

E.C.

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Doc. No: 030317
Date: 20-Aug-1992 11:22am EDT
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TO: See Below
cc: Win, (Bob), + others

Subject: BOARD REVIEW OF SAMPLE BUSINESS PLANS

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I think it would be a good idea to review, in detail, two or three business plans with the Board of Directors to identify the problems and burdens of the Business Units. A good one to start with would be Fault Tolerant computing. This is a good example of the problems a Business Unit has to live with. This product line has been unprofitable and under pressure for a long time. However, when it was reviewed three or four weeks ago, it was clear the burden was not in the engineering and marketing but in the overhead in engineering, manufacturing, and Sales which they do not need.

It would be good to go into detail of the financial structure of this business plan and the unnecessary costs. This would raise the question for the Board and for management of just where our problems lie.

Two other good units to look at would be Willow Shire's and Bob Farquhar's. Jim Liu has been successful in cutting unneeded costs, but his experience would be interesting to hear.

KHO:lp
KO:7679
(DICTATED ON 8/20/92, BUT NOT READ)

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