DIGITAL EQUIPMENT CORPORATION

HISTORY

DEC's Democracy - Part II
      [I entered the first part as soon as my Forbes arrived & didn't notice
the second page. Herewith where it left off a week or so ago... - TT]
Part I:

...
   Small wonder Digital is considered an engineer's paradise. Engineers, called
"independent contributors," have essentially the same status as managers. Many
have flexible hours and can work from modems in their homes. Says Victoria
Triolo, a senior engineer in mid-range VAX computer systems, "You always get
the feeling the engineer is number one."

Part II::
   Additional education and training are strongly encouraged. In fact,
engineers seeking advanced degrees can take sabbaticals to attend approved
schools at full pay with tuition paid by DEC.
   Lots of training goes on in-house, too. Engineers are expected to spend at
least five days a year attending training sessions, and salespeople must spend
at least twice that amount boning up on company products and services. DEC has
an education services department that provides instruction for employees and
customers alike.
   DEC prefers to train and develop managers in-house, rather than go outside.
It runs its own grueling, three-year financial development program for new
hires interested in management. Recruits are rotated through three one-year
job assignments and spend one day a week in formal classroom study.
   But the company prefers its new salespeople to have some seasoning already,
preferably computer industry experience and a technical background. When it
does find a green grad with sales potential, he or she has to undergo a
six-month training course. Those with experience attend a 90-day session
before active duty.
   As in any democracy, freedom of expression can also produce chaos, and
Hindle is the first to admit it. Projects started at first-rung levels can
overlap and bump into each other. And at some jobs, employees may have
dotted-line responsibility to several bosses. That's great for creative
exchange, but it's trying when an employee can't be in two places at once.
"Our company is more frenetic than others," Hindle allows.
   And that may be one reason the company promotes so much from within. DEC's
structureless, informal environment could drive outsiders nuts. Only two of
six members of DEC's executive committee have worked for other companies. It's
not a place where credentials earned elsewhere - M.B.A.s, Ph.D.s - have much
weight. Jack Shields, the senior VP in charge of sales, services and
marketing, didn't even finish college. Technicians lacking degrees can work as
engineers at DEC by passing a peer review.
   No one joins Digital just for the pay, although it's competitive, or for the
perks - there aren't many. The biggest exception is for salespeople, who just
recently started getting bonuses that can amount to 10% to 20% of their
salaries. The bonus programs, only in its second year, represents a bit of a
compromise. DEC has always insisted that salespeople shouldn't encourage
customers to buy equipment they don't need. Hence, the company has shunned
traditional commissions. The customer still comes first, In fact, salespeople
are evaluated each year by their own customers.
   Top performers throughout the company are also invited on DEC's annual
business/pleasure trip to a resort (last year it was Interlaken, Switzerland),
buts it's the stock program that is the primary benefit for DEC hands. More
than a few long-term employees are millionaires: Since 1965 the stock has

risen from $22 to $2,800, adjusted for splits. Every employee is permitted to set aside from 2% to 10% of his pay to purchase stock at a 15% market discount. The company also awards stock options to top performers at senior levels. Says Hindle, "We can buy our country club memberships."

DEC's unorthodoxy has its downside, of course. Because of decentralization, the company pays a price in its recruiting effort, according to MIT career services director Robert Weatherall. Although he considers the company "marvelous, technically and humanly," he says a good recruiting effort must have "some degree of centralization." Du Pont and competitors like Hewlett-Packard and IBM all have better recruiting groups, Weatherall says.

But the priority at DEC is clearly making and selling computers, which it has been doing better than anyone else of late. Says Hindle: "We're not trying to preach. Our system may not work for other companies." But it certainly does work for DEC.

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May I share some thoughts on DECulture:

All peoples think of themselves as the original People. That's
good for their survival, for the development of their collective
ego structure, their skin toward the outside world.

A culture that is stable is one thing, but even that is increasingly
rare. The Tasaday tribe in the Philippines was a hoax. The Amish
are being developed out of existence. In the movie "The Gods Must
Be Crazy," the arrival of a Coke bottle disrupts the life of the
Bushman.

It may be instructive, if a bit startling, to use these examples.
Those are some of the parallels I see to our discussions of
Digital's culture. DEC, the culture, is spoken of in tandem
with Core Values, in the same tone as one might speak of Moses
coming down from the mountain carrying the stone tablets or in the
same way Australian aborigines chant about Dreamtime.

This tells me something about where Digital is, historically, in its
cultural self-reference.

We are at a time when the precepts of the Founders are harder to
discern. There was a time when everyone heard, shared, and created
the precepts at the same campfire, so to speak. (In this case,
it was the same parking lot, the same bar, and the same woods
meeting.) Then they were transmitted by word of mouth, oral tradition,
legends, parables, folklore, (memos) that served to elaborate, refine
and reinforce the Message. This was the culture.

And fewer of us are carriers of the culture. There are the elders of
the tribe, those of the First Generation, who have known no other way
of life than the one of Digital. They are the Original People. There
are the people who were close to them, like those who went on the Long
March with Mao. They lived it and lived to talk about it.

There are those who don't know if they lived it or heard stories so
vivid and appealing that they might as well have been there. At any
rate, they have joined their history and memory to those of the
Original People, and by extension they have perpetuated the stories.

This went on for some years. I don't want to overdo it, but I don't
want to minimize it either.

But something happened, as it does to any culture that cannot remain self-contained. Its points of contact with the Barbarians increased, and it became subject to the influence of forces beyond its control. Its culture became a hybrid as other influences intermingled.

This is precisely the juncture at which psychic, political, institutional and social strain begins to show, and is reflected in all the artifacts of the culture--its music, its architecture, its religion, its crafts...its products and processes.

When someone comes into Digital, we have an initiation rite. We tattoo them: we give them a Badge.   This is like knowledge of the secret handshake: it gives them Access to the Network. I believe this is the most coveted perk of belonging to Digital. It is what we guard most jealously.   It is what we defend with all our might. It is our most valuable asset, the Ring (as in Wagner and Tolkien).

It is this that marks someone as part of the Society, the Brotherhood, the Family. Everyone else is Other, the outsider if not the Competition.

It used to be, I surmise, that there was a more efficient process of bonding. (Stories abound of encounters with KO.)

Be that as it may, for the past 3 years or so, Digital has been making new Badge-holders of some 25,000 people a year, or 100 a day. I call these people immigrants. I am one of them. And it is increasingly the luck of the draw as to whether these newcomers subscribe to the tenets of the Original People.

What this means is that the culture is not being transmitted in any particular way. The transmission is increasingly two-way. It is my contention that Digital's culture (taken as the Founding Way) is subject at least as much to the Other Ways of the immigrants as they are subject to it.

This means that there are more people very new to Digital than there are who were part of the Long March.   For an increasing number of Digital employees, the clock-tower is unintelligible. Some deeper things follow from this:

* The culture is an amalgam. It may be up for grabs.
* There is no systematic, conscious, method of indoctrination/orientation.
* There are more people who might know the words, but not the tune.
* The self-presentation of Digital as a little New England mill town
  company is quaint, and also perhaps counter-productive.
* We do not have a grasp on our own reality any more. (For example,
  there is no common knowledge of how many countries Digital operates in.)
* Digital HQ and Corporate functions can no longer get away with the
  worldviews, mindsets, career perspectives that once served them.
* Because there is less internalized acceptance and agreement on the
  precepts of the culture, we cannot count on them being exercised.
* The company cannot get away with its official assertions and levels
  of expertise going unchallenged, either by those who don't know the
  unwritten rules and pecking order, or by those who know different,
  and know better.
* Digital's culture is rapidly becoming a polyglot combination of its
  suppliers', customers', temporary and part-time employees', cultures as well.
* Digital's culture is increasingly taking on some of the characteristics
  of its competitors' culture.
* Digital's culture is increasingly not that of a little New England
  mill town company, and there is no way of cycling enough people through
  the Mother Church (the Mill) to inculcate in them the feel, and
  the spirit, of bygone days.

All of this adds up to a review of Digital's culture that recognizes its new reality. Some would say the culture has been watered down, that hallowed traditions are in danger of being lost. Some would say it is more dynamic and pluralistic, which is a fancier way of saying the same thing.

Many of the cliches about Digital no longer hold, and yet we hear people saying them.

I happen to believe in some of the features of Digital that are parts of its culture and I want them preserved and perpetuated. I put it in different ways perhaps, but you must allow for my immigrant dialect. I think Digital (the collective super-ego) fosters what I call distributed autonomy. This is, as most of these precepts are, a statement that operates on many levels. Some people call this peer-to-peer communications. It suggests a degree of self-direction, initiative, ability to contribute to an interdependent relationship, honesty, openness, trust, mutuality, self-knowledge, self-respect, generosity: it is a projection of the Founders' ideal.

Not everyone is ready for this, or the consequences of it.

Digital has made a virtue out of necessity. It makes people responsible for managing their own careers and for defining their jobs and for understanding the contribution of their work to the whole--as if that were knowable.

Nobody, no institutional mechanism, is in place to do it for you. This is unnerving for some people. Most simply burrow into their cost center of the moment and mind their own local piece of business.

People who can't function effectively in a setting of distributed autonomy are dysfunctional to basic premises of the company, not only to the premises of its internal organizational behavior, but also to the premises of its external product strategy. Yet there are such people.

How are they acculturated? And how do they act, dialectically, to acculturate others?

There are many examples that could be used. My point is that this is a two-way street. What rubs off is a reversible equation. The culture needs to figure out how to preserve itself even while it is changing.