

Layoffs cost 1,200 jobs at Seagate

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Seagate Technology Inc., the Scotts Valley-based company that says it is the world's leading supplier of disc-storage products for the computer industry, today announced lay-offs of 1,200 mostly white-collar workers in the United States and Europe.

Seagate employed 189 people at its Watsonville plant at the end of March; more recent figures and an informal breakdown of the number of people affected here will not be available for another couple of weeks, said company spokeswoman Julie Stills. There are no plans at this time to close the Watsonville plant, she added.

In Scotts Valley, the company employed about 2,000 people as of the end of March, she said. Again, the number of people who were laid off there was not available today.

A "separation package" will be offered the employees who received pink slips this morning, Stills said. They will be offered one week's pay and benefits, plus a week for each year of work completed with the company. A resume workshop will be offered, and a binder of former employees' resumes will be sent to high-tech firms throughout Silicon Valley, she said.

Seagate, with operations in 18 countries, employs about 40,000 people worldwide. The work-force reduction will affect about 18 percent of the so-called "indirect" work-force in the United States and Europe, Stills said.

"Indirect" means that there is no hands-on contact with the product. It includes human-resources workers, sales and marketing staff, secretaries, facilities staff, and the like, Stills said.

Seagate maintains offices and other operations in about 18 places across the United States and Canada, as well as a number in Europe.

It has a number of plants and sales offices in Asia, all of which will remain unaffected by the cuts,

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Stills said. It recently announced plans to build a new \$50 million factory in Dublin, Ireland.

Stills said that the cuts are an attempt to reduce operating costs, and other cuts have been made in the company's travel and advertising budgets, as well as other areas.

The company has posted decreased earnings for the last three months of 1990 and the first three months of 1991 compared to the same quarters a year earlier. For the last quarter of 1990, net income of \$27.8 million represented a profit decrease of 22 percent; for the first quarter of 1991, net income of \$25.3 million was down 11 percent.

Sales were up slightly, but operating costs — such as sales and marketing — were up.

"We are seeing severe (product) price reductions," Stills said, caused by "intense competition

from other disc-drive vendors."

The second major manufacturer of disc-drive products, Conner Peripherals, in San Jose, announced a work-force reduction yesterday. About 80 people, most of them in San Jose, were laid off, company spokesman Forrest Monroy said, representing 5 percent of the domestic workforce. The company employs 10,500 people worldwide.

Monroy declined to comment on the coincidence of simultaneous layoffs by his company and its chief competitor, but, he said, growth has slowed down throughout the high-tech industry and workers who could have been absorbed in other areas of the company before cannot be now.

REFERENCE

R.P.