DAVID PACKARD

1912–1996

BY JOEL BIRNBAUM

DAVID PACKARD, cofounder of the Hewlett-Packard Company and one of the nation's foremost business leaders and philanthropists, died on March 26, 1996, at the age of eighty-three.

From humble beginnings in a Palo Alto garage in 1939, Packard and his partner, Bill Hewlett, built an engineering-based company that today is a multinational enterprise with more than 100,000 employees in 120 countries and annual revenues exceeding $40 billion. Its technical prowess, innovative management practices, and consistent commercial success—all legacies of Dave Packard—have made it the prototype of the modern technological company and one of the most widely admired corporations in the world.

Dave was elected to the National Academy of Engineering in 1971 and received its Founders Award in 1979.

He was born September 7, 1912, in Pueblo, Colorado, where his father was an attorney and his mother a high school teacher. He decided in grade school that he wanted to be an engineer—even though his father had hoped he would study law. At Stanford University Dave distinguished himself as a student and athlete. He was elected to Phi Beta Kappa, and at a rangy six-foot-five, he set records in track as a freshman and later played varsity football and basketball.

He studied electrical engineering at Stanford University, and it was there he made two important friendships. One was with
Bill Hewlett, a fellow engineering student, and the other with Frederick Terman, a young professor who became a mentor to Dave and Bill and, even while they were still undergraduates, encouraged them to think about starting a business together. Dr. Terman was a gifted teacher of “radio engineering,” as electronics was then known, and Dave described him as “one of the greatest influences in my life.” It was at Stanford that Dave met Lucile Salter, his future wife, while serving meals in her sorority dining room. They were married in 1938.

Upon graduation in 1934, in the midst of the Great Depression, Dave took a job with General Electric in Schenectady, New York. It was one of the few jobs available to the engineering graduates. In the same year, Hewlett began graduate study at the Massachusetts Institute of Technology. He and Dave were reunited in Palo Alto a few years later by Terman, who arranged a Stanford fellowship for Packard and found Hewlett a job as well. “I was determined to get these bright young engineers together again,” Terman said.

With capital of $538.00, Dave and Bill set up a bare-bones workshop in Packard's rented garage. They had no “grand vision” of specific technological breakthroughs. Instead, they turned their hands to whatever mechanical or electrical equipment customers desired. “We just took on odd jobs,” Packard recalled.

Some were odd indeed. They developed a shock machine to help people lose weight and an optical device to flush a urinal automatically. But then they focused their attention on a design developed by Hewlett in graduate school. It was for an audio oscillator, a device for calibrating sound equipment. They sold eight oscillators to the Walt Disney Studios for use in making the movie Fantasia. Other sales followed and in 1939, their first full year in business, the partners made a profit of $1,539.00 on sales of $5,369.00. Hewlett-Packard (HP) has been profitable every single year since.

During World War II and on into the 1960s the company grew rapidly. But management was careful not to take on contracts that would require the hiring of many people, only to let them go when the contract ended. “We didn't want to be a hire and
“fire shop,” Packard said. Nor did he and Bill wish to take on any long-term debt. “Having grown up during the Depression, we were determined to fund growth from profit and not to operate on borrowed money.” Still another HP policy, faithfully followed right up to the present, is to maintain a relatively high level of investment in research and product development. Over the years the company's annual spending on research and development amounted to as much as ten percent of sales, supporting Packard's contention that “good new products are the lifeblood of this business.”

And turn out the new products they did. As time went on there was hardly any part of the market for electronic test and measuring equipment in which HP wasn't the leading, or at least a major, supplier. From that base the company expanded into electronic calculators. In 1972 it introduced a handheld scientific calculator, the model 35. The first device of its kind, it was enormously popular and rendered slide rules obsolete. Then, in the 1970s and 1980s, HP moved aggressively into the computer business and today is among the nation's largest computer companies.

Packard and Hewlett shared many interests. Both were avid outdoorsmen, frequently off on fishing or hunting trips and often asking HP colleagues to join them. They also were co-owners and managers of ranch properties, including working cattle ranches in California and Idaho. When it came to managing HP, their abilities and interests were complementary. Bill devoted most of his time and attention to research and product development. Dave, as chief executive officer, was responsible for day-to-day operations and the overall management of the company.

In 1969 Dave left HP to become the deputy secretary of defense in the first Nixon administration, serving under Melvin Laird for three years before returning to Hewlett-Packard. In 1985 he was appointed by President Reagan to be chairman of the Blue Ribbon Commission on Defense Management, and over the years served as a trusted adviser and a member of several government commissions. Beginning in 1978, Dave helped foster ties with China. He remained actively involved in U.S.-China relations until his death.
Upon Packard's death, Hewlett said Dave's greatest legacy was the "HP Way," a set of values and management principles that Dave put down on paper more than forty years ago and which, to this day, are at the core of the company's culture. In his 1995 book, The HP Way, Dave wrote that one of the objectives of the company was "to maintain an organizational environment that fosters individual motivation, initiative and creativity, and a wide latitude of freedom in working toward established objectives and goals." From its early years, HP has been notably responsive to workers' needs, providing broad-based profit-sharing and stock purchase programs, an early catastrophic health plan, flexible work schedules, and an open environment that encourages informality and easy communications.

Dave Packard was one of the richest men in the United States and also among the most generous. Over the years he and his wife, who died in 1987, contributed tens of millions of dollars to Stanford and other educational institutions, to various community organizations, to scientific research, health care, conservation, and the arts. The David and Lucile Packard Foundation was founded in 1964 to help direct the family's philanthropic activities. At the end of 1996 its assets totaled $7.4 billion, placing it in the top tier of America's charitable foundations.

Upon retiring, in 1993, Dave Packard was asked a question about his countless accomplishments and honors. Which had given him the most satisfaction?

"I think you get the most satisfaction in trying to do something useful," he said. "After you've done that, you ought to forget about it and do something else. You shouldn't gloat about anything you've done. You ought to keep going and try to find something better to do."