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INTEROFFICE MEMORANDUM

Doc. No: 026731  
Date: 31-Jan-1992 01:47pm EST  
From: Ken Olsen  
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Dept: Administration  
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*Win*  
*Jack Smith*  
*Sims*  
*Bentor*  
*Reyer*

TO: See Below

Subject: NEW BUDGET DIRECTOR

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We are abandoning the New Management System in Engineering. It failed because we did not continue to use the New Management System during the year. Instead of the New Management System being a tool for controlling and managing Engineering groups, it became an empowerment which allowed them to do anything they wanted and to abandon their budgeting.

I would like to generate a new title in the Company called "Budget Director." I would like this person to be responsible for budgets, and report regularly to the Executive Committee each time an issue arises on the status, wisdom or inconsistencies in the budget, or when changes occur, and how the budget fits with the Corporation's strategy.

I would like this person to understand whether groups are working with or against the Corporation, and to clearly flag when people have changed their plans and are going off in a different direction. I would like someone who is not influenced by the Mafia or establishment who will be very effective in directing the Company, but not necessarily in the stated corporate strategic direction of the Company.

Last summer, we budgeted for the year. Each quarter we were supposed to re-do the budget and review all changes and ensure we understood and approved the direction in which we were going. In spite of my request, there have been no reviews, no reports on changes, and things are now beyond repair. This has caused us to abandon the New Management System for all of Engineering.

I would like to have a senior Director who understands the Company's strategy, can ensure the budget is going in that direction and can organize presentations to point out inconsistencies and deviations from, and weaknesses and gaps in, the strategy. This

person's job should not be to offer piles of data from which the Chairman can determine deviations if he studies it long enough. I want someone who will do this for us and flag issues and make sure we all agree on Company strategy.

KHO:eh  
KO:6527  
(DICTATED ON 1/31/92, BUT NOT READ)

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