

D-When is this Mtg? ~~EC~~

ko
file
E.C.

on hold - working the mtg.
abbott doesn't know yet.

3/14

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: 7-Mar-1989 03:26pm EST
From: Ken Olsen
OLSEN.KEN
Dept: Administration
Tel No: 223-2301

TO: See Below

Subject: SHORT LITTLE BROWN HOUSE EXEC. COMM. WOODS MEETING

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At our Little Brown House WOODS meeting, I'd like to discuss what our contribution to society will be two or three years from now. If we accept the goal that, in three years, we should be \$20 billion with no increase in headcount and a significant increase in profit, how are we going to do it? If we assume the product offering in computers and on disks will be a lot simpler, a lot less expensive, and getting close to being commodities, where do we make our contribution?

It's clear to me that this contribution has to come from an independent, entrepreneurial approach to many, many solutions. Some might be big like small business, some might be small like imaging for insurance companies, some might be medium like complete factory systems, and some might be very small like trader workstations. If we say that \$15 billion of that will come from entrepreneurial groups, and if we say the average size of the entrepreneurial group will be \$25 million, we are going to have to have 600 quite independent, very competent business units.

If we say we are going to cut the staff and shrink the Company down to a \$10 million dollar Company, the problem doesn't change very much. We would then probably have a need for 300 entrepreneurial, independent business units. The problem still is how do we run them?

Independent business units today don't work very well because they feel that all the important decisions are done by other groups in the Company or by managers who dump limitations, rules, and instructions on them.

If you don't agree with these assumptions and think there are other ways we can make a living, be prepared to discuss them at that time. If you think we are able to sell hardware and software and general solutions, will there be enough customers

and enough OEMs to put them together as complete solutions?

KHO:dao
KO:2752
DICTATED ON 3/7/89, BUT NOT READ

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