

HP's Calculator "Business"

I received the write up below from Jake Schwartz. As an old HP customer, I bought my first HP calculator in 1972, and I have used all their high end models since then. I probably have talked to more HP customers than most through my activities as User Group Organizer since June 1974, and Technical Support Manager at EduCALC for ten years. What Jim says below is accurate. I would even say that it is understated. When you look at the business side what HP is doing makes sense if *all* you care about is the business. The HP engineers have always been passionate with their designs and that is what has made HP machines exceptional. Marketing, however, has had difficulty with their "vision" of how to market their products. The issues are challenging, but not impossible to overcome. The question really is, "Do I want to be another 'me too' supplier of calculators?" At the moment, the answer for the new division, is yes.

I personally have experience with ACO's attempt to understand the history of HP machines. Ignorance is not the issue. Passion, love of the product line, and understanding of the customer are the issues. HP Marketing has not done well in grasping their traditional customers. These customers want excellence. Not all customers have this as a purchase criteria. *That is the problem.* HP isn't satisfied with these users as their only customers. They are too few. In today's market volume is God. It is difficult to have excellence *and* volume.

The masses will not pay for excellence. One of my selling points in the past was to ask the customer, "How many products do you own that you can honestly say you have the very best?" The price should not be an issue. I know one student who sold his car to buy an HP-65A. That is how expensive the early models were relatively speaking. Not today. It is difficult to get personal service over the internet. Is there room in the market place for the personal service that Jim Lawson strives for? Can a company as large as HP grasp this idea? Is it possible? From the results, the answer is clearly NO!

I am afraid there is no solution to this dilemma — except one. HP will eventually realize that they can't compete with TI in the only sizable market for calculators. It could sell its calculator business to a small company who will make the product to sell and support it the way it must be in order for excellence to survive. These people will conduct their business with love, passion and support. The profits will be small, but the excellence will be worth the effort. Count me in if that time comes. I will put my very small life savings into the venture because I still believe in the goal of excellence. Thanks Jim for sharing *your* passion.

Richard J. Nelson
February 16, 2000

Handi-Calc goes out of business after eight years!

This announcement has caused quite a surprise among my many customers, and I feel that it is worthwhile, as well as cathartic, to share what has led up to this decision. It is only a little bit due to the changing circumstances in my life (which includes a recent divorce); it is mostly due to the changes in the business environment caused by Hewlett-Packard itself. I once felt a sense of pride in being associated with HP, but the events of the past year or so have changed the feelings to embarrassment, annoyance, and even

bitterness. Hewlett-Packard is not supporting the manufacturer-reseller relationship at all, and in fact seems to be actively antagonistic to it, and in addition it is doing as little as it possibly can to support the manufacturer-customer relationship. Let me explain.

As you all know, HP started retailing its calculators about a year ago on their Shopping Village. They chose to heavily discount their retail prices, instead of selling the calculators at the Manufacturer's Suggested Retail Price (God forbid they should price them as they suggest!). Clearly this was not an effort to supplement the reseller community by providing a source for those customers who could not locate a conveniently located reseller; it was an effort to compete directly with the resellers. (You can guess who has the resources to win that competition.) HP has been quoted as saying that they wanted to sell the calculators at a fair price, but the fact is that most of their prices are below what retailers can realistically afford to sell the products for. This has caused a dramatic drop-off in business for retailers such as myself; this drop-off coincided exactly with the opening of the Shopping Village. The only time I can make decent sales these days is when a new model comes out. I have a history of having new models in stock before any other retailer, as was demonstrated last year with the HP6S Solar, the HP6S, and the HP49G. Sales on these models were very good up until they became available at HP's Shopping Village, at which point the sales dropped precipitously to insignificant levels, far lower than my historical average.

As the year wore on, I listened to more and more customers complain that they couldn't get to talk to a real person at HP about their calculators. They kept getting bounced around from one menu to another, the process almost never leading to a real human being. A few people reported that they actually did get to talk to a real person, but invariably that person hadn't a clue about the calculator product line, and the customers were left feeling very frustrated and angry with HP.

A little later in the year, I received a call from an individual named Sean at Calculating Edge, indicating that there had been a question (about whether I serviced calculators) in a conversation he had with a lady at HP's "KICS" facility. He explained that "KICS" stands for "Keep Incoming Calls Short." No kidding. For those of you who had acquired the impression that HP did not want to waste any of its precious time talking to you, their very own customers, here's your proof. It's a matter of intentional policy. (I spoke to the lady at the KICS facility, and told her that I don't do servicing. But that isn't the point here. Their call system, by its very name, indicates HP's desire to Keep Incoming Calls Short. That includes your calls, my friend.)

Yet later in the year, I tried to obtain from HP a battery cover for an HP28S, which was owned by a rather famous customer of mine who had co-developed the FFT algorithm. I called HP Parts, and the lady who handled my call gave me a 48-xxxxx part number. I explained to her that the HP28S had a completely different package design than the HP48, and the battery covers for these two models were definitely not interchangeable. She clearly had no knowledge about these models. She transferred me to another person who ostensibly handled discontinued models, and he rather gruffly told me that HP doesn't support that model any more. He even refused to obtain a part number for me. He said that I could probably get help at another number, and, as he was giving it to me, I realized that it was the Calculating Edge number. He confirmed that it was, and told me that I had no other choice. So, to continue to play this sad game, I called Calculating Edge, and my call was answered by someone identifying himself as Sean (sound familiar?). I didn't tell him who I was, and I'm sure he didn't recognize my voice. I asked him about obtaining a battery cover for the HP28S, and he immediately announced to me that the HP28S was the same thing as the HP48G, and that I could use the battery cover for the HP48G. Really, can you believe

this? Needless to say, I was never able to get a battery cover, but the incredible thing is that not one person I spoke to in this whole episode had the foggiest notion of what the HP28S calculator was, and how it differed from the HP48G, and I am galled that HP could not be bothered to even provide me with a part number. Imagine the poor customer who doesn't know any better and calls them up for help, and believes what they tell him or her, orders the part, gets it and realizes that it is wrong, and then has the hassle of trying to return it for a refund, eventually realizing that the return shipping cost exceeds the value of the part. The HP experience for this person will be an enormous annoyance that will not be forgotten.

I had another customer call me who had become so very aggravated trying to get coherent information from HP related to her calculator, that she will never again purchase another HP product of any sort. She was so fed up by her experience with HP that she went out and bought an Epson printer for her PC rather than an HP printer, solely because of the hassle she went through with HP about her calculator. So, the way HP calculator customers are being treated are affecting sales of their other divisions, too. Not nice. I am not proud of HP at all any more.

In August, the HP49Gs came out. The product was not anywhere near being ready. It had bugs, of course, but the inexcusable problem is that significant advertised features did not work properly, even doing elementary things. I have never before sold an HP calculator that was refused and returned to me by a customer because it didn't work properly. But it happened with an HP49G. He had called HP customer support and they worked his problem through, and they agreed that the calculator didn't work right. They also told him that there were lots and lots of problems with that model. The customer stopped payment on his check and mailed the HP49G back to me, stiffing me on the outgoing shipping charges. The calculator clearly was not ready for release, but HP released it anyway, no doubt because marketing insisted that the calculator be available for the fall college semester. It is ludicrous to think that you can develop a product like this in six months. Even a year's development time is very optimistic, and, indeed, software updates were still coming out regularly at the one year point. I recall hearing the comment recently that the HP49G was "getting stable" - this is the kind of comment one makes about Microsoft operating systems, not about HP calculators, right? Not any more.

And the HP49G owner's manual (excuse me, the User's Guide - HP doesn't provide "manuals" any more, only "guides") continues the decline of what were once universally regarded as the industry's best manuals. Frankly, the decline began after the really excellent HP28S manuals, but it didn't get really bad until the HP38G owner's manual (oops, User's Guide), which was an unmitigated disaster. (And the HP6S guide was so poorly proofread that I felt compelled to provide my customers with a synopsis of how to operate the calculator, and this information appeared on my website as well.) In the HP49G User's Guide, the first mention of how to do a simple arithmetic operation does not appear until the seventeenth page (not counting the preface and the table of contents), and the next few examples of simple calculations are much further along, on the thirtieth page. Pity the person buying the HP49G as his first HP calculator, wading through the excessive volume of "preliminaries," the content of which will no doubt confuse, annoy and frustrate all but experienced HP48 series users. All of this stuff is unnecessary to getting the inexperienced user started, and I bet that more than a few will give up before finally being shown, however grudgingly, how to do simple stuff with the calculator. HP obviously has no concept of how to structure an instructional guide for a first-time user. Lately, I've had the feeling that the manuals (er, guides) are simply afterthoughts to HP, and are not properly regarded as important development items in and of themselves. HP is not what it used to be. This is embarrassing.

In September, HP escalated their war on the calculator retailers. They decided that they would no longer allow the resellers to carry any of the books (reference manuals, owner's manuals, etc.), and I have recently heard that this has since spread to the accessories (printers, plug-in cards, etc.) as well. I have often been able to make the add-on sale of the books when customers order their calculators, and it is really for the customer's benefit as well as mine and HP's. When customers order their calculators from HP's Shopping Village, they aren't likely to hear about these books, and the add-on sale obviously won't occur, which is bad for the customer as well as for HP. Amazingly, I continue to get calls from customers who complain that they cannot obtain the books (owner's manuals in particular) from HP! The customer right now is completely cut off from any way to get them. HP has so little concern for the needs of its customers that it will lose those customers - for good.

This is not the HP way. I can no longer make excuses for HP's behavior when the subject comes up in a conversation with a customer. When customers tell me their plight, I agree with them that HP has become a lousy company with which to do business. I used to think very highly of HP's organization and its products, and after one level of frustration and/or embarrassment followed by another, and another, and another, with sales plunging to levels that aren't worthwhile, it's time to get out. I prided myself in being thoroughly knowledgeable about all of the HP calculator products, including the operation of all of them in detail, and in giving honest, correct, and relevant information, advice, and help to my customers. Needless to say I don't feel good that there is no longer any place for customers to go to get competent technical support. (Incidentally, HP has referred quite a few people to me for tech support.) All of the significant HP calculator retailers have gone out of business. I would find it incredible that HP's intended business model for this product group is to retail the products individually to the customers. But that is what it is coming to (with the obvious exception of college bookstores, which have the luxury of captive customer bases).

I want to thank my many customers (numbering in the thousands) over the past eight years, a great many of whom made many repeat purchases, for their business, of course, but also for their kind words of satisfaction with dealing with me, and their encouraging words of support. It's been really nice for me, too. I'll miss it, in many ways. But it simply isn't worth it any more, thanks to HP (or, perhaps more correctly, what's left of HP). Unfortunately, the business environment that Hewlett-Packard is now forcing on its calculator resellers is untenable (direct retail competition with undercutting prices, and denial of access to major product categories). Any relationship requires the support of both partners in order to succeed, and this includes the manufacturer-reseller relationship. In this case, the manufacturer has made it impossible for even an enthusiastic reseller such as myself to justify continuing the effort. Hewlett-Packard will win the war against its resellers, but it will lose the war against its customers. HP may never be able to remove the tarnish that has so damaged its reputation.

Thanks again to all for your support. May the new millennium treat you kindly.

Jim Lawson
Feb. 13, 2000

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I sent the above file to about 70 close friends who have been involved with HP calculators as users and sellers. Here are a few responses from the following people.

Jim Carter	Jim Horn	Jake Schwartz
Megha Sham	Brian Walsh	Paul Nelson
Gary Tenaer	John Meyers	Bob Wilson
Dale Thorn	Dougg Mecham	
Gary Friedman	Chris Wallen	

From **Jim Carter**, Owner and General Manager of the most famous HP Dealer — EduCALC.

2/16/00

Subject: Re: HP's Calculator Business

We could see something like this coming a few years ago, but I never thought it would go this far. I am sure that the HP calculator division has a mission statement and a strategic plan, it would have been invaluable to have seen what it said a few years ago. Perhaps some of the dedicated dealers could have seen what HP was thinking and modified their business plans or even better they could have pointed out the flaws. After all, at one point only a few years ago the HP marketing group didn't have anyone who had sold a calculator directly to anyone or who could explain RPN. On one visit to the calculator marketing group in Santa Clara I was asked "what was the big deal with RPN". Even now that strategic plan could help those dealers use their resources more effectively or perhaps not waste what we still have as a marketing resource.

HP seems to have lost its ability to use its dealers as a resource. At one point I was asked by the mobile computing marketing manager what they could do to make me more successful. This resulted in a face to face meeting in Corvallis and the divisions promise to keep their inventory levels at 93% in stock, we in turn promised to keep ours above that. Those days seem to be gone. It must feel like HP is using its dealers as a stepping stones to some other position.

Good luck to CalcPro and the other dealers that continue to hold the banner high.

Jim Carter

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 From **Magha Sham**, Owner and Manager of Calculating Edge. He tried to pick up where EduCALC left off.
 2/16/00

Thanks for keeping me posted on Handi-calc. I am sorry to hear about Jim.

We seem to have survived some of the issues with HP 49. I have asked Brian maguire to help me port some of our applications to HP 49 in the near future and we will make it available only through our website after taking control of the 49 and finding out its ID. We will be testing this procedure in March and release the some products in April time frame.

I am glad to have been able to developbusiness relations with TI. This has worked to be a great opportunity for us as we embark on major efforts to sell software this fall.

What is HP upto? I am not sure any more. They tend to be very secretive and don't care to keep in touch. They offer good lip service but little follow through.

Take care and stay in touch.
Later in the day . . .
Richard:

I have refused to participate on the internet as I found the quality of the product was so poor and people were behaving like 6 year old kids bashing each other. I was sorry to see the arrogance shown by the SW team from ACO.

I see the noise and the bugs still do not seem to have gone away, and they still keep releasing the ROM release of the week (or sometime a day), and there is no way I would commit to porting applications to the platform. There are a lot of things I like about the machine, but the stability of the OS is a real concern. I do not think the HP folks have any idea that using an internet like this for a world wide beta testing in an open forum has really done any thing positive for HP. People are just plain mad. I drafted a letter to Carly Fiorina and have not sent this yet as I still like to continue to work with them.

I did not know about the foolish behavior of Jean Yves. He blacklisted me also because he did not get his way about Meta kernel. Of course he never bothered to acknowledge that the team has been fully paid. I am very dissatisfied in him and his arrogance. I only hope that now that he has become a salesman for HP in Europe, he has better manners with his customers.

Last year, when HP made a big splash at the ASEE meeting in Charlotte, NC, they sent all their hackers to talk to the audience. Just imagine 22-25 years olds wanting to engage in a dialog with the audience. It backfired as professors were not impressed with these guys who they felt were just hackers and they were not interested in a hackers machine. I was at the TI booth and many of the professors talked with me about this as they had seen me at the HP booth in the past.

Megha

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From **Gary Tenzer**, Financial Broker, former HP Consultant and Beta Tester.
2/16/00

Richard

This is a very compelling letter from Jim Lawson. I agree with everything that he has said. It is sad to see such a valuable franchise squandered. With the change in management at HP (Carley Fiorina) and their new approach to business (Wall Street has bid up the stock 75% in the past several months) the company may be in a more listening mood; they are re-inventing themselves to get back to the core that they were in past glory days. I would urge that you and Jim send letters to Fiorina's office and try to reach her; from everything that I've read about her and learned from hearing her interviewed, she is going to be much more receptive to these issues than the Lew Platt era. I would start at the top and work down to the division level rather than working up; I always find that a more effective way of influencing companies.

Gary M. Tenzer

gtenzer@gspartners.com

Later in the day

I've got to believe that you can get at least a public email address for her if you call her office. I had to contact Lew Platt's office in the past, at that time his numbers were 415-857-1501 / 415-857-8987, you may want to start there. I think that the letter should be slightly revised to give more background on your experience with HP, PPC, CHHU, Educacalc, etc. You may want to drop some names from the past but I wouldn't make the letter too long; short and to the point. You may want to suggest that you have a core group of hardcore users that would be all to happy to act as a focus group to help in the design goals. I wonder if she knows the glorious history of HP calculators and the quality that they used to exhibit. I'd be glad to look at the letter for you before you send it.

Another thought you may want to add to your letter. In my experience, I became aware of HP as a brand when I coveted and eventually bought my HP-35. It made me an HP loyalist. Even today, I only buy HP computers, printers, calculators, palmtops, etc. If you look at other consumer brands, consumer loyalty is created when people are young and it can carry through for the person's lifetime. It is more likely that a student will purchase a \$75 - \$100 calculator than a \$1000 computer or \$500 printer. Does HP want to leave those buyers of a bad impression of the company that would last a lifetime. I could argue that in the interest of creating brand loyalty, they could cut margins to the bone on calculators to give excellent value and quality and customer service, thereby creating the brand loyalty that captivated me 25 yrs ago.

Gary M. Tenzer

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From **Dale Thorn**, avid critic, user, and ex seller of HP products for many years. Dale has spent more money than most of us on HP products.

FYI (you probably already know) HP is now selling the 49's thru all of the schlock dealers.

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From **Gary Friedman**, author of a book on HP IL Applications and Founder of E2 Solutions, and HP PC Applications Business for Installed Solutions.

Richard,

I read all 4 pages, and while I too am very disappointed, HP is changing its channel and distribution strategies with ALL of its products, all in the name of not allowing themselves to be left behind in the internet revolution. The high-level business folks who make these decisions will probably dismiss Jim's letter saying "Sure, there will be problems in a transition, but I'm sure they'll be worked out in time. Look at the big picture!"

I think your 1-page summary is concise and dead-on, and I like the idea of the calculator division being spun off to restore the quality. The price on the calculators will have to return to their formerly traditional High Price to make up for low volume and the significant cost of proper customer service. Count me in as well if that ever happens (I'll make sure they put a damn I/O port on the next model!! :-))

I definately think that a condensed verion of this letter should be sent to HP's new CEO, who probably has no idea of the jewel they're suffocating.

(Actually, our own local gathering could probably do an outstanding job of running the spinoff - just look at the talent we have to contribute).

Richard Nelson - User Interface design issues.
Joe Horn - "Bug Magnet" testing, and friendly user manuals.
Dave Marsh - Hardware and Software guru (to advise the guys down under).
Dale Thorn - Customer Support, PC application development.
Gary Friedman and Dave Marsh - General business, promotion, dealmaking,
Roger Hill - All-around advisor/guru for user interface, algorithms,
marketing, and "how things ought to be".
Jake Schwartz - Algorithms and Accounts Receivable :-)
John Fedel - Marketing and application guides.
Jim Donnelly - (Guess!).
Harry Bertucelli - Honorable Curmudgeon (posthumus title).

Sell it over the web only; run large ads in mathematics journals showing what this machine can do that no other can do; re-capture the market that HP once owned.)

Okay, now back to work. :-)

-Gary

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From **Jim Horn**, Ex HP Electronics Engineer (non-calculator), HP Calculator user, PPC Contributor.

Hello, Richard!

Thanks for the note. As depressing as the current HP calculator business situation is, I can't help but believe that the presence of those who know how much better it has done in the past will help either HP to straighten out its act -or- get someone else to fill the void. I wonder what the new CEO would think of this dismal slide in her company's performance?

I'm also curious about how HP's Jornada sales policies compare. And their printers - which are almost similarly priced and aimed at new users in massive quantities (albeit with the difference that HP can make their profits in *that* market via the consumables - ink and paper).

Unrelated note - I'd still like to see ACO do a minor recode of Casio's calculator "databank" watches and sell them as HP RPN models - more performance than the '01 at minimal ROI.

Best wishes as always, Richard -

X<>Y,

Jim Horn

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From **Brian Walsh**, long time HP Calculator user/User group Organizer, etc., etc. CHIP is the Chicago HP Calculator Users Club.

Thanks, Richard. This should make for poignant discussion at tonight's CHIP meeting.

I've recently purchased a Handspring Visor Deluxe (Palm OS 3.1, with expansion slot, etc.). Pretty impressive so far.

Brian

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From **John Meyers**, prominebt HP 48 News Group contributor, Top Knotch HP48/49 programmer.

Thank you for including me in your mailing of 08:16 AM 2/16/2000 -0800.

I have received the mailing, but my old mailing address may become discontinued; my current email address is jhmeyers@mum.edu If anyone besides me does not have Word8, the "rtf" (rich-text) format is backward-compatible with a wide variety of word processors (I have made do with a Unix string extractor-reformatter, which isolates most of the plain text).

Thanks again for forwarding the letter.

At least there's some quality left in the newsgroup ;)

With best wishes from: John H Meyers <jhmeyers@mum.edu>

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From **Doug Mechan**, founder of the Original HP3000 Users Group (now Interex), an HP employee and consultant.

To: "Richard J. Nelson" <rjnelson@aemf.org>

Subject: Re: HP's Calculator Business

You are right - HP will probably sell off the calculator business; try Agilent? With HP profits up 14% over last quarter they are not too interested in "old" products ... unless you can put an "inventive" spin on it. That is the key. I think HP is shooting to re-invent themselves in some way versus just keep going and wither with the same old products and loyal following. They must do something different. So some

creative thought is needed that will re-invent AND maintain the HP Way of quality and focus on customers, tough.

From **Chris Wallen**, HP ACO Manager.

Hello Richard

Thank you for forwarding this message to me. This is very disturbing information and I have asked our Customer Care Manager to investigate the claims made by Jim.

Chris

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From **Jake Schwartz**, founder of the "Philly Chapter", one of the last three of the US clubs still active from the "old days".

Hi Richard - I also have responses from Paul Nelson and saw the first response on comp.sys.hp48 as well yesterday afternoon. I spoke to Jim Lawson last night and he is somewhat comforted that everyone so far has come out on "his side". He wonders out loud (as do I) whether any HP folks who see the comp.sys.hp48 posting (or on the conference mailing list where you sent it) will have any sort of meaningful response. Thanks for helping to elevate the issue....

Jake

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Via. Jake Schwartz: From CalcPro founder **Paul Nelson** who is trying to pick up whee Calculating Edge left off.

Thank you sending this to me. I had not seen this. Very sad and actually pathetic. I feel for Jim and hope the best for him. The most depressing side of this is that it is true with no exaggeration.

I am now in the business but quite honestly looking for CalcPro's next life. Only in the last year there have been many changes making it very difficult to sell the calcs, let alone trying to start a business selling them.

I am looking on but for now I have to concentrate on what I have today and do my best to simply provide a source for the products.

Thanks again and I do appreciate any and all thoughts.

Sincerely,
Paul

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Via the CHIP chapter. From Bob Wilson, long time club member and HP user. Bob crunches numbers around the clock working on numerical methods (series & sequences) problems.

Dear Chip,

I am forwarding this document to you for edification. I know personally the first person and am acquainted with the second. Many of us business owners who today buy computers, servers, Laser Jets, scanners and printers started our relationship with HP while we were still students. I pray that this trend cited in the letter does not continue. I have owned an HP 110, two HP 110+, HP 150, HP 486 Vectra (still in use at Kansas Paint as its print server and its BIOS passed the Y2K check!), HP 45, HP 45A, several HP 41s, HP 71, two HP 71Bs, etc. Well, you get the idea. I love and am loyal to the HP line of products. Besides all of the calculators I have bought, there has been the innumerable accessories. My only regret in the past with HP was not buying the HP01. It would be a collector's item today. My love for math was rekindled by my association with the HP User's Group. As you may recall, I wrote the standby navigational software for the 'Voyager Project' (Dick Rutan and Jeane Yeager's trip around the world without refueling) on the HP 41C and adapted it to the HP 71B. If you have any input, try to arrest this slide into mediocrity.

Sincerely yours,

Robert G. 'Bob' Wilson v,
Ph.D. ATP / CFI and the President
of Kansas Paint & Color Co., Inc.

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