

John Woods

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John Olsen*

E.C.

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Done 9/9/92*

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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From: Ken Olsen
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TO: Win Hindle (HINDLE.WIN)
CC: BILL STEUL (STEUL.BILL)
Subject: BUSINESS UNIT MANAGEMENT

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I was pleased to hear you are tending toward Business Unit Management. However, there is no such thing as being a little bit organized toward Business Unit management.

The question is simply: Who does the budgeting? Is it divided up between the functions according to their power and with no respect to profit, or is it the sum of the profit making business plans of the Business Units whose job it is to make profit?

If it is the latter, the budgets of the functions are only, and no more than, the sum of what the Business Units budgeted for each function. This means, Engineering cannot make computers and software that no one wants and no one is willing to pay for.

This means Business Units decide how much selling and what overhead and activities go with that selling. It also means Business Units decide whether the selling will be a trusting, enthusiastic, knowledgeable team who are interested in the customers or whether it is one that is threatened, bribed, terrified and distrusted.

There is no part-way sampling of the opinions of Business Units, and putting those which are convenient into a business plan does not make a business oriented budget.

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(DICTATED ON 8/26/92, BUT NOT READ)