Seeds for the Silicon Forest were sown by Vollum

He was 'Committed To Excellence'

By STEVE JENNING

THIRTY YEARS AGO, Howard Vollum was walking down a corridor of his new Beaverton plant, surrounded by an entourage of company engineers. One of them was C. Norman Winningstad.

"In the middle of a conversation, Howard made an off-the-cuff remark that a little green paint might brighten up the hallway," remembered Winningstad.

Within a few days, every wall in the Tektronix complex was painted green.

Vollum, who more than any other individual was responsible for Oregon's electronics industrial growth, spoke softly and didn't push. But when he talked, people listened.

Howard Vollum died last week. He was 72 years old. He was one of the state's richest men and a celebrated philanthropist. There's an auditorium named after him at Reed College.

But Vollum's principal legacy is Tektronix, a $1.5-billion-per-year, 20,000-employee electronics giant generated by two young electronics wizards — Vollum and his late partner, M.J. "Jack" Murdock.

The engineers at Tektronix built things, starting from the first high-test, low-cost oscilloscope and evolving into television monitors, engineering computers and hundreds of other products.

It's a little-known, little-understood and particularly unglamorous segment of the flashy high-tech business. Ridley Scott, who makes "1984" theme commercials about the Apple personal computer, will never do a television spot about a Tektronix signal generator.

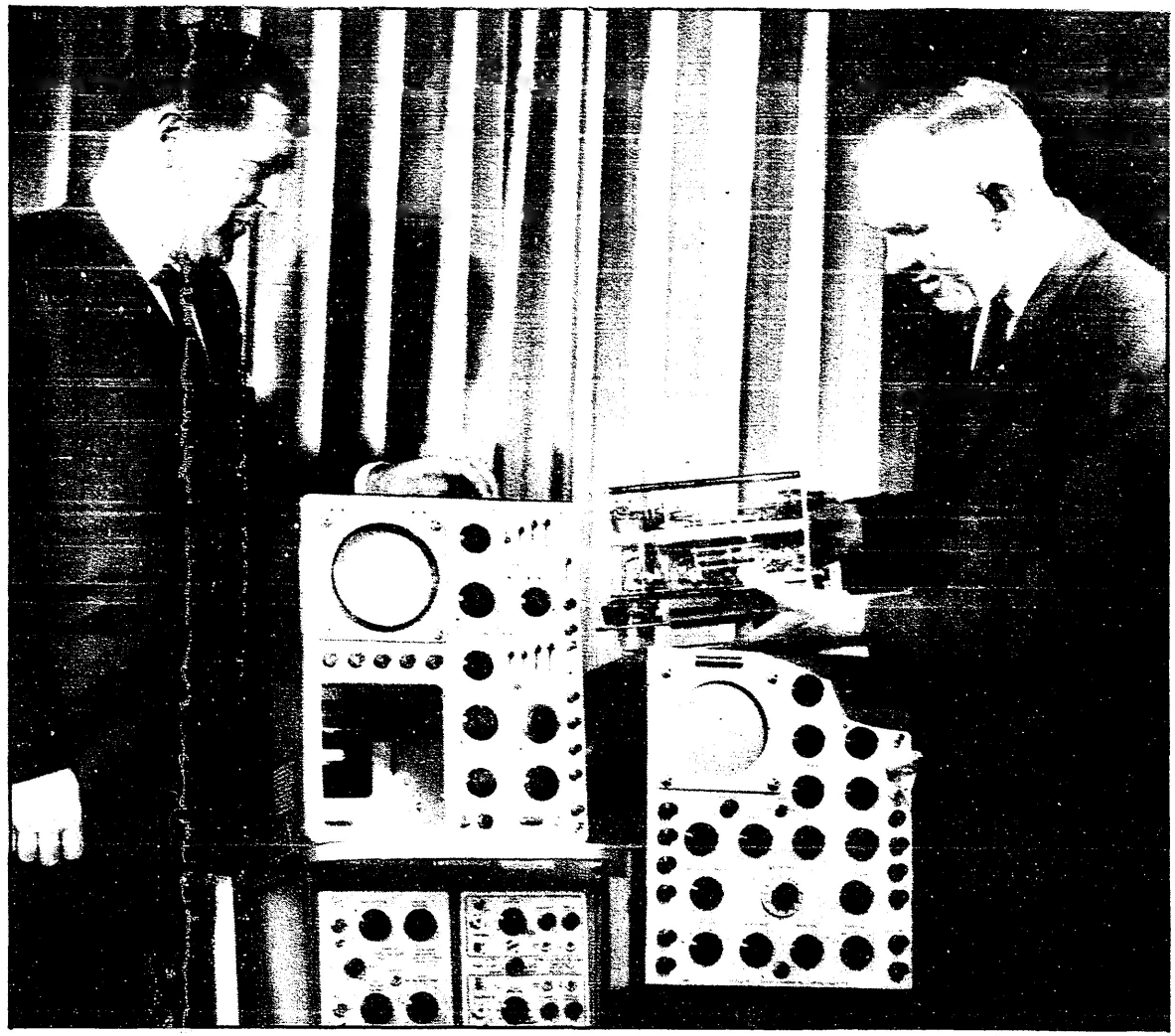
Murdock's vision set the management and market orientation tone for the company. Vollum, decorated in World War II for his contributions to modern radar technology, dreamed up the products.

The company motto was, "Committed To Excellence." It was Vollum's idea, worked out when Tektronix was little more than a garage-sized shop on Southeast Hawthorne Boulevard. He had it printed on just about everything, from product packaging to company letterheads to annual reports.

But it was more than excellence that made Tektronix the world's leading supplier of electronic engineering instruments, a blue chip Wall Street stock and Oregon's largest employer.

Vollum and Murdock decided that their new industry required new management techniques. They are responsible for a number of innovations, including employee profit-sharing plans, elimination of the timeclock and a driving desire to foster senior executives from the ranks of the lower and middle management.

Steve Jenning covers business for The Oregonian.



Howard Vollum (right) and Jack Murdock compare 540 series oscilloscope (left) with historic model at unveiling in 1964.

Tektronix workers, from Murdock and Vollum down to the last-hired janitor, called one another by first names. Instead of private offices, managers shared large, open spaces divided into "work areas" by low-slung partitions.

Engineers were encouraged to be creative risk-takers. The better ones were rewarded with attractive company stock offers.

But it was the bubbling intellectual atmosphere that attracted the cream of smart young engineering graduates.

"Howard really wanted to promote personal growth," said Winningstad, who left the company in the early 1970s to start Floating Point Systems Inc., now a $140-million-per-year company. Winningstad cashed in his Tektronix stock to bankroll the new company.

Vollum also realized that engineers had to be offered career paths both inside and outside the organization. When managers such as Winningstad left to start their own firms (occasionally because Tektronix declined to follow up on new product ideas), Vollum often loaned his counsel and cash.

Like many of Vollum's policies, the seemingly magnanimous approach was good business. He figured it was the surest way to attract the best young engineers.

Somewhere during the 1970s, however, following years of tremendous growth, the system started breaking down. With the success of early Tektronix spinoffs like Floating Point, an increasing number of the company's brightest were lured into new ventures.

As Tektronix got bigger and the competition between new ideas seeking release in product design got tougher, some engineers grew frustrated.

What began as a relatively small leak of middle-management departures turned into a flood of Tektronix's young management cream. Tom Bruggere started Mentor Graphics. Gene Chao formed Metheus. Larry Sutter — a man being groomed for the chief executive officer's spot — took the job at Northwest Instruments instead. Jim Towne traveled to the presidency of Microsoft and later became chief executive officer at Photon Kinetics.

Bruggere called the talent outflow "probably the company's biggest failure." Tektronix is still paying for it, frustrated in efforts to get new-product strategies moving in important markets such as computer-aided engineering.

Part of the problem is that electronics markets have become vastly more complicated, competitve and risky since Murdock and Vollum came on board.

Often, particularly when Tektronix stumbled in an attempt to build a new product or breach a new market, the up-from-the-ranks senior executives were blamed. They were too unsophisticated, said critics; fine managers when things were going well, but unable to cope when serious problems developed.

"Things are a lot different now than they were 40 years ago," Winningstad said. "There's a saying that yesterday's strengths can be our weaknesses of tomorrow."

Yet, making an allowance for window dressing, Tek's local spinoffs bear a striking resemblance to the mother company, particularly in employee participation programs such as profit-sharing and stock ownership.

And on the product side, Tek's former children sing their belief that technological quality — not marketing or flashy ads — is the key to success. It's a tune Howard Vollum would have found familiar.

William Webber, a retired Tektronix vice president for administration, recalled a tribute paid Vollum by William Hewlett, co-founder of Tek's longtime nemesis, Hewlett-Packard Co.

"Howard," Hewlett said, "I don't know how you did it, but every decision you made was right — we can't design around your patent."

As was his style, Webber said, Vollum never referred to the compliment.