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TO: See Below

Subject: PREPARING FOR COMING RECESSION

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It seems like things are turning around somewhat in the U.S. Pier-Carlo says Europe continues to look good except for the U.K. However, the economists now seem to agree that we are in for a real recession. I am always suspicious of the economists when they only look at two months of old data and do not take into account current factors such as the major cutback in defense spending. Therefore, I think we should make plans for a serious recession.

A number of months ago, when we looked at the slow down, we set about to make cuts. This time, let's first solve our problems and then see if we have to make cuts. At that time, I was sure we would straighten out the U.S. field in a small number of months, but now it looks as if we are planning a two-year program to get the word out to the sales people to solve problems that took less than a year to generate.

I thought we would straighten out the field with the simple ideas we had and then straighten out software services, do some marketing and get our messages straight. If we take two years for each step, the message will never get out the other end and two years for each one will be about ten years.

I do not know a department in the Company that is not committed to an infinite number of steps, approvals, signatures, meetings and detail to get the most obvious things done. The workers are impatient and the vice presidents and Executive Committee members are protecting their overhead people. I would like to take the day on Tuesday to have the Executive Committee go over every step necessary to solve every problem, particularly the red tape overhead problems in the Corporation.

After that, I would like to go over every unprofitable, not worthwhile product and cut it out. Then, I would like to go over every marketing message to make sure it is clear and simple and that we have a program to get it out.

I think the confusion within the Company about the UNIX RISC message is our biggest burden. The second, and maybe equally as important, is our tendency to sell those messages for the future which engineering is trying to sell internally for funding. They have lost complete interest in those things that were selling within the Corporation last year, which are simple products this year. They seem afraid to mention the products we have today because it would weaken their argument for research money for tomorrow's products.

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