E.C.

Date:	28-Mar-1989 10:58am EST
From:	Ken Olsen
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Dept:	Administration
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TO: See Below

Subject: BREAKDOWN OF COMPANY RESPONSIBILITIES FOR EFFICIENCY

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It appears that the Company has become too big to be run as one piece. It seems particularly clear that the field has grown too big to be run as a single unit. Probably no other company in history has ever successfully run this large a company with as diverse a set of responsibilities as one unit. Here is the way I think we should break down the Company.

First of all, let's break up the Company into three or four pieces. Each piece will have their own sales force, their own field service and their own software support. There probably would be only one central sales group and that would be the major accounts program. The part that administratively supports the groups would be in each district.

Each of the businesses would make out their own budget, they would budget all services, including personnel, finance, manufacturing and engineering, and they would not include any overhead in their budget that was not necessary for their operation.

After this is done, maybe there will be a number of overhead people left hanging who will not be necessary, and they will have to be taken care of as a special project.

The first major group would be the Major Accounts group. This might be enlarged so that we have an account manager for every account that needs one, but it should need very little overhead.

The next group would be the Channels group. They would sell through third parties all of the products that were generated for other parts of the Company.

The third group would be desktop products, small business, and departmental applications. This would include PC's, terminals, and workstations, and would include the office program and the PC

LAN program.

Another group would take over the service and selling program
that Field Service has now set up for desktop devices, which
would be made up of people who do both selling and servicing
for these simpler machines. This group would be the basis of the
field operation for this segment of the Company.

The Systems Integration group would take over that part of
software support that does systems integration work and would
raise to a high corporate level the whole systems integration
business. They would be responsible for all of the systems
integration business from huge systems to smaller systems that we
have to deliver and make work as a system.

We would probably have one DECdirect and one order processing
system to take care of all groups.

KO:2810
(DICTATED ON 3/27/89, BUT NOT READ)

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