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I N T E R O F F I C E M E M O R A N D U M

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Date: 24-Mar-1992 04:35pm EST
From: Ken Olsen
OLSEN.KEN
Dept: Administration
Tel No: 223-2301

TO: See Below

Subject: REPORT TO THE BOD - 26 MARCH

Yesterday, it became clear in the meeting of the "Gang of Seven" that we have too many complex jobs than can be managed in the way originally proposed.

First of all, it became obvious that taking some of the complex strategic jobs and giving the responsibility for strategy to two groups is not wise. Things like NT, VMS, TCP/IP and OSI, logically fit into departmental, mainframe and industry groups but, from a practical point of view, they do not. The interest, the passion, the creativity, and, in fact, the understanding, sits in the engineering groups, and I think it became clear the budgets and plans should be done by the people with the passion and understanding.

The plan we are working on has two goals. One goal is to be sure there are complete products, every single day of every single year, and, secondly, that there be a business model that assures each of these activities and each of these projects are probable. This, of course, can be done by the group who has technical responsibility for the project. Therefore, I would propose that those things to which Charlie Christ, Frank McCabe and Bill Johnson can contribute, be left completely to that person and group who are going to supply the strategy and logic. Then we have to insist, at all times, they maintain a business plan and a product plan. This includes monthly reviews which are sent to everybody involved, and a quarterly update of the budget to the Board of Directors and/or the Executive Committee.

It also became clear there are too many detailed jobs that take a lot of time and involvement to stay on top of the industry. It became very clear to me that we have assigned too many responsibilities to the people in the meeting. Therefore, we have to broaden the base and introduce more people to the system so that each person has more time to carry out their responsibilities. This also is in keeping with the drive of many

companies to level the organization in order to bring the people doing the work more directly in contact with top management rather than going through many levels. I would, therefore, propose that we give Bill Strecker and David Stone more complete responsibility for budgeting and planning for their area of expertise.

I propose we separate ALPHA from the presentation to the Board because it does not bear directly on many of the budgets today. It is also very important that we understand all the costs and everything that is involved and still not overwhelm the other projects which are needed for survival.

I would like to change that proposal now to say we make the ALPHA product/project completely the responsibility of Bill Strecker. This means Bill has to maintain all the plans, budgets, and the things to assure we will have the products, at all times, and that we will have a money-making business model for all products. This, along with other budgeting responsibilities, is probably already be more than we should expect Bill to do.

This also helps David Stone in many of the things he is planning because he then has the budget, profit, and product responsibility to help balance the things he is already doing.

The very key things in the Charlie Christ, Frank McCabe, and Bill Johnson area, I would leave with them, and they would still maintain the responsibility for product and profit.

In addition to giving Bill responsibility for the whole ALPHA program, even though some of the hardware is under new hardware people, I would give Bill and David all the things like VMS, ULTRIX, OSF, TCP/IP, OSI, and NT.

Another nice thing about this is Bill or David will then immediately have to lay out a budget for NT and some of the things which we all agree, within general terms, we have to face in financial terms, such as: What are our commitments to do database software as a result of our NT agreement?

Before the Thursday meeting, I suggest we announce that Bill Strecker has complete responsibility for ALPHA, for budgeting, for product delivery and profit, and that between Bill Strecker and David Stone are profit and product responsibility for VMS, ULTRIX, OSF, NT, TCP/IP, OSI and so forth.

KHO:lp
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