty on US-made instruments could increase as duty on EEC or EFTA instruments decreased.

In 1957 Al Hannmann left the Export department to serve Tek as a roving field engineer in Europe, based in Zurich, Switzerland. Al's responsibilities were to provide closer liaison between Tektronix and the European distributors and customers; at the same time he studied the feasibility of establishing a manufacturing operation in Europe. He reported that Guernsey seemed to be a good location for our overseas expansion, with a physical plant available and an adequate manpower supply.

On December 6, 1958, Dave Spinks and Earl Wantland arrived in Guernsey from Beaverton to initiate the manufacturing operation. Al moved from Zurich to Guernsey to assume duties as Guernsey manufacturing manager, and Don Alvey transferred from US Marketing to replace Al as field engineer in February 1959.

(Dave Spinks, who returned to Beaverton in May 1963, now works in Central Staff Services. Earl Wantland is now International Manufacturing manager. Al Hannmann is manager of Tektronix Australia Pty. Limited.)

By January 1, 1959, the Guernsey group had eight employees; by the end of that





year they were assembling four scopes (545, 524AD, 535, 515) and seven plugins (B, CA, D, E, G, K, L) and supplying customer service parts. It was incorporated in 1961 as Tektronix Guernsey Ltd. (prior to that time it was a branch of Tektronix, Inc.). It is now a full-scale manufacturing facility, employing 285 and occupying 80,000 square feet in two buildings. Bob Gwynn is manager.

To expand and improve the marketing activities in Europe, Tektronix International A.G. was established in March 1961. Based in Zug, Switzerland, this sales office coordinated efforts of distributors throughout Europe, Africa and the Middle East, and was responsible for marketing Tektronix products within these countries.

Also in March 1961 Tektronix Holland N.V., a manufacturing plant near Heerenveen, The Netherlands, began operations. The Heerenveen plant, patterned after the Beaverton assembly buildings and managed by Tom MacLean (formerly of Beaverton Instrument Manufacturing), employs approximately 190 Dutch nationals.

International Field Offices Started

Tektronix' domestic marketing approach for many years contained aspects not found in the electronic instrument industry. As soon as it was feasible, Tektronix, Inc. set up field offices throughout the US, where factory-trained field engineers and field maintenance engineers maintain direct contact with customers and provide on-the-spot repair and recalibration service.

This marketing approach was highly successful in the US. And our limited experience in directly contacting overseas customers tended to confirm that this approach was desirable in some marketing areas also. So, early this year, the international marketing and manufacturing operations were restructured to move toward this direct marketing goal in some countries, as well as to effect closer marketing and manufacturing liaison with Beaverton.

A new company, Tektronix Ltd., head-

sure there are problems... but respect for the Dutch character is helping us work out answers, says manager back from Heerenveen.

Earl Wantland believes it would be good for every American not only to live in a foreign country sometime, but also to adapt to it. He has done both.

Some US visitors abroad may be so wealthy that their environment adapts to them. Others may not care. But to Earl — who had the responsibility of setting up, staffing and managing Tektronix' manufacturing plant in Heerenveen, The Netherlands — it was important both to understand and to fit in.

To a man with that kind of task, it's more than an idle concern how the Dutch people are governed, how they're educated and where. It matters. What they believe, matters. How they think, matters.

And so Earl — for a time the only American in a city of 12,000—found his job of planning and managing our Dutch plant was closely tied in with the traditions and attitudes of the people.

His problem, in brief: How — in a country whose government, geography, economy, education and social structure differ so greatly from our own — how to build a company that was still Tektronix?

How, for example, to mesh Tek's use of first names with the Dutch custom of addressing even one's own parents in formal language? (The change has been made — and Dutch Tek's seem to like it. But outside the plant, formality still is the rule.)

Earl, now back in Beaverton on Mike Park's Manufacturing staff, sums up his two-plus years in Heerenveen: "It's a different world."

Some Wantland comments, at random, about the country:

Geography — Low, green, flat — two-thirds of it below sea level. Other than the "Dutch Alps", a 600-foot range of hills in the southwest, there is no high ground. Weather: Gray, cloudy, coastal.

Earl's first impression was of the country's gueling — and victorious — battle against the sea, draining, diking and farming the polder (reclaimed) land. This land goes to the top graduates of the

Agricultural University, who farm it expertly and scientifically.

People — Industrious, stable, trustworthy, family-oriented. Eager for education, fond of discussion. Friesland, where Heerenveen is situated takes pride in the very large number of Frisians in Dutch government and higher education.

Government — Socialistic (although it owns only two major industries, the excellent Dutch railroad and the coal mines.) Restricting inflationary trends and keeping wage costs as low as possible have enabled The Netherlands, though a tiny country, to price its products competitively in the world market. The program has bootstrapped a recovery not only from World War II but also from the crushing economic loss of the Dutch East Indies in 1949.

The necessity to curb domestic purchasing ability means that, in negotiations between labor and management, the government does more than stand by. It sets the ground rules (for instance, how much of a pay raise will the economy stand?), and unions and companies play the game accordingly.

The result: Almost no strikes, and a solid economy that strongly resists economic crisis.

Labor-management—Each industry has its own employers group (Tektronix belongs to the Metaalband, the metals industry organization) and its own labor union (actually a composite of three unions: Catholic, Protestant and Socialistic). Bargaining, generally for three-year contracts, is done with an objectivity and a consideration of all points of view that would be unusual in the United States, Earl remarks.

Education—Dutch schools, like those of many nations, are not "democratic" in the US sense. From the start they strive to separate and to group students according to aptitude. How far they may advance—and in what direction—depends first of all on their competence, (second on their interests). This educational winnowing process is much different from our public education, in which a student takes,

pretty much, the schooling he wants. It provides not only "levels" of academic achievement but also a social stratification that will last the students all their lives. The Dutch honor academic success as much as Americans may honor, say, business success.

Because of the stature that educational achievement gives, many citizens are engaged in voluntary night-school education at all levels, largely under government auspices, with centrally prepared examinations.

The role of the schools in shaping Dutch society is very strong, Earl points out, and has many consequences for industry.

The Dutch system is organized, roughly, in this way:

At the bottom is the Lower School, similar to our grade school but with a more advanced curriculum. After six years, students are separated into two groups: Those who may go on to further academic or vocational training, and those who may not. These latter remain two more years in lower school, then become part of the labor market—often at age 14.

Of those who continue:

A girl may attend Home Economics School for three years, thus completing her education in her teens. (Interestingly, the average age of our assembly girls there is 18½.)

A boy may go to Lower Technical School for four years. Then he either seeks a job or, if he's a top student, he may choose to go on to Middle Technical School, for advanced practical training in a technical vocation. This completes his education.

A boy or girl academically inclined and competent may go from Lower School to Middle High School (similar to our high school) for four years. But the top Lower School students enter to what Dutch call "High School", but what would be equivalent to a US high school limited to superior students.

After five years in High School a student automatically has entrance to the University or the Technical University (which turns out mas-

ters-degree engineers). But he may choose instead to undergo shorter, more specialized training in the Higher Technical School, which graduates bachelors-degree engineers.

Although it's uncommon, a top student in Middle High School may take one more year of schooling there to qualify for admission to the university. Or, if his aptitudes justify it, he may go on to specialized technical schools. (There are two excellent electronics schools, which are prime sources of Tektronix Holland's technical staff.)

The selectiveness of the school system—channeling apt students into intensive technical training—benefits us; Tektronix is technically a strong organization.

But obtaining Manual workers (a government job classification including tool and die makers, assembly workers and shop employees) is more difficult. The supply of qualified people is smaller, for one thing, and once we find them there are problems in motivating and keeping them. (We do have a dedicated and competent crew, but largely because we have the opportunity, so far, to be very selective, Earl points out.)

To put these problems into perspective, he explains the Dutch system of labor-management relationships:

The government, in the interests of guarding the small nation's economy, plays a strong role. Each year the national system makes its economic report. Among other things, it spells out what the economy can stand in the way of pay raises.

Within this framework, the union and the employers group negotiate the form of the increase. Sometimes it's more retirement benefits, sometimes sick pay, sometimes actual raises. Each year some sort of increase has been allowed; so labor costs in Holland, as throughout Europe, are on the rise.

These ground rules are only part of the story and, from an employer's standpoint, not the toughest part. More difficult is the tight control over job classifications and

pay ranges. The classifications are rigid, the ranges very narrow.

Particularly this is a problem in the Manual labor classification. For example, the pay range for a tool-and-die maker has a spread of about two US cents. This, plus a strict control over pay raises, makes it difficult to provide incentive, Earl notes.

In the Manual category, raises are mandatory each year of employment for several years. (In the Clerical category, mandatory annual raises continue until age 45.) These are seniority increments but strongly affect our ability to grant merit increases, because:

Not only is there a specified minimum individual wage, but also a minimum and maximum allowable average wage for each job classification. The nearer a company's average wage is to the maximum, the less leeway the company has to grant individual merit increases in that job classification. (And remember, the range is very narrow anyway.)

Add to this the fact that pay for clerical jobs is higher than that for manual work (a secretary may earn more than a tool-and-die maker), and you can see part of the problem of providing incentive for our assembly, shop and other manual people—about half the 190-person



ed by Frank Doyle (formerly with Tektronix International A.G.), was incorporated on Guernsey to assume the marketing responsibilities formerly performed by Tektronix International A.G.

Tektronix International A.G. continues to consolidate financial and personnel functions for Tek's European operations, as well as to serve as a field office for Switzerland. Nine employees man this office.

Tek Ltd. Markets Scopes in Europe

Major marketing and technical support responsibilities for Europe, South Africa and the Middle East are performed by Tektronix Ltd. Their 53-employee staff

coordinates activities of distributors in these areas, has responsibility for processing quotations and orders for them, and will work in close cooperation with Tektronix marketing companies in Switzerland and the United Kingdom. Tektronix Holland N.V. and Tektronix Guernsey Ltd. market instruments manufactured at those sites, with marketing assistance from Tektronix Ltd.

The UK marketing company, Tektronix U.K. Ltd., was organized in mid-1963. Harry Sellers, formerly with our British distributor (Livingston Laboratories Limited), is manager.

But our overseas vision did not stop

at Europe. Customers in other parts of the world merited the same consideration and marketing approach. Tektronix Canada Ltd. became part of the international structure in 1963. And this July an Australian field office, Tektronix Australia Pty. Limited, opened its doors in Sydney. Al Hannmann transferred from Guernsey to direct the activities of this new enterprise.

One last move seemed reasonable. Because of communications difficulties caused by having operating managers several thousand miles apart, the decision was made to base the European manufacturing and marketing managers in Beaverton. Earl Wantland, International Manufacturing manager, returned to Bea-

verton in August. Don Alvey, International Marketing manager, returned in October.

Marketing will closely evaluate the field offices in England, Switzerland and Australia to determine whether they meet the needs of our overseas customers. If they do, consideration will be given to the feasibility of establishing field office operations in other countries where such a move would be in the best long-term interest of customers and Tektronix. Manufacturing, too, is appraising its operations and will consider expansion to countries where our marketing potential cannot be achieved or maintained by continued shipment from current manufacturing locations.





EVEN BACK in Beaverton, there is no respite from the problems of Tektronix overseas marketing and manufacturing, Earl Wantland and Don Alvey find. Earl is on Mike Park's staff as International Manufacturing manager and Don on Byron Broms's staff as International Marketing manager. Don is also a member of the Management Group.

Heerenveen work force.

Nor is it easy to use overtime as a bonus incentive. Not only is the amount of overtime a person may work restricted to six hours a week, but to work any overtime at all—even one hour for one person—you need the permission of the local labor inspector.

Another factor: Even though money is an incentive to the Dutch worker, he is so strongly oriented to home and family that in many, if not most, cases he doesn't want to work overtime.

How, in the face of all these bar-

riers, do you provide incentive for this group?

Our answer has been to try to develop a premium system—extra pay for quality and quantity production beyond an accepted 100 per cent standard. Earl points out that this requires good standards, objectively derived.

Other industries in Holland have had their premium systems approved. The most liberal treatment has been granted for the piecework approach, since it's quantitative and easy to measure.

The incentive problem is less in

other top categories: Clerical, supervisory and (the highest paid) technical.

But we ran into other problems in selecting clerical people: For one, top girl students—generally—receive few commercial courses, their education being largely academic.

Because most women quit work when they marry, because of the lack of commercial training for top girls, and because clerical jobs are paid higher than manual work, many clerical positions are held by men. (This is not as true of Tektronix as it is of many Dutch businesses; banks, for example, are staffed almost 100 per cent by males.) As you might guess, there is a lot of evening study to get into clerical jobs.

Wage rate increases are agreed on, or employee benefits determined, by the employers groups and the unions, together working out what are called collective labor agreements (CAO) for the industry. (Profit share, too, requires approval in a CAO.)

Dutch employee benefits are not the most extreme in Europe, but they are typically European in their variety and liberality: Up to two years sick pay; medical benefits for the whole family, including pharmaceuticals. As in the US, part of the cost is paid by the employee, part by the company.

The first government after the war, a coalition, laid the structure for the country's system of social benefits. They include a children allowance, so much per month per child, an insurance paid by the employer to head of the household.

The Dutch economy is solid; they've done a "tremendous" job of recovery, and they have an intensive industrialization program. The tiny nation is the home of three of the world's giant corporations: Unilever, Shell Oil and Phillips.

Most industries there stress mass-production techniques, as contrasted with Tektronix' unit system of assembly. Whereas the work cycle in most of these plants is under three minutes, ours runs one to two hours, depending on the instrument—with the implications, in The Netherlands as here, for conscientious work and pride in craftsmanship. Our workers there are conscientious, and proud—and morale is good.

In an economy as rigidly directed as Holland's, intangibles become very important, Earl stresses. The fact we're an American firm is one; the good reputation of our company name is another. And a very important one is Tektronix' traditional recognition of and respect for individuals as people—and for the individual character of the Dutch nation.

As Earl pointed out: It's important to adapt.