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Priority 9/1 talk to Bruce Ryan  
See Lyn Benton  
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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:** 27-May-1992 04:32pm EDT  
**From:** Ken Olsen  
OLSEN.KEN  
**Dept:** Administration  
**Tel No:** 223-2301

**TO:** Lyn Benton @ CORE ( BENTON.LYN )  
**TO:** Jack Smith ( SMITH.JACK )  
**TO:** BRUCE J RYAN @CORE ( RYAN.BRUCE J )  
**TO:** Win Hindle ( HINDLE.WIN )  
**CC:** Ken Senior @ CORE ( SENIOR.KEN )

**Subject:** BUDGETING FOR BUSINESS UNITS

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Our present budgeting and accounting system for the Business Units does not give any useful information for managing. I would like to redo our budgets quickly for presentation at the June Board meeting. I would like to break it down by projects and not as if people were independent business units, where the money they make on what they sell today, pays for the things they develop.

I do not want to look at the total money spent and made by a group, but at the profitability of each individual project. We do not give money to individual group leaders or to groups, we give money to individual projects.

It is foolish to ask a group leader to cut expenses because they are getting too much money. We should cut projects or add projects because they are important to the Company and not because someone decided the leader is getting too much.

Each project, either a PC, a workstation, or a major computer should answer the obvious data. How long will it take? What is the cost? What is the tooling necessary for manufacturing, the inventory in the Field, the training, and educating of the sales force? The first question probably should be: What is the cost

of redoing the operating system to make it work?

The goals for the project and the market should be clear. The size and the share of the market, as well as when and what profitability should be clear.

In general, there should be no projects that are not profitable. We should ask what other Digital products are competing for that same market.

The budget should also include, in detail, how we are doing with the rest of 1992 and each month in 1993 to get more orders in immediately. Is what we are doing to get orders limited by available finances? Are there the same limitations for the things coming from other people?

This makes a different presentation to the Board, but it is one that is much more meaningful and useful to the people doing the work.

KHO:lp  
KO:7213  
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