

I N T E R O F F I C E M E M O R A N D U M
C O R M T S A L L - I N - 1 S Y S T E M

Date: 16-Jan-1989 02:09pm EST
From: Ken Olsen
 OLSEN.KEN
Dept: Administration
Tel No: 223-2301

TO: Jim Osterhoff
TO: John Sims

(OSTERHOFF.JIM)
(SIMS.JOHN)

Subject: COST FOR NEW MAN

CONFIDENTIAL - DO NOT DISTRIBUTE OR COPY

We sometimes, casually hire new people with no real feeling for the cost. Will you calculate for the Board and for the Executive Committee WOODs meeting, this week, what the cost is per new man per year. If a new person is paid \$30,000 a year or if he is a senior person being paid \$100,000 a year, how much additional cost is there for a secretary, staff, maintenance, etc.?

How much does it cost for heat and power?

How much does it cost for the building itself, including the land, taxes, and all the other costs we normally include?

What is the cost for networking, computers, desktop devices, and air conditioning to drive them and the power to run them?

When we hire a new person, his cost appears to be average with all the other costs. The real cost to the Company is the additional cost incurred by hiring him, and many of these costs are not decided by any official organization of the Company but by mysterious people who believe that they're good. For example, I don't think anybody formally decides what we will put in the building in the way of computing, networking, and terminals.

KHO:dao
KO:2570
DICTATED ON 1/15/89, BUT NOT READ