

E.C.

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: 6-Feb-1989 02:57pm EST
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TO: See Below

Subject: MAJOR CHANGE IN CORPORATE STRATEGY

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It has been our corporate strategy, from the start, to buy products or components when they can be purchased and design and manufacture them only when they're not available outside. This was very wise because it saved our assets, whether they be money, people, space, experience, or energy for those things that make us unique.

I propose that we change this strategy because things are different today. We now have a surplus of people, a surplus of plants, a surplus of money, and sometimes the capital equipment to do manufacturing. I suggest that we manufacture those things which are easiest for us to manufacture to the point where we keep our people busy and our plants filled. This does not mean that we carry this to the point where we have to hire people and expand manufacturing, but simply that we have enough backlog of products for us to build in order to keep our people busy.

There are parts of our engineering department who do not believe in designing a product more than once, improving it, or continuing its development until it gets to be an inexpensive, high-production product. After they build one, they like to give the design to someone else to let someone else manufacture it so they can go off and do some more esoteric engineering. This is never a good way to do business because a product is never competitive the first time it is built, and it only gets better as it is redone and redone again. These products are the ones that we should probably concentrate on first.

I am thinking that we should also form a commodity manufacturing and design group. This group should take those products, which should be made in high enough quantities, and make sure that their design is designed for low price, ease of production, and that the manufacturing process is set up to build them that way.

KHO:dao

KO:2647
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