

Tek Guernsey, A Very Courageous Move

The decade of the mid-1950's through the mid-60's was a period of premier achievement and rapid growth for Tektronix, as it was for many US enterprises during the post-World War II boom period. The Tektronix cathode ray oscilloscope had become the standard against which electronic measurement technology and competing products were compared and evaluated. The company's sales were growing at such a rate that instrument production was unable to keep up. Customers waited for extended periods for delivery, in some cases exceeding one full year!

Worldwide Demand: Nearly 40% of the company's sales were to customers outside the US. International markets and trade barriers were changing dramatically. The European Economic Community (Common Market), established in January, 1958, was a huge success. Founding nations were France, West Germany, Italy, The Netherlands, Belgium and Luxembourg. The EEC has since expanded and evolved into the European Union which created a central European bank and a common currency, the Euro. A similar and parallel economic community, the European Free Trade Association (EFTA) was founded in January, 1960, by Austria, Britain, Denmark, Norway, Portugal, Sweden and Switzerland. EFTA was also very successful. The combination of these two vast and growing markets presented a major opportunity for Tektronix, provided the company could be competitive with manufacturers residing within these market areas.

Excellence Of Forethought: Fortunately, the Tektronix top management Vice Presidents, Bob Davis (General Manager) and 'Dal' Dallas (Sales and Marketing), were on top of the situation. In the fall of 1957, they engaged a young and vibrant American expatriate, Al Hannmann, assigning him the task of establishing a European branch operation and finding potential locations for a European manufacturing operation. This turned out to be a stroke of genius. Hannmann discovered that the English Channel Island of Guernsey held several substantial advantages for a such a venture:

- Duty free status plus UK Commonwealth status, hence parts and components could be imported and instruments could be produced on Guernsey and shipped to customers throughout the UK and eventually throughout the EFTA duty free.
- The European Common Market recognized Guernsey's duty free status enabling instruments produced there to be sold throughout the EEC duty free.
- A low corporate tax rate.
- Excellent sea and air transport facilities for movement of raw materials inbound and finished product outbound.
- A substantial pool of available and skilled labor.

These were some of the excellent reasons for establishing a manufacturing operation on Guernsey.

Preparation For Startup: Early in the fall of 1958 the Tektronix board of directors reached the decision to move ahead with the establishment of a manufacturing operation on Guernsey. Hannmann was to establish a corporation there and find a location appropriate for manufacturing precision electronic instruments. Coincidentally Bob Davis began searching within Tektronix for candidates qualified to establish and manage a manufacturing operation on Guernsey. He settled on Earl Wantland, a test and quality control supervisor in Tek's manufacturing operation to handle Guernsey's production, and Dave Spinks, also of Tek manufacturing, to handle personnel and human relations. Both were excellent

choices. Subsequently Wantland would move up through the management ranks of Tektronix, serving 20 years as president and Chief Executive Officer.

Wantland and Spinks set up a simulated Guernsey manufacturing operation in the Company's Beaverton warehouse. With help from Roger Haight and others, they spent months uncovering and working out solutions to the multitude of problems involved in establishing and operating a remote manufacturing facility. On the other side of the ocean, Hannmann was searching Guernsey for a location suitable for development into a high-tech manufacturing operation. Eventually he found the answer- the Victoria Avenue plant. It was an abandoned textile mill on the northern outskirts of St. Peter Port, Guernsey's capital and largest city. It was in bad shape, requiring immense amounts of work to prepare it for its newly intended purposes. These efforts continued for some time after Wantland's and Spink's arrival on Guernsey.

Hannmann played a major role in the preparation and startup of the Guernsey operation. Aside from finding and arranging acquisition of the Victoria Avenue facility, and helping with its preparation, he spent countless hours seeking approval of the Royal Court for a foreign company to locate on Guernsey. He also undertook a curious public relations effort to convince the local population that the new Tektronix operation was not to be a facility for testing nuclear devices.

Startup: Instrument production at the Guernsey plant commenced in a creative, yet very pragmatic manner. Until a workforce of capable and adequately trained personnel could be established, oscilloscopes were completely assembled and tested in Beaverton, then disassembled into major components and shipped to Guernsey for re-assembly and testing before being shipped to UK customers. This process commenced in the spring of 1959 and continued for several months until components would be shipped to Guernsey in kit form, as was done within Beaverton's manufacturing plants - a major achievement.

Throughout this period Wantland personally tested or quality control inspected virtually all of Tek Guernsey's output. Yet another example of the 'roll up your sleeves and get the job done' attitude of the founders of the Guernsey operation.

A Corporate Perspective: In summary, the Guernsey experiment worked out beautifully. It contributed to the Tektronix bottom line virtually from the beginning. Production output continued to rise until it became apparent that physical plant limitations had been reached and were being stretched. After a brief search, property adjacent to the Guernsey airport was acquired where a modern manufacturing operation of adequate size could be established which would hope fully meet the combined demands of EFTA and EEC customers. The result was construction of the 40,000 sq. ft. single level La Villiaze plant which resembles the company's buildings in the Howard Vollum Industrial Park in Beaverton. The Victoria Avenue plant was retained for production of Tektronix made components such as transformers, capacitors and metal parts.

Production output continued to increase, reaching revenues of \$8,000,000 in 1968 with a 20% net income contribution to the company's bottom line. At its peak, Tek Guernsey employed 700 people.

Employee Perspective: The following information and quotations are taken from a November, 2011 article in the Guernsey Press, which was part of a series entitled "Look back - GREAT Guernsey Companies".

A past Tektronix management employee states *"Tektronix made a tremendous difference to Guernsey. It was the leader in an evolution in business relationships and how to run a company."* Guernsey people

loved working for Tektronix. Looking back after many years, ex-employees relate nothing but fondest memories.

They adapted very well to the company's informal status-free relationship between employees of differing levels of responsibility.

They responded very positively to the Tektronix worldwide profit-sharing plan, as they did to the company's merit pay system, which rewarded individuals for outstanding performance.

They appreciated and took full advantage of Tektronix policy encouraging people to learn new skills, hence broaden work opportunities.

They saw the Tektronix quality assurance program as second to none in the world.

On the lighter or fun side of things, they always looked forward to and eagerly participated in the company's annual picnic on the neighboring island of Herm.

Fortunately, economic conditions on Guernsey were healthy at the time of the plant shutdown, hence most staff members and factory workers were able to find alternate opportunities and relocate quickly.

In retrospect, with more than 60 years of 20/20 hindsight, many factors contributed to the success of Tek Guernsey. Among them:

Management foresight: Someone was paying attention. In the late 1950's sales were growing at an astonishing rate, especially in Europe. The Company's operational management, recognized an emerging gap in Tek's ability to compete on a world-wide basis, and quickly set about doing something about it.

A bit of pure luck: Al Hannmann, a free thinker and sort of maverick was engaged in 1959 to set up a European operation, which he did. An American combat aviator in the Eighth Air Force in WWI, Hannmann had met and married a British girl with family roots on Guernsey. He also had a burning desire to purchase an Austin Healey sports car duty free and Guernsey offered an opportunity do so. While exploring this opportunity, he discovered and reported to Tek management the unusual opportunities Guernsey offered for manufacturing product with duty free preferences in both the UK and the European Common Market.

Picking winners: When seeking people to fill highly responsible and risk filled management positions, most corporations of the day would either select someone within the company of proven ability and successful experience in similar situations, or go to the outside to find someone with local knowledge, a proven track record and valuable local contacts. Not so with Tektronix. As had been done many times in the past and would be done many more times in the future, Tek management selected a young man, Earl Wantland, with little formal education beyond high school, no experience on foreign soil, and limited management experience to establish the Guernsey manufacturing operation. Needless to say, this was a fine choice. Wantland performed very well as Tek Guernsey manager and would grow and move on through many management challenges, eventually serving as the company's Chief Executive Officer.

An excellent and available workforce: Prior to the war, Guernsey produced nearly all tomatoes consumed in the UK. Throughout the ensuing period this changed dramatically as tomato production moved to the lowlands of the European continent. As a result, members of the workforce had to develop a broad base of skills in order to survive. The average pay level on Guernsey was very reasonable. They became "jacks of all trades" as described by Wantland

and Spinks. Their can-do attitude and sound work ethic reminded the Americans of members of the workforce back home. A good match.

Timing: Here is a quick look at the time line regarding the Tek Guernsey operation:

Fall 1957 - Dal Dallas returns from West Germany's Hannover Fair with the knowledge that European demand for Tek products will be increasing dramatically and that a manufacturing base in Europe would likely be necessary.

Winter 1957-58 - Al Hannmann establishes a Tektronix European branch in Zurich and recommends Guernsey as a European manufacturing base.

Summer 1958 - Dallas visits Guernsey for verification and recommends Tektronix proceed with Guernsey operation. Tektronix board authorizes go-ahead for Tek Guernsey and allocates \$5,000 and power of attorney for Hannmann to establish a Guernsey corporation.

Fall 1958 - Wantland, Spinks, Haight and a few others establish virtual Guernsey plant operation within the Tektronix Beaverton warehouse and initiate simulated operations. Hannmann discovers and acquires the Victoria Ave. facility. Wantland and Spinks relocate to Guernsey.

Winter 1958-59 - Production operations commence at Tek Guernsey.

Spring 1960 – Tek Guernsey employment reaches 70. Search initiated for larger facility.

Winter 1960-61 - La Villiaze property bordering the Guernsey airport purchased. Design and construction of a large modern manufacturing facility begun. Wantland relocates to Holland and turns Guernsey management over to Bob Gwynn, a British citizen and native.

Summer 1962 - Employment exceeds 300 people.

FY 1968 - Revenues exceed \$8,000,000 contributing 20% to the Company's bottom line.

Winter 1989-90 - Company announces forthcoming closure of Tek Guernsey due to competitive and economic factors.

This time window covers the entire 32+ year history of Tek-Guernsey operations. The striking thing about it is the rapidity and determination with which the first few steps were taken. The length of time between recognition of a possible need to establish a European manufacturing operation, and the accomplishment of that objective is a mere 13 months. This was not a conventional mundane manufacturing operation. It was a state of the art, high technology operation, producing precision electronic instruments of the highest quality level known to mankind. An amazing achievement. Tektronix top management and those involved in implementing the project deserve immense credit.

Guernsey Today: *(this was written in 2012)* A good question might be - Did Tektronix departure have a devastating effect on the economy of Guernsey? The short answer is no. At the time, Guernsey's economy was healthy and evolving. It is now a strong and successful financial center. Many insurance companies, equity financing organizations, banking institutions and securities firms have located there and are doing well. The Tektronix La Villiaze facility is now occupied by a large and very successful eye glass supplier ('Specsavers') with sales throughout the world. Many Tektronix alumni have happily elected to remain on Guernsey, Don Alvey, Frank Doyle and Al Graham, to name just three.