

mgmt memo

Volume 2, Number 2

February, 1983

JACK SHIELDS ADDRESSES SALES SYMPOSIUM

At a symposium for some 500 representatives from Digital's worldwide Sales and Service organizations, Jack Shields, vice president, Group manager, talked about recent changes in and upcoming expectations of the organizations.

"About a year ago, we began the process of realigning responsibilities to enable the European subsidiaries to make changes so they could react more responsively to the market. We have just begun this process in the U.S. and expect to have all operational responsibilities transferred to the newly-created Area Management Centers by July 1.

"Basically, we've positioned ourselves to take advantage of the new competitive environment of the '80s. We've reduced our cost structure. We've altered the responsibilities of the product groups, and we're initiating new ways of approaching our marketing plans and our sales organization.

"We're creating a balance between our strategic plans and the deployment of resources. I expect the Field to look at the marketing plans, programs and strategies, and put together their plans, programs and budgets in a way that will respond to the opportunities available for new accounts.

"I want to make sure we have a strategy for the development of new accounts. We do well with our existing accounts and we tend to assign resources to accounts that we know have potential. But we also have to take the time to look carefully at new opportunities for sales.

"We have a fantastic opportunity with some of our new products, which provide new opportunities in new markets. We have the ability to call on people who we previously would not have called to begin a dialogue about the opportunities and solutions we have for these customers," said Jack.

In talking about the future, Jack mentioned that the Operations Committee recently approved growth for the Business and Office Systems group and Digital Business Centers. He also noted that Digital is continuing its efforts to simplify its contracts to ensure that as the company changes, it responds to the needs of its customers. When completed, contract

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"MGMT MEMO" is written by Corporate Employee Communication for the Office of the President. It is written for Digital's managers and supervisors to help them understand and communicate business information to their employees. Editorial Contact: Richard Seltzer, CF02-3/K23.

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simplification will make Digital appear to the outside world more as one company than as several diverse businesses.

"We've created a new focus at the corporate sales level with Jerry Paxton as our Corporate Sales manager. We want a different approach to the management of our international accounts. We want to be able to make commitments that transcend the geographic boundaries of our organization. We've got to be able to do that while at the same time deploying local resources to solve local problems. This is an important balance which must be maintained.

"We've just created a new market group to focus on sales to the installed base. I believe that we are talking about a huge market here. We have excellent products to help us. For example, the new disks and tape units position us perfectly to take advantage of this customer base. In addition, new Field Service programs will allow us to be more flexible as we upgrade our customers' equipment to better meet their needs.

"We want to focus on management skills, particularly the definition of jobs so that we make people proficient in the basics. For example, at the sales unit manager level, we have people who are exceptionally good in dealing with customers and sales people. These are the skills we will develop in them. And then, at the district and group levels, we begin to add responsibilities such as budgets and, perhaps, profit and loss or contribution margin. We also might add the general management skills which will enable us to develop the managers we need in the future and avoid putting people in positions for which they are not prepared.

"We're also going to continue to look at our sales productivity programs. We're doing well with the larger accounts, but there are a number of sales people who aren't involved with these accounts. They need to know the products well and must be able to ensure that we have a good business relationships with our customers. We have to begin to think about the special kinds of skills and industry knowledge that these people need," he concluded.

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KEN TALKS ABOUT THE SMALL BUSINESS MARKET

At a meeting of Digital's small business channels managers this month, Ken Olsen talked about Digital's need to become more aware of what the small business person needs. He also emphasized the importance of the stores to Digital's selling strategies.

"As the products get less and less expensive...and they have a long way to go...it becomes less and less logical to send people out to make a \$3,000 or even an \$8,000 sale. When people buy things in this category, its very much like when they buy cars. They will go long distances just to look over the products. Our strategy is to make certain that when they make that long drive, they stay to look at the computers, they aren't intimidated, and they learn about our products.

"When most small business people go to a store, they don't necessarily know what they want. They are ill at ease. They don't all want to talk to the sales people, because they might not know enough to discuss the computers.

SMALL BUSINESS MARKET....Continued from page 2

They really like looking over the equipment, taking some literature and going off to learn about the computers on their own. Later, they will be ready to talk business.

"One of my ambitions is that we, as a company, learn how a small business person feels. There's something about running a small business and running a store that you have to be sensitive to. They are terribly proud. They are also very economical. They never want to spend a dollar more than they have to, but they want the best. They want the best equipment, accessible and good service and reliable performance.

"We have to learn how to listen to what people want. We've got to find out what people are thinking, what they need."

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DIGITAL IN THE PRESS...

"Engineering a Compiler by Patricia Anklam et al. [David Cutler, Roger Heinen, Jr., and M. Donald MacLaren] could have been subtitled Soul of a New Compiler... the book provides a close, highly technical look at the development of the PL/1 compiler written for Digital Equipment's 32-bit VAX machines. A step-by-step chronical of the programming team's progress is provided, and even a few photos of notes the team kept. Technical jargon is kept to a minimum in this book which displays no lack of a sense of humor: one section is entitled 'Domesticating the Beast.' Published by DEC itself in Bedford, Mass., at \$24, the volume should appeal to anyone -- computer scientist, software engineer, or student -- attempting a similar project on other equipment." (John W. Verity in "Literary Roundup," Datamation, Jan. 1983.)

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From an article in The Boston Globe by Ron Rosenberg, January 25, 1983:

"Several investment firms viewed Digital's second quarter ... as a bellwether for the Maynard computer maker which has been one of the last computer builders to feel the pinch of the economic recession.

"The results are spectacular when you consider how everyone on the street figured hardware equipment sales would drop to the floor,' said Donald Brown, a vice president of research at Shearson/American Express Co. 'The good news is that orders seemed to have firmed up. Earnings are under pressure as Digital is in the middle of a new product cycle.'

"A key to Digital's new products -- and future -- is the personal computer. Brown expects personal computer sales in the next two quarters to boost revenues and add to earnings."

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PLANNING PROCESS EMPHASIZES STRATEGIC INVESTMENTS

During the next three months, long-range plans and budget requests will be carefully analyzed by senior management in an effort to ensure that resource allocations for FY '84 help Digital meet its ongoing goals of competitiveness and leadership. The current long-range planning cycle has just been extended by one month (to April) to make certain that ample discussion takes place around planning unit proposals.

"With the continued uncertainty in the economy, there will be lots of pressure to contain costs, but this must not stop us from investing in programs that help Digital remain a major force in the computer industry. Our planning process separates spending for tactical and investment purposes. It thereby helps us identify and assess our new investment opportunities," explains Sheldon Aronoff, manager of Corporate Financial Planning and Analysis.

"In FY'83, our strategic investments included the expansion of the Digital Business Centers, the establishment of the Business and Office Systems Group and a continued investment in personal computers. As part of the FY '84 planning process, management will assess strategic investment recommendations and make sure the vital ones are supported.

"Overall productivity investments must also be made to make sure that expanding work needs are met without major staffing increases. Items that fall into this investment category include automation in Manufacturing and Engineering, for example, Computer Aided Design and Computer Aided Manufacturing and artificial intelligence," says Sheldon.

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PERSONAL COMPUTER NOTES

- o In western Europe, arrangements have been made with more than 500 dealers to sell the Rainbow 100 and Professional series, which are being marketed with a choice of 16 keyboards, capable of supporting ten different languages.
- o A new option gives Professional 300 systems access to a large assortment of industry-standard CP/M* applications. It is compatible with the CP/M-80 programs developed for the Rainbow and DECmate II personal computers.
- o An upgrade kit allows users to convert a Professional 325 system to a Professional 350, and a 256K-byte memory option allows the Professional 350 system to reach a maximum memory of one megabyte in 256K increments.
- o PROSE-PLUS, a new word processing system for the Professional 300 series, is a compatible superset of the standard text editor included with the Professional Operating System.
- o IBM software communications capabilities will allow the Professional series user to access IBM host systems over SNA** (Systems Network Architecture).

* CP/M is a registered trademark of Digital Research, Inc.

** SNA is a registered trademark of IBM.

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MANAGEMENT CENTER UPDATE

Operations managers have been named and locations determined for the three new U.S. areas. Ward Davidson, reporting to Dave Grainger, is operations manager for the Western and Central States Area, with headquarters in Marlboro, Mass. Mike Marshall, reporting to Chick Shue, is operations manager for the Northeast States Area, with headquarters in Merrimack, N.H. Bob Nealon, reporting to Harvey Weiss, is operations manager for the Mid-Atlantic/Southern States Area, with headquarters in Marlboro, Mass. and a satellite office in Merrimack, N.H. (for the Government Systems Group).

In addition to these appointments, marketing groups have been temporarily aligned with the new areas to ensure that FY83 revenue plans are met and that customer satisfaction is maintained. This temporary alignment will also target recruiting and facilitate training for the new operations positions.

The Mid-Atlantic/Southern States Area (which includes the Government Systems Group) is temporarily aligned with Laboratory Data Products (LDP), Terminals and the Large Computer Group (LCG).

The Northeast States Area (which includes the Communications Industry Group) is temporarily aligned with Manufacturing, Distribution and Control (MDC), Commercial OEM, and Business and Office Systems (BOS).

The Western and Central States Area is temporarily aligned with the Technical Volume Group (TVG), Education Computer Systems (ECS), the Engineering Systems Group (ESG) and the Medical Systems Group (MSG).

Operations responsibilities for the personal computer business will remain with Joel Schwartz until equipment forecasting and revenue plans can be determined for the new start-up business. These responsibilities will transfer into the Area management structure between January and July 1 of 1984. As a result of the product and inventory structure of the newly formed Installed Base Group, they will continue to operate independently but their budgeted revenue and sales expenses will flow through the Area management organizations.

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DISTRIBUTION INFORMATION

"MGMT MEMO" is written for Digital's managers and supervisors. The distribution list used for the first three issues was not completely on target. We believe the problem has been corrected with this mailing. Please contact Brenda Nelson at DTN 251-1310 if you have any questions.

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