

# **GE + Storno: new thrust for mobile radio**

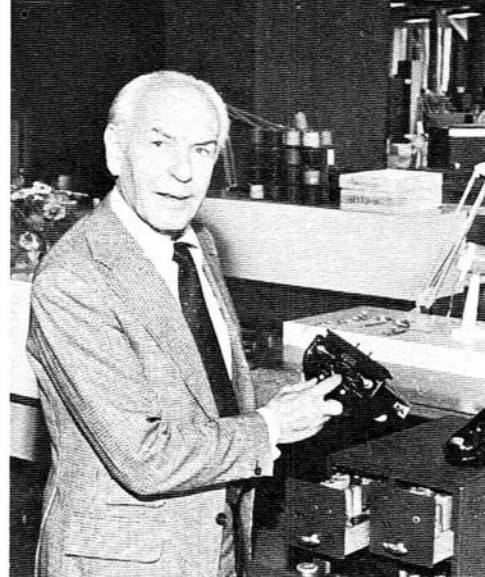
**PLUS:**  
Company ventures,  
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# GE + Storno

## a new integrated drive on mobile radio markets



Thirty-two years ago a young Danish electronics engineer named Erik Petersen saw an opportunity: apply World War II advances in communications to the fledgling art of mobile radio; the results might produce a new industry for Denmark.

Petersen won financial backing for his venture from the venerable Great Northern Telegraf Company in Denmark and named the company "Storno" after the Danish word for "great" and an abbreviation of "Northern." Today, Storno A/S is Europe's leading producer of mobile radios and a majority-owned affiliate of General Electric.

When a *Monogram* reporter talked recently with him in Copenhagen, Petersen described himself as "semi-retired" but was still bubbling with enthusiasm about Storno. "The business began modestly, with only 12 employees at the end of our first year," he recalled. "In those early days we tried all sorts of electronics communications gear. But then we saw that the real opportunity was the original one, so we got rid of everything else and concentrated on mobile radio systems. Today, Storno has over 2,400 employees serving customers in more than 50 countries throughout the world."

The 1976 decision to affiliate with General Electric wasn't a

case of a giant gobbling up a little company, Petersen makes clear. "We were determined to throw in our lot with some more broadly based company so that we could better finance our growth and improve our technology. We preferred General Electric."

Over the years, General Electric had earned worldwide recognition as a prominent mobile radio supplier by successfully handling tough systems projects, both domestically and in selected international markets. With major plants in Lynchburg, Va., and Florence, S.C., as well as smaller assembly operations in other countries, General Electric was analyzing increased mobile radio opportunities abroad and studying ways to serve them most effectively.

**The importance of Storno** to General Electric strategic plans for the mobile radio business is emphasized by GE VP Christopher T. Kastner, general manager of the Mobile Communications Business Division: "The two businesses represent a very good match. Storno is the European leader, with strong thrusts in other international markets. While General Electric's strength is primarily in the U.S., which is the largest single market for FM mobile radio, there is a

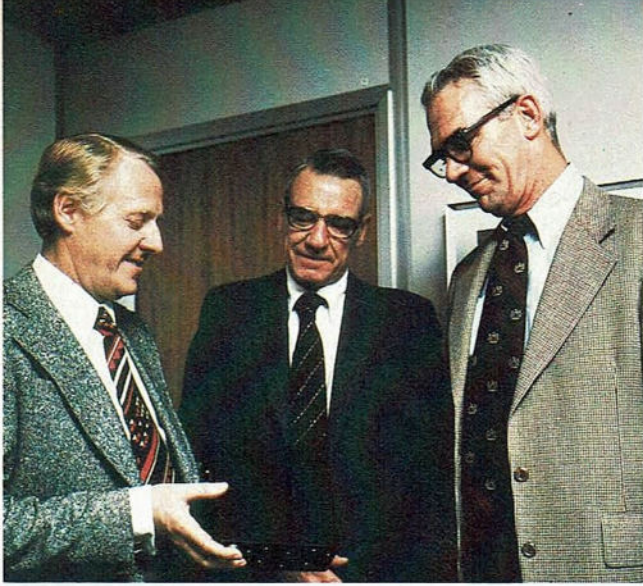
substantial worldwide presence generated by export marketing activities based in Lynchburg. Integration of the two operations made very good business sense."

For Kastner, "integration" is the key word. Under his command, integration of GE and Storno is proceeding on a broad scale: "We don't mean integration just of product lines—although that's highly important. We believe the real competitive thrust for these businesses will come from coordination also in organization, R&D, engineering, manufacturing, purchasing, finance—the whole range of business functions."

Organizationally, integration has been forwarded by putting both the U.S. Mobile Radio Department and Storno under Donald J. Meyers, general manager—Mobile Communications Operations. "It was determined at the outset," Meyers says, "that the Danish company would continue to market its product under its well-respected Storno name. Furthermore, its management would continue to play a strong role in the operation as well as in General Electric's progress worldwide. GE has lived up to those commitments and, today, the cooperative spirit that has been generated between the two organizations is all that anyone could ask."

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Far left: Erik Petersen, a principal in founding Storno in 1947, contrasts compact present-day radio-telephone equipment with early Storno unit.

◀ Strategic leadership for integrated GE-Storno drive on worldwide mobile radio markets: Peter Vange, left, Storno president; GE VP Chris Kastner, general manager—Mobile Communications Business Division; and Don Meyers, general manager—GE Mobile Communications Operations.



New GE Century® II FM and Stornophone® 5000 mobile radio line, representing joint development by GE and Storno engineers, gives both organizations a new impact in large Business and Industry market.

Storno has more than 350,000 radiotelephones in service. Examples: Stornophone units in use by rescue team (right) and harbor patrol (bottom).





Integration does have to overcome difficult problems, Lynchburg-based Meyers observes: "There are strong technical differences to be resolved—mobile radio in Europe generally uses lower power transmission and has to be more compact, for instance, than in the U.S. Also, to be fully integrated, we must jointly optimize our production resources, develop common sources of components, and rationalize our marketing and distribution systems. We're accomplishing these things by establishing a strong communications interchange, with English as the agreed-on common language and the metric system as the common denominator in measurement. Every other month an integration team gets together either in Lynchburg or in Copenhagen. Weekly there are conference telephone calls. And we maintain a frequent exchange of technical details, production schedules and the like. The whole integration process has moved rapidly and effectively. It's not a euphemism to say that this is a happy marriage."

**The first fruits of integration** are already apparent, Meyers points out:

- The first product line based on the technologies of both General Electric and Storno is on the market—the Century® II line marketed by GE and the Stornophone® 5000 line sold by Storno. "We feel that this product is better than either partner could have achieved alone," says Meyers. "It gives us a strong new entry into the lower-priced end of the large and exploding B and I (Business and Industry) segment of the world market."
- Storno's winning of a new



A technical innovator with a long record of "firsts," Storno was selected to install the fully automatic radiotelephone system linking operations at the Charles de Gaulle Airport serving Paris.

order to supply the USSR with mobile radio systems for the 1980 Olympic Games was aided by GE's Moscow office. Says Meyers: "Storno management acknowledges that to have GE people in Moscow helping them was a big advantage. Storno won this order against a large competitive field following a complex negotiation by Peter O. Vange, Storno president and general manager."

- The first U.S. example of Storno and GE product integration is an 800 MHz "trunking" system installed by GE at the Sears Tower in Chicago. Explains Meyers: "This advanced system, the first to become operative, overcomes radio-channel congestion by automatically selecting unused channels. It makes use of both GE and Storno products for individual transmissions optimizing frequency utilization."

**A talk with President Vange** explains how this Danish company has established so strong a position throughout Europe. "From the first, Storno management knew that Denmark

itself provided too small a business base—today some 90% of our sales go to export customers. Yet in the leading economies of Europe there are mobile radio companies that concentrate almost entirely on their home markets. The Storno strategy was to develop an affiliate in each of these countries that would compete against the local producer. So, at present, we have strong competitive affiliates in the UK, France, Germany and Sweden, and we serve other markets by exports from these affiliates. You might say we've become number one in Europe by being a strong number two in a number of different countries."

This strategy helps clarify how Storno products have been selected by prominent organizations throughout Europe: "Our UK affiliate has won orders, as an example, from Scotland Yard. The German affiliate supplies systems for communications on the autobahns, at Hamburg harbor and for the coordination of German electric power stations. So it goes—Storno does business on a local basis, geared to national customer needs, even as we also maintain international goals and perspectives."

Vange, a Danish electro-mechanical engineer, joined Storno in 1971 and has headed the company since 1974. He has seen Storno come back from a loss position to a solid earnings performance in recent years. The outlook? "With forecasts of an economic slowdown being pushed further into the future, we've gotten off to a very good start in terms of new orders thus far in 1979. Our objective is to bring Storno results up to GE averages. We expect in 1979 to make further progress toward that goal." ■