INTRODUCTION (READ ACROSS THE WIDE MISSOURI pp 158-159)

LAST YEAR ABOUT THIS TIME I VISITED WITH OUR GENERAL MANAGERS AROUND THE WORLD TO HELP BRING THEM SOME PERSPECTIVE ON CONTROL DATA'S SITUATION.....RECALL, IF YOU WILL, THAT WE WERE COMING OFF SOME VERY DARK DAYS DURING LATE 1974 AND EARLY 1975...... THE SITUATION SEEMED TO BE IMPROVING BUT THERE WAS HESITATION AND UNCERTAINITY WITH REGARD TO THE FUTURE......IN OPENING MY REMARKS AT THOSE MEETINGS THIS IS WHAT I HAD TO SAY.....

IN HALF FROM PREVIOUS PERIODS AS WRITE-OFFS AND EXPENSES WERE TAKEN INTO THE P&L TO COMPENSATE FOR SOME OF THE DISCONTINUED AND MISMANAGED PROGRAMS. WITH REGARD TO ALL THESE DIRE STATISTICS, HOWEVER, I AM REMINDED OF JUSTICE HOLMES WHO ONCE REMARKED, "I HAVE NO BELIEF IN PANACEAS AND ALMOST NONE IN SUDDEN RUIN." TO THE EXTENT THAT LAST YEAR WAS A DISASTER, IT'S ROOTS LAY AS MUCH IN THE DISTANT PAST AS IN ITS PRESENT PROBLEMS AND, TO THE EXTENT THAT WE WANT TO PREVENT SUCH PROBLEMS IN THE FUTURE, THERE CAN BE NO PANACEAS. IT REALLY IS A QUESTION OF FUNDAMENTALS.

FUNDAMENTALS

THERE ARE, OF COURSE, MANY WAYS TO APPROACH THE SUBJECT OF FUNDAMENTALS, BUT A WAY I LIKE TO THINK IS IN TERMS OF THREE FUNDAMENTALS. THESE THREE FUNDAMENTALS OF THE BUSINESS ARE FIRST A STRATEGY AND BASIC TO HAVING A STRATEGY IS A SOUND AND COMPREHENSIVE CONCEPT OF THE BUSINESS YOU WANT TO BE IN.

BY THE TIME OF THE 100% CLUB IN PUERTO RICO SIX MONTHS LATER, 1975 WAS OF COURSE HISTORY - SUCCESSFUL HISTORY. AND AFTER CONGRATULATIONS ON THAT SUCCESS I REMARKED TO THE SALES PEOPLE...

BUT--EVEN SUPER BOWL CHAMPS HAVE TO COME DOWN TO EARTH THE MORNING AFTER. AND THIS IS IT. AS TRUE PROFESSIONALS, YOU DON'T HAVE TO BE REMINDED THAT ONE GAME DOESN'T MAKE A SEASON, AND ONE SEASON DOESN'T MAKE A BALL CLUB. I DOUBT THAT ANYONE IN THIS ROOM IS READY TO SETTLE FOR JUST A TROPHY OR TWO. WHAT WE ARE AFTER IS THE METHODICAL, YEAR-BY-YEAR IMPROVEMENT IN FUNDAMENTALS THAT CREATES DYNASTIES.
CERTAINLY THE IMPORTANCE OF STICKING TO FUNDAMENTALS—BOTH AS INDIVIDUALS AND AS A CORPORATION—WAS DRAMATICALLY REAFFIRMED LAST YEAR.

LET’S TAKE JUST A MOMENT AND RECALL THOSE FUNDAMENTALS THAT I HAVE FELT WE SHOULD TALK ABOUT—AND DO SOMETHING ABOUT—IN BAD TIMES, IN GOOD TIMES, IN TIMES OF UNCERTAINTY, IN TIMES OF SUCCESS.

SECOND, A MANAGEMENT SYSTEM -- OR BETTER SAID, A SYSTEM OF MANAGEMENT -- AND BASIC TO A SOUND MANAGEMENT SYSTEM, IS UNDERSTANDING THE ESSENTIALS OF REVENUE, OF COST AND EXPENSES, AND THEIR RELATIONSHIP ONE TO ANOTHER, SO THAT THEY CAN BE GIVEN BOTH VISIBILITY AND MEASUREMENT. THIRD, IS EXECUTION AND EXECUTION IS THE MATTER OF PEOPLE.

I WON’T TRY TO REVISIT EVERY ASPECT OF THESE FUNDAMENTALS NOW — BUT LET ME MENTION JUST A FEW REMINDERS. FIRST REGARDING STRATEGY AND CONCEPT — PROBABLY CONTROL DATA’S GREATEST STRENGTH HAS BEEN IN ITS STRATEGY. IN FACT, IT MIGHT NOT BE OVERSTATING TO SAY THAT CONTROL DATA HAS SURVIVED MOSTLY BECAUSE OF THE STRENGTH OF ITS BASIC STRATEGIC APPROACH TO THE MARKETPLACE. ALL IN ALL, WE HAVE TODAY IN PLACE A SOUND CONCEPT OF OUR BUSINESS; A MEANS OF EVALUATING THE RELATIONSHIPS OF OUR VARIOUS PRODUCTS AND SERVICES AND INDIVIDUAL PRODUCT STRATEGIES TO CARRY US FORWARD INTO THE FUTURE. A WORD OR TWO ABOUT THE SECOND FUNDAMENTAL OF THE MANAGEMENT SYSTEM.

MANAGEMENT SYSTEM — WHILE WE HAVE MADE SOME PROGRESS, THIS IS
SOMETHING THAT NEEDS FAR MORE ATTENTION FOR THE FUTURE. IT SHOULD BE HIGHER ON OUR PRIORITY LIST THAN STRATEGY. IN ONE SENSE, IT IS EVEN HIGHER THAN EXECUTION, THE THIRD FUNDAMENTAL. THAT'S BECAUSE OUTSTANDING BUT UNCOORDINATED EXECUTION CAN ONLY LEAD TO FRUSTRATION AND FAILURE. SOME EXAMPLES NEEDING MUCH MORE ATTENTION AND NEEDING A BETTER SYSTEM OF MANAGEMENT ARE QUALITY, ASSET AND CASH MANAGEMENT, AND LINKED GOALS FOR FIELD OPERATIONS, DEVELOPMENT, MANUFACTURING, AND SYSTEMS OPERATIONS.

EXECUTION. I SAID A MOMENT AGO THAT MANAGEMENT SYSTEMS MAY BE MORE IMPORTANT TO US AT THIS POINT IN TIME THAN EXECUTION. BUT THAT WAS ONLY FROM ONE PERSPECTIVE. IN ANOTHER SENSE, EXECUTION IS OUR MOST IMPORTANT FUNDAMENTAL BECAUSE IT IS ACTUALLY THE MOST DIFFICULT TO ACHIEVE. FINALLY, IT RESTS ON THE LEADERSHIP ABILITY OF YOU GENERAL MANAGERS.

THE ASPECTS OF EXECUTION THAT ARE MOST PRESSING ARE QUALITY AND COST CONTROL.

I CLOSED THOSE MEETINGS WITH THIS THOUGHT: "OUR BASIC BUSINESS STRATEGY HAS PUT US ON THE RIGHT TRACK. WE ARE BUILDING MOMENTUM TOWARD A BETTER SYSTEM OF MANAGEMENT. OUR 1976 MISSION IN A WORD IS "EXECUTION".

THE RESULT WILL BE QUALITY-QUALITY PERFORMANCE. AND I LOOK FORWARD TO SHARING THAT PERFORMANCE WITH YOU."
-PAUSE-

TODAY AS I LOOK BACK ON AND REFLECT ON THOSE THINGS I FEEL GOOD.

II. CORP, AND COMPANY STAKES

WHY DO I FEEL GOOD? WELL FOR A START LET’S LOOK AT OUR PERFORMANCE THUS FAR IN 1976.

IIA CORP STATUS

FIRST FOR THE TOTAL COMPUTER BUSINESS REVENUES THROUGH AUGUST ARE $50 MILLION DOLLARS A 10% PERCENT INCREASE OF 1975 AND LESS THAN 1 1/2% PERCENT OFF BUDGET. OUR EXECUTION WITH REGARD TO COSTS AND EXPENSES HAS BEEN EXCELLENT SO THAT PROFIT AFTER TAX OF 6.5 MILLION IS ALMOST DOUBLE THAT PLANNED AND OF COURSE IS WAY AHEAD OF LAST YEAR’S 2.0 MILLION AT THIS TIME.

OUR TOTAL DEBT, REFLECTING THE OUTSTANDING RESULTS OF OUR ASSET PROGRAMS, IS DOWN 50M FROM YEAR END. YEAR-TO-DATE INTEREST EXPENSE IS SEVEN MILLION DOLLARS BELOW PLAN - ABOUT HALF OF THAT IS DUE TO LOWER BORROWING LEVELS - THE OTHER HALF IS LOWER INTEREST RATES THAN PLANNED.

AND ALL OF THIS HAS BEEN ACHIEVED IN THE FACE OF AN INTERNATIONAL EXCHANGE RATE SITUATION WHICH WORKS STRANGELY AGAINST US. I’LL HAVE MORE TO SAY ON THAT IN A MOMENT.
NOW LET ME TURN SPECIFICALLY TO THE PRODUCT FAMILIES OF OUR
OWN ORGANIZATION.

FOR SYSTEMS, SERVICES, AND MARKETING THIS IS THE PICTURE
THROUGH AUGUST:

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<thead>
<tr>
<th></th>
<th>ACUTAL</th>
<th>BUDGET</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>505</td>
<td>514</td>
<td>516.8</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>181</td>
<td>187</td>
<td>182</td>
</tr>
<tr>
<td></td>
<td>4%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>EXPENSES</td>
<td>177.5</td>
<td>178</td>
<td>184</td>
</tr>
<tr>
<td>NPBT</td>
<td>3.5</td>
<td>9</td>
<td>(2.2)</td>
</tr>
<tr>
<td>ASSETS</td>
<td>852</td>
<td>916</td>
<td>960</td>
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<td>64</td>
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<td>98</td>
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<td>RECEIVABLES</td>
<td>328</td>
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<td>347</td>
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<td></td>
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<tr>
<td>INVENTORY</td>
<td>180</td>
<td>218</td>
<td>208</td>
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</tr>
</tbody>
</table>
(1) COVER P&L NUMBERS - BOTH ACTUAL & PERF

(2) COVER ASSETS - EMPHASIZE FROM LAST YEAR

NOW THAT'S A LOT OF NUMBERS, BUT JUST THINK ABOUT THIS: COMPARED TO PLAN FOR 1976 WE HAVE EXPERIENCED AN UNFAVORABLE EXPERIENCE - CURRENCY EXCHANGE RATES - WHICH HAVE AFFECTED OUR REVENUES BY ALMOST 10 MILLION DOLLARS OUR PROFIT BY 5.5 MILLION DOLLARS AND WE ARE NOT ONLY MAKING OUR PROFIT GOALS - WE HAVE EXCEEDED THEM BY A WIDE MARGIN 3.5 MILLION PROFIT COMPARED TO A BUDGETED LOSS. THIS ABILITY TO ABSORB ADVERSITY AND KEEP MOVING AHEAD IS WHAT SPEAKS WELL FOR THE HEALTH OF OUR ORGANIZATION

AS FAR AS YEAR END

RESULTS ARE CONCERNED WE ARE STILL BEING SOMEWHAT CONSERVATIVE IN OUR FORECASTS. THE EXCHANGE RATE IMPACT WILL INCREASE OVER THE LAST FOUR MONTHS OF THE YEAR AND WE BUDGETED A STEEP INCREASE IN THE PROFIT CURVE OVER THAT PERIOD. THE PICTURE LOOKS LIKE THIS:

<table>
<thead>
<tr>
<th>Proj</th>
<th>Perf</th>
<th>Budget</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>793</td>
<td>---</td>
<td>813</td>
</tr>
<tr>
<td>-2.5%, + 5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>275</td>
<td>---</td>
<td>279</td>
</tr>
<tr>
<td>-1.5%, + 2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPBT</td>
<td>13</td>
<td>23</td>
<td>18</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>PROJ</th>
<th>PERF</th>
<th>BUDGET</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>-30%, + 40%</td>
<td>30%, MORE THAN DOUBLE</td>
<td>925</td>
<td>923</td>
</tr>
<tr>
<td>ASSETS</td>
<td>870</td>
<td>---</td>
<td>(CURRENT 852)</td>
</tr>
</tbody>
</table>

Even though these projections seem conservative to plan you can tell there is a tremendous task yet to be done in 1976 — over the last four months we still have some 9.5 million dollars in profit to achieve — almost triple our year-to-date performance. What we can say is so far, so good and if we'll just continue to execute the way we have thus far the projections will be achieved.

IIC. Product Family Status — I won’t take the time this morning to go into the detailed numbers for each of our product families in systems, services and marketing. But, perhaps a few qualitative remarks regarding each of them would be of interest to you.

Data Services — The general health of our data services business is good. Most of the problem areas we have had in previous years are improving. Revenues are improving steadily. Data Services has matured in the last couple of years. As you are aware I have been directly associated with our data services business for more than half of its history. It has been a fascinating story to watch. From the fascinating infant, through troublesome teen-age, data services now stands ready as a virorous healthy young adult to fulfill all the promise hoped for through all these
EARLY YEARS.

BUT THERE IS AN OVERRIDING NEED TO MAKE SURE THAT ENERGIES ARE FOCUSED AND STRATEGY COHESIVE IF INDEED THAT IS TO OCCUR.

EDUCATION - ON THE OTHER HAND WE HAVE STILL A SPRAWLING, SQUALLING INFANT IN THE FAMILY - COMPUTER BASED EDUCATION - IT SHOWS EARLY PROMISE - IN FACT IT COULD GROW UP TO BE A GIANT - LARGEST AND MOST POWERFUL OF THEM ALL.

RIGHT NOW IT NEEDS A LOT OF ATTENTION AND LORD KNOWS IT IS EATING A LOT MORE THAN IT IS PRODUCING - A FACT WHICH SOME OF ITS SISTER PRODUCT FAMILIES DON’T ALWAYS TAKE TO KINDLY.

BUT THOSE INVOLVED IN RAISING THIS GIANT THE NEXT FEW YEARS WILL BE THE MOST CHALLENGING - THE MOST EXCITING - AND HOPEFULLY THE MOST REWARDING THEY WILL EVER KNOW.

ENGINEERING SERVICES AND PROFESSIONAL SERVICES

A COUPLE OF PAIRS OF STEADYING HANDS IN THE FAMILY COME FROM ENGINEERING SERVICES AND PROFESSIONAL SERVICES. ENGINEERING HAS ALWAYS BEEN THE KIND OF DEPENDABLE OLDER BROTHER. NOT A LOT OF EXTERNAL FUSS AND BOTHER BUT AN ENORMOUS DISCIPLINE AND DILLIGENCE TO MAINTAIN ITS CONTRIBUTIONS. PEOPLE FREQUENTLY DON’T REALIZE THAT ALL THOSE “OLD DEPENDABLES” HAVE THEIR SHARE OF TROUBLES TOO. THEY DO - BUT SOMEHOW THEY DON’T BOTHER PEOPLE ABOUT THEM.
ENGINEERING IS SUFFERING FROM PRODUCT PROLIFERATION WHICH INCREASES REQUIREMENTS FOR THE NUMBERS OF KINDS AND THE AMOUNT OF SPARE PARTS INVENTORIES. IT HAS TERRITORY ENCROACHMENT FROM 3RD PARTY MAINTENANCE ORGANIZATIONS - AND OTHERS. THE WEAR AND TEAR OF THESE STRAINS WILL SLOW THEIR PERFORMANCE SOMewhat FOR AWHILE.

PSD IS ONE OF THOSE KIDS WHO DOES THINGS WELL FROM THE START - MATURES EARLY AND KEEPS ON GOING FROM THERE. FROM INCEPTION TO TODAY DUKE WENTWORTH HAS DONE AN OUTSTANDING JOB OF SHAPING PSD. HE TURNS ITS CARE AND FEEDING OVER NOW TO TOM MILLER AND THAT, I'M SURE, WILL TURN OUT TO BE A WISE CHOICE FOR PSD AND ALL OF US AS WELL.

OVER ON THE SYSTEMS SIDE, THINGS ARE REALLY LOOKING UP.

AEROSPACE - IRONICALLY WHILE THE OTHERS GROW HEALTHIER, AEROSPACE AND MILITARY PRODUCTS ARE SUFFERING A BIT MORE THAN ANYTIME IN RECENT YEARS. LOOKS LIKE THEY WON'T MAKE REVENUE AND PROFIT GOALS FOR 1976. AFTER SEVERAL YEARS OF STEADY GROWTH IN REVENUES AND PROFITS WE HAVE HIT A BIT OF A STALL WHILE NEW PROGRAMS ARE SOUGHT TO REPLACE THE OLD.

INSTRUMENTS & CONTROLS - BUT, IF THERE EVER WAS A KID WHO SHOWED LESS PROMISE THAN INSTRUMENTS AND CONTROLS I CAN'T THINK OF IT. SICK ALL THE TIME - SURGERY EVERY YEAR - AND DOCTOR AFTER ANOTHER. LITTLE HOPE AND LESS ENTHUSIASM.

BUT LO AND BEHOLD ALL OF A SUDDEN IT LOOKS LIKE WE HAVE
A WINNER ON OUR HANDS. KID WENT OFF AND GOT INTO THE POWER UTILITIES BUSINESS - MADE A LOT OF VALUES, DREAMED UP SOME FANCY ELECTRIC POWER GENERATION CONTROL SYSTEMS AND IS COMING HOME A WINNER - A MILLION DOLLARS AT THE BOTTOM LINE LAST YEAR - TWO AND A HALF THIS YEAR - AND THE FUTURE LOOKS GOOD.

FANTASTIC!

EDP SYSTEMS - AND DAD HIMSELF - EDP SYSTEMS - IS REALLY LOOKING FIT. HE WENT INTO THE DOLDRUMS THERE FOR A FEW YEARS. GOT FAT AROUND THE MIDDLE...WAS LIVING WAY BEYOND HIS MEANS (IN FACT SEEMED TO THINK HIS INCOME WAS MORE LIKE A BILLION THAN A FEW HUNDRED MILLION)....STOPPED THINKING CLEARLY AND GOT HIS DIRECTION IN LIFE ALL MUDDLED UP....IN FACT LOST TOUCH WITH ALL THE FUNDAMENTALS: STRATEGY, SYSTEM OF MANAGEMENT, EXECUTION.

BUT YOU CAN'T KEEP A GOOD MAN DOWN - A LITTLE DIRECTION, A LOT OF DISCIPLINE AND JOHN TITSWORTH HAS SYSTEMS WITH A NEW LEASE ON LIFE.

THEY WON'T QUITE MAKE IT BACK TO PROFITABILITY IN 1976 - ALTHO' THEY WILL EXECUTE THE CURRENCY EXCHANGE PROBLEMS BECAUSE SYSTEMS WILL ABSORB SOME SEVEN MILLION OF THAT TEN MILLION DOLLAR IMPACT I MENTIONED EARLIER. BUT NEVER MIND - PROSPECTS FOR SYSTEMS LOOK REALLY GOOD FOR 1977 AND BEYOND - AND WHAT A WELCOME SIGHT THAT IS.
III OTHER ITEMS OF IMPORTANCE

STRATEGY, SYSTEM OF MANAGEMENT, EXECUTION

WE'VE MADE SOME PROGRESS IN SEVERAL OTHER AREAS OF THESE FUNDAMENTALS THAT I WANT TO MENTION AS WELL. FIRST, LET'S LOOK AT EEO AND OUR EXECUTION IN THAT REGARD.

IIIA - USE CONFERENCE ROOM CHART

WHEN FRANK GAVE ME THIS BACK EARLIER IN THE YEAR - I THOUGHT HE MUST HAVE SUPREME CONFIDENCE IN THE GOALS - NO WAY COULD I SEE THAT A GLASS FRAMED CHART COULD BE UPDATED - THOUGHT HE WAS JUST GOING TO POINT AT IT EACH MONTH AND SAY - YEP WE'RE ON THAT LINE THERE.

WHICH ONLY GOES TO SHOW THAT YOU MUSN'T UNDER ESTIMATE THE INGENUITY OF A GOOD PERSONNEL MAN - BY SOME MAGIC HE GETS THIS THING UPDATED EACH MONTH.

AND THE RESULTS SHOW GOOD IMPROVEMENT. WHILE TOTAL HEADCOUNT HAS DECLINED SINCE THE START OF THE YEAR BY A LITTLE OVER A HUNDRED PEOPLE OUR TOTAL MINORITY POPULATION HAS INCREASED BY SOME 180 PEOPLE.

AFTER A SLOW START OUR PERCENTAGE HAS INCREASED EACH MONTH. OBVIOUSLY WE NEED STRONGER AND MORE EFFECTIVE AFFIRMATIVE
ACTION PROGRAMS - BUT ALL OF YOU PEOPLE ESPECIALLY DESERVE A GREAT DEAL OF CREDIT FOR THE PROGRESS THUS FAR.

WHAT WE NEED NOW IS AN EXTRA PUSH TO GET THE MOMENTUM GOING FOR AN EVEN BETTER PROGRAM IN 1977.

IIIB COLLEGE RELATIONS. ANOTHER AVENUE WHICH WE SET OUT AS BEING VITAL TO LONG TERM IMPROVEMENT WAS A STEADY CONSISTENT UNIFICATION INTO THE COMPANY OF NEW COLLEGE GRADUATES. WE HAVE DONE THIS. THE TARGET FOR THIS YEAR WAS 100 PEOPLE AND WE HAVE EXCEEDED IT ALREADY. NEXT YEAR WE WILL INCREASE THIS NUMBER OF NEW YOUNG PEOPLE. NO ORGANIZATION CAN STAY HEALTHY LONG WITHOUT THIS STEADY INFUSION. I KNOW OF NOTHING MORE BASIC TO MY OWN PHILOSOPHY OF MANAGEMENT AND I AM GRATIFIED TO ALL OF YOU FOR MAKING IT HAPPEN.

BUT ONCE AGAIN - SO FAR, SO GOOD - IT IS THE FUTURE THAT WILL TELL THE TALE OF WHETHER WE HAVE ACHIEVED CONSISTENCY OR NOT. AND RECRUITING IS ONLY THE FIRST STEP. STEADY INVESTMENT IN TRAINING, STEADY INSISTENCE ON PERFORMANCE IMPROVEMENT ARE ALSO REQUIRED TO GET FUNDAMENTAL IMPROVEMENT. MORE ON TRAINING IN A MOMENT.

IIIC MANAGING CHANGE

CHANGE IS A FACT OF OUR LIVES. TO ACHIEVE CONSISTENCY WE MUST DEAL WITH THAT FACT - WE MUST MANAGE THOSE CHANGES. FOR EXAMPLE WE MUST NOT LET NECESSARY ORGANIZATION CHANGES INTERRUPT OUR GROWTH - STOP OUR MOMENTUM. THERE ARE MANY,
MANY TYPES OF CHANGE, BUT THAT IS THE ONE IN WHICH YOUR PEOPLE ESPECIALLY PLAY A VITAL ROLE.

AS WE IMPROVE OUR MANAGEMENT SYSTEM, AS WE INCREASE THE PRESSURE FOR EXECUTION - FOR VALUE ADDED - PEOPLE MUST CHANGE, THAT IS THEY MUST GROW. WE MUST HELP THEM GROW. YOU AND ME - IN PARTICULAR WE TOGETHER HAVE AN ENORMOUS OBLIGATION TO PROVIDE THE STRUCTURE AND THE OPPORTUNITY FOR PERSONAL GROWTH IN OUR PEOPLE.

I BELIEVE WE HAVE DONE MUCH IN THIS REGARD BUT I BELIEVE WE CAN - WE MUST - DO MUCH MUCH MORE. THANKS TO THE PAST PERFORMANCE OF THE PEOPLE IN THIS ROOM I AM CONVINCED WE WILL DO JUST THAT.

BUT, I HAVE AN OBSERVATION FOR YOU TOO. ALL OF THESE THINGS - AFFIRMATIVE ACTION, COLLEGE RECRUITING, PERSONNEL PRACTICES, ORGANIZATION CHANGE, PERSONAL GROWTH - ALL OF THESE DEMAND CAREFUL AND PRECISE PLANS. THIS IS AS CRUCIAL FOR YOU AS THE STRATEGIST PRODUCING A PRODUCT PLAN OR THE SALESMAN PRODUCING AN ACCOUNT STRATEGY PLAN.

THERE IS A TERRIBLE TENDENCY FOR ALL PLANS TO DEAL IN GENERALITIES, OBVIOUS OBJECTIVES, MOTHERHOOD AND BALANCING. BUT THE TENDENCY SEEMS PARTICULARLY ACUTE IN PLANS PRODUCED BY PERSONNEL PEOPLE.

A PHRASE FREQUENTLY ENCOUNTERED IS " SO AND SO SHOULD BE
DONE OR A PLAN TO DO SO AND SO WILL BE DEVELOPED. WELL -
I TELL YOU DO IT OR DON'T DO IT BUT DON'T TALK ABOUT HOW
YOU SHOULD DO IT. JUST REMEMBER ALL THE TIME - ONLY MEAT
AND POTATOES - JUST WHO, WHEN, AND WHAT SPECIFIC ACTION
NOTHING MORE. NO OUGHT TO'S SHOULD BE'S NO MORE LABELS
FOR OBJECTIVES - BUT ACTION - THAT'S ALL THAT COUNTS ANYWAY
SO WHY BOTHER TO WRITE ABOUT ANYTHING ELSE.

IV EDUCATION AND TRAINING

FINALLY LET'S TALK ABOUT TRAINING. WE HAVE MADE A COMMITMENT
- A CORPORATE COMMITMENT IN THIS REGARD. LET ME REMIND YOU OF
THAT COMMITMENT BY READING AN EXCERPT FROM MY SPEECH IN
PUERTO RICO LAST MARCH.

OBVIOUSLY, MORE AND BETTER TRAINING IS SOMETHING THAT OCCURS
TO ALL OF US. BUT WHAT KIND OF TRAINING? PETER DRUCKER
HAS SAID THERE IS ONLY ONE WAY TO TRAIN WORKERS FAST ENOUGH
TO KEEP PACE WITH OUR RAPIDLY EVOLVING INDUSTRIAL TECHNOLOGY.
HE SAID WE MUST SYSTEMATIZE AND PROGRAM ALL CURRENTLY RELEVANT
INFORMATION ABOUT A GIVEN SKILL--THEN SUPPLY IT ON A CONSISTENT
BASIS. NOW IT'S THAT LAST PHRASE THAT STRIKES ME.

FOR IN THE PAST, AND MAINLY DUE TO LIMITED RESOURCES, WE
HAVE ONLY ACHIEVED THIS CONSISTENCY IN A FEW AREAS. CUSTOMER
ENGINEERING, FOR EXAMPLE, HAS BEEN SPENDING ABOUT 25¢ ON
TRAINING FOR EVERY DOLLAR OF SALARY PAID--ALMOST FROM THE
BEGINNING OF THE COMPANY. TRAINING PROGRAMS IN MANAGEMENT AND
SALES, ON THE OTHER HAND, HAVE LAGGED WELL BEHIND THAT.

I WOULD UNDERSTAND IF SOME OF YOU ARE SKEPTICAL WHEN I SPEAK OF EXPANDED TRAINING OPPORTUNITIES. SUCH PROMISES ARE EASY TO MAKE IN A GOOD YEAR, AND HARD TO KEEP IN A LEAN YEAR. BUT I AM TALKING ABOUT TRAINING COMMITMENTS THAT CUT ACROSS ALL YEARS. FOR ONE THING TODAY WE HAVE AN ACE WE'VE NOT HAD BEFORE--AND THAT ACE IS COMPUTER BASED EDUCATION. LAST YEAR WE BEGAN A COMPREHENSIVE PROGRAM TO ENHANCE THE RANGE, DEPTH OF OUR INDIVIDUALIZED AND CBE COURSES. AND FURTHER TO ENHANCE THE FACILITIES BY MEANS OF WHICH THESE COURSES IN BASIC MANAGEMENT, TECHNICAL, AND PROFESSIONAL SKILLS CAN BE OFFERED TO YOU.

GREATER RELIANCE ON CBE MEANS MORE COST-EFFECTIVE TRAINING AND IN THE LONG RUN MORE CONSISTENCY AS WELL.

SINCE EARLY THIS YEAR WE HAVE BEEN HARD AT WORK TO DELIVER ON THAT COMMITMENT.

FOR 1977 WE PLAN TO SPEND IN SYSTEMS, SERVICES AND MARKETING A MILLION DOLLARS ON MANAGEMENT EDUCATION ALONE - NOT COUNTING THE SALARY AND TRAVEL COSTS OF THOSE BEING TRAINED.

THE PROGRAM WILL HAVE SOME ROUGH SPOTS. IT WILL REQUIRE FORCEFUL DIRECTION, POSITIVE REINFORCEMENT, BALANCED CRITIQUE AND NOT BITCHING AND HAND WRINGING.
THERE WILL BE MANY PROBLEMS ALONG WITH THE BENEFITS. FOR THE PEOPLE IN YOUR RESPECTIVE ORGANIZATIONS YOU CAN MAKE NO GREATER CONTRIBUTION IN 1977 THAN TO HELP US OVER THE ROUGH SPOTS AND KEEP ATTITUDES POSITIVE WHILE HELPING TO SEE THAT IMPROVEMENTS ARE MADE.

- PAUSE -

V SUMMARY -

WELL, AS I SAY—SO FAR, SO GOOD, WE’VE MADE PROGRESS THIS YEAR. EXECUTION IS BETTER. THE MANAGEMENT SYSTEM CONTINUES SLOW IMPROVEMENT. OUR STRATEGY IS SOUND. WE HAVE MAINTAINED THE MOMENTUM OF 1975 - WE HAVE INCREASED IT IN MANY IMPORTANT AREAS. IF WE’LL JUST KEEP AT IT YOU WILL ALL BE DELIGHTED TO LOOK BACK A FEW YEARS FROM NOW AND SEE WHAT WE HAVE ACCOMPLISHED.

THANK YOU.