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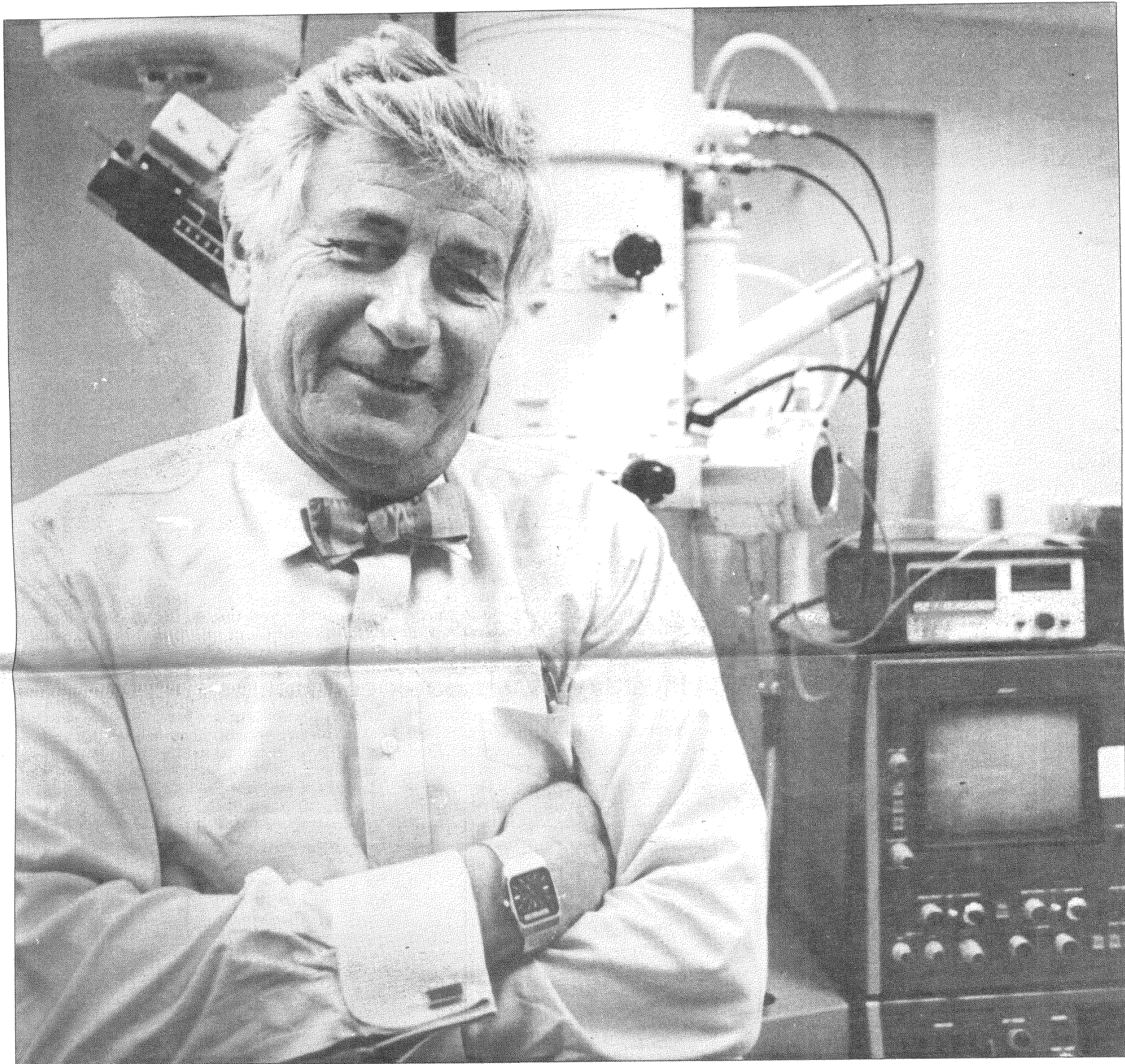


Vol. 62 No. 47

855 Oak Grove Ave., Menlo Park, CA 94025

Phone: 328-1600

Wed., Nov. 20, 1985



PAUL M. COOK of Menlo Park, who started Raychem in a Redwood City warehouse 28 years ago, is still at the helm as chief executive officer and chairman of the board. Here he is shown with a new scanning transmission electron microscope that will help Raychem develop even more space-age products. Photo by Marion Softky.

Raychem founder is still its head

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From garage to Fortune 500 —

BY MARION SOFTKY

At Raychem, Menlo Park's largest employer, Paul Cook and his team must be doing a lot of things right.

In the 28 years since Mr. Cook started Raychem in the proverbial garage, it has grown to Number 413 on the Fortune 500. With assets of more than \$700 million and sales last year of almost \$700 million, Raychem now employs almost 10,000 people around the world. It peddles "tens of thousands" of products—mostly exotic materials that do basic jobs like coating wire and pipe—in 75 countries.

Unlike Atari and Apple and Osborne, Raychem has kept basically the same management all the way from the garage to the boardroom. Mr. Cook led the original team that worked around the clock pioneering a new technology to improve the performance of plastics by exposing them to radiation. Mr. Cook still leads the company as chief executive officer and chairman of the board. "And I expect to be on the job a number of years yet," he says emphatically in an interview in Raychem's world headquarters in Menlo Park.

"We've in essence had the same management all the

way through," he says. "We've gotten through the bumps well. We've responded quickly. We recognized the need to change directions."

What is the secret? "We've always gone after the best people," he replies. "People are absolutely the key to our

'You'd be surprised what goes on here in Menlo Park,' quips Mr. Cook.

success."

Brief, forceful, direct, Mr. Cook wastes no words as he tells the Raychem story. In addition to people, this story focuses on new technology and niches.

"We were fortunate in being the first in a new technology where we became the world's leaders," explains Mr. Cook. "Our dominant products were based on exposing polymer plastics or rubber materials to high energy radiation."

Raychem's niche has multiplied by thousands. "We

pick products whose markets are relatively small—not big," says Mr. Cook. "As opposed to making an Apple computer by the millions, we make thousands and thousands of different products, all based on the same technology, and sell those to hundreds of thousands of customers all over the world."

"You can't go across the street to another company doing the same thing."

NOT A GARAGE, A WAREHOUSE

Six months at Stanford during World War II began Paul Cook's love affair with the Bay Area.

Not too long afterwards he brought his MIT degree in chemical engineering to Menlo Park and signed on as the 48th employee at Stanford Research Institute—now SRI International.

While there he studied possible industrial uses of radiation from radioactive materials generated by nuclear fission.

Just as he was concluding "there were indeed uses for radiation in industry," General Electric came out with its first commercial electron beam generator. This could be used to shoot electrons at materials to change their properties.

Paul Cook still leads Raychem

Mr. Cook was off and running. He mortgaged his house, borrowed \$50,000 from the late Edward Heller and some fellow venture capitalists, and signed a personal lease for GE's first electron beam machine.

Raychem—it was Raytherm then—started Jan. 1, 1957, in a warehouse on Fair Oaks Avenue in Redwood City. Within seven months Mr. Cook and his handful of associates had developed five new products and turned a profit.

Then disaster struck. The electron generator broke down in October and "almost put us out of business." He let half his people go and cut salaries of the rest, "starting at the top."

Finally Christmas Eve, GE came through with a new tube that worked, and the crew worked day and night through Christmas and New Year's to satisfy customers, who were getting "very skittish."

At that time, Mr. Cook gave one and a half shares of Raychem stock—worth about \$30—to the survivors. That stock today is 4,788 shares worth \$383,000.

What happened after that? Mr. Cook laughs. "The rest of it was easy," he says.

Oldtimers at Raychem still recall the days—and nights—when supply trucks used to unload heavy steel rods onto the concrete sidewalk, making an ungodly noise. Mr. Cook vividly remembers the man across the street who would "holler like hell when we made too much racket."

During those years "the family didn't see that much of me," Mr. Cook admits. He adds, "I've always taken time to thoroughly enjoy my situation. I work hard most of the year, but I see to it I get some time off." He now lives with his wife, Marcia in Menlo Oaks, two miles from his office.

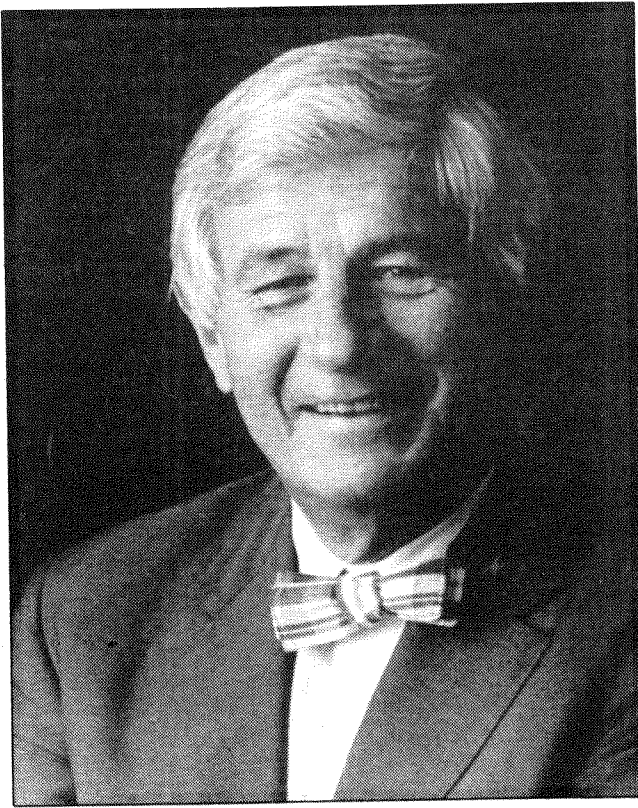
AN INDUSTRY GROWS

The early products made in that warehouse were primarily insulated wire and cable products and plastic tubing that would shrink when heated. This could be shrunk in place to encapsulate equipment or protect splices or joints. They were sold primarily to the electronics, aircraft and space industries.

Raychem still makes those and many more. But now the warehouse is long gone, and Raychem's 3,500 Menlo Park employees work on the spacious 140-acre campus along the Bayfront. Besides being the largest employer in Menlo Park, Raychem is second only to United Airlines as the largest employer in San Mateo County.

Mr. Cook is proud that Raychem has grown an average of 25 percent per year—or tripled every five years. Now it makes some 50,000 different products in 100 product families using 12 core technologies. After 25 years as president, Mr. Cook passed the position on to another Raychem oldtimer, Robert Halperin of Atherton.

Some of the newer products are heaters that regulate themselves so they won't overheat, switches that respond to over-voltage and over-temperature, and now metals that shrink when heated. "You'd be surprised what goes on here in Menlo Park," quips Mr. Cook.



PAUL COOK

These new shrinking metals can make couplings on pipe and tubing "faster, cheaper and better than welding," Mr. Cook exults. They can also be used in Silicon Valley to join chips to printed circuit boards without any force.

There have been hard times, Mr. Cook admits. He still winces recalling Raychem's forays into the consumer world. "We made a waterbed heater for a while. That was the dumbest thing we ever did," he says. "Now we serve only industrial customers with technical sales people who understand products thoroughly."

Even though sales have increased every year, Raychem's growth has slowed down over the last few years. Part of this was the effect of the strong dollar on a company that sells 55 percent of its products overseas. A strong effort at research and development—more than 10 percent of sales—plus a reduction of 500 people in the work force last spring have turned things around, Mr. Cook believes.

The last quarter showed sales up 14 percent and earnings up 51 percent. "Our growth is going to speed up again," he says.

Mr. Cook, who last year gave the David M. Mason lectures at Stanford, thinks many of the complaints made by business are "cop-outs," that mask inadequate performance. "I'm worried about technical education. I'm worried about the trade deficit. I'm worried about the budget deficit," he concludes. "I'm worried about all

those things, but they're only secondary to doing business."

RAYCHEM'S CORPORATE CULTURE

Multinational Raychem still reflects the personality of its founder and chief—driving, innovative, buoyant.

Mr. Cook plays hard and works hard. So does Raychem.

With Mr. Cook it is tennis and travel, art collecting and—for a while—power boats. For a while he held a record of 86.8 miles per hour in ocean racing. "I thoroughly enjoy life," he reiterates.

With Raychem it is company activities and sports. Raychem's corporate all stars team recently won the Bay Area competition for the third year in a row.

The symbol of Raychem's commitment to its people was its 25th birthday party in 1982. Cars strung out a mile on Bayshore as some 12,000 people—employees and their families—converged on the Raychem campus to enjoy food, displays, stage shows, the San Francisco street actors and a full carnival.

Mr. Cook is proud of that party. "It's important to have fun together," he says. "We ask our people to work very hard. People have to know that what they're doing is appreciated."

Mr. Cook is also famous around the company as one of the managers who walks the floor at all hours of the day and night and sometimes helps with projects. Just a few months ago he visited the wire and cable plant at four in the morning with the graveyard shift. He comments, "If they see the boss around and know the boss is interested, that makes all the difference."