WORLD HEADQUARTERS MANAGEMENT CLUB

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THANK YOU, BOB. IT'S A PLEASURE TO BE HERE AND HELP YOU INAUGURATE THE HEADQUARTERS MANAGEMENT CLUB.

THINKING ABOUT TALKING TO YOU, I THOUGHT A BIT ABOUT WHAT YOU MIGHT WANT TO HEAR AND A BIT ABOUT WHAT YOU MIGHT NEED TO HEAR, AND THAT REMINDS ME OF A STORY.

MY DAUGHTER, MARY, KNOWS A DAIRY FARMER DOWN IN SOUTHERN MINNESOTA WHO RETIRED A FEW YEARS AGO AFTER FORTY YEARS OF HARD, CONTINUOUS LABOR. HE AND HIS WIFE HAD RAISED THREE SONS AND IN ALL THOSE YEARS THEY HAD NEVER TAKEN A VACATION. HE THOUGHT THE LEAST HIS SONS COULD DO WOULD BE TO PAY FOR A WINTER IN FLORIDA FOR HIM AND HIS WIFE. SO HE CALLED THEM TOGETHER AND ASKED THEM TO CHIP IN. THE ELDEST, A SUCCESSFUL LAWYER, SAID, "GEE, DAD, YOU KNOW WE JUST MOVED INTO NEW OFFICES. I JUST DON'T HAVE ANY EXTRA MONEY RIGHT NOW'.' THE MIDDLE SON, A DOCTOR, SAID, "DAD, I' D REALLY LIKE TO HELP -- BUT YOU KNOW MAE AND I JUST BOUGHT THAT LAKE PLACE UP NORTH'. "THE YOUNGEST SON, AN ENGINEER, SAID, "DAD, I' D DO ANYTHING FOR
YOU, YOU KNOW THAT -- BUT WE'VE JUST BOUGHT A NEW CAR AND WE'RE GOING TO BUILD A POOL IN THE BACKYARD. WE JUST CAN'T AFFORD ANYTHING MORE."

THE OLD MAN LOOKED AT THE THREE BOYS AND SHOOK HIS HEAD. "DO YOU REALIZE," HE SAID, "THAT YOUR MOTHER AND I WERE WORKING SO HARD ALL THESE YEARS THAT WE NEVER EVEN TOOK A VACATION?" THEY SAID "YEAH, WE KNOW." "AND DO YOU KNOW THAT THINGS WERE SO TOUGH BACK THERE IN THE BEGINNING THAT WE NEVER EVEN HAD TIME TO BUY A MARRIAGE LICENSE AND GET PROPERLY MARRIED?" "GOOD GOD," ONE SAID, "DO YOU REALIZE WHAT THAT MAKES US?" HIS FATHER LOOKED AT HIM AND SAID, "YES -- AND DAMN CHEAP ONES AT THAT!"

BUT "WANTS AND NEEDS" ALSO REMINDS ME HOW SUBTLE WORDS CAN BE. THERE IS A WORD "OXYMORON" -- WHICH, AS PERHAPS YOU KNOW, -- MEANS A PHRASE THAT CONTAINS TWO INCOMPATIBLE IDEAS -- LIKE "OLD NEWS", "JUMBO SHRIMP", "WEATHER FORECAST" OR "AIRLINE FOOD". WHEN YOU LOOK AROUND THE BUSINESS WORLD, YOU CAN FIND A LOT OF OXYMORONS. YOU KNOW, THINGS LIKE: "PRIME RATE"..."EXECUTIVE DECISION". THEN THERE'S THAT PERENNIAL FAVORITE: "HEADQUARTERS ORGANIZATION"...NOT TO MENTION "OFFICE SPACE".
BUT MORE SERIOUSLY, IT'S ALWAYS A PLEASURE TO HAVE THE OPPORTUNITY TO TALK TO THE WOMEN AND MEN WHO MAKE UP THE MANAGEMENT OF CONTROL DATA. IT'S FUN TO TALK ABOUT THE MANAGEMENT PROCESS ITSELF -- THE TECHNIQUES, THE REWARDS, THE PROBLEMS AND CHALLENGES OF MANAGING WELL. IT'S FUN TO TALK ABOUT CONTROL DATA -- THE THINGS THAT HAVE SHAPED IT, IT'S STRATEGIES, DIRECTIONS, AND YES -- PROBLEMS. TONIGHT, I THOUGHT IT WOULD BE GOOD TO SPEND OUR TIME ON THE SUBJECT OF CONTROL DATA.

THERE ARE MANY STATISTICS ONE CAN QUOTE ABOUT CONTROL DATA IN AN ATTEMPT TO PORTRAY OUR UNUSUAL COMPANY: FROM $0 - $4.2 BILLION IN COMBINED REVENUE IN 24 YEARS. NEARLY 60,000 PEOPLE. 33 COUNTRIES. ITS VARIETY OF PRODUCTS AND SERVICES AND SO ON. BUT, SOMEHOW, I'VE NEVER BEEN ABLE TO GET AT THE ESSENCE OF CONTROL DATA IN THAT WAY -- TO MAKE IT REALLY COME ALIVE FOR PEOPLE. RATHER, THERE ARE FIVE CHARACTERISTICS OF OUR COMPANY WHICH ARE KEY TO ITS CHARACTER, WHICH UNDERPIN -- IN FACT, WHICH DETERMINE OUR APPROACH TO THE BUSINESS. SO, RATHER THAN A RECITATION OF VITAL STATISTICS, LET ME SPEND A FEW MINUTES DESCRIBING THOSE FIVE CHARACTERISTICS FOR YOU.

FIRST, WE TAKE A LONG-TERM APPROACH TO OUR BUSINESS. OUR PRODUCTS AND SERVICES, AND BUSINESS STRATEGIES ARE INSEPARABLE FROM A HISTORY OF PRACTICAL SUCCESS IN APPLYING THE
MAJOR TOOLS OF PROBLEM-SOLVING -- COMPUTER TECHNOLOGY, AND INNOVATIVE, KNOWLEDGEABLE PEOPLE -- TO IMPORTANT AND COMPLEX NEEDS.

BECAUSE THESE NEEDS ARE COMPLEX, SOLUTIONS FREQUENTLY INVOLVE A LOT OF EXPERIMENTATION, FALSE STARTS AND DEAD ENDS BEFORE THE RIGHT APPROACH IS FOUND. THIS WAS TRUE IN THE BEGINNING WITH THE DESIRE TO BUILD THE BIGGEST COMPUTERS -- CONTROL DATA HAS ALWAYS BEEN KNOWN AS THE MOST SUCCESSFUL SUPER COMPUTER MAKER. WHAT PEOPLE DON'T KNOW IS THAT BEHIND THAT SUCCESS LIES A WILLINGNESS TO KEEP AT IT WHEN INITIAL DESIGNS DIDN'T WORK OUT AND TO CONTINUE THROUGH FINANCIAL ADVERSITY UNTIL SUCCESS WAS ATTAINED. (EXAMPLE CYBER 200).

ANOTHER EXAMPLE WOULD BE EDUCATION. STARTING UP CONTROL DATA INSTITUTES WAS A LONG-TERM STRATEGY BACK IN 1965. IT TOOK SEVEN YEARS BEFORE THEY FIRST REACHED PROFITABILITY. TODAY, CONTROL DATA INSTITUTES ARE ONE OF OUR MOST SUCCESSFUL BUSINESSES. PLATO-CBE RESEARCH AND DEVELOPMENT BEGAN IN 1961. IT FIRST WENT TO MARKET IN 1975. IT WILL TAKE UNTIL 1983 TO REACH CRITICAL MASS AND PROFITABILITY BUT WHEN THAT OCCURS IT COULD VERY WELL BE OUR MOST PROFITABLE BUSINESS.

THERE ARE MYRIAD EXAMPLES I COULD NAME BUT THE POINT IS THAT THE LONG-TERM APPROACH IS PART OF OUR HISTORY AND CULTURE.
TAKING A LONG-TERM VIEW IS EASY WHEN TIMES ARE GOOD. STICKING TO IT WHEN TIMES ARE BAD IS THE REAL TEST. WE KNOW THAT FROM FIRST-HAND EXPERIENCE. AND, BY THE WAY, THE ABSENCE OF A LONG-TERM VIEW IN MOST OF U.S. INDUSTRY IS NOW RECOGNIZED AS A ROOT CAUSE OF ITS DECLINING COMPETITIVE POSITION VIZ-A-VIZ INTERNATIONAL COMPETITORS.

SECOND, WE UNDERSTAND, BELIEVE IN, AND CHAMPION THE CAUSE OF TECHNICAL COOPERATION. AND WE HAVE PROVED WE CAN MAKE IT WORK FOR US.

THE FORM AND SCOPE OF OUR ORGANIZATIONAL APPROACH TO A GIVEN TASK IS DICTATED BY THE SIZE AND NATURE OF THE PROBLEM TO BE SOLVED. OFTEN WE USE ONLY INTERNAL RESOURCES. HOWEVER, WHEN THE SCOPE OR SIZE OF THE TASK REQUIRES THE PARTICIPATION OF OTHER ORGANIZATIONS, THERE IS NO HESITANCY TO FORM COOPERATIVE VENTURES. WE UNDERSTAND THE GIVE AND TAKE NECESSARY TO ACHIEVE LASTING BENEFIT TO ALL PARTIES. AND, IN PARTICULAR, THERE IS FREQUENTLY CONFUSION BETWEEN MARKETING COOPERATION AND TECHNICAL COOPERATION.

NOW, SPEAKING OF MARKETING COOPERATION, I'M REMINDED OF WHAT HAPPENED ONCE IN A PLACE CALLED HAW RIVER, NORTH CAROLINA NEAR MY HOME TOWN OF GREENSBORO: NOW, HAW RIVER IS A PRETTY SMALL PLACE, AND ONE SUMMER THE BAPTISTS AND CONGREGATIONALISTS AGREED TO COOPERATE AND STAGE A JOINT REVIVAL WEEK. THE
METHODISTS RELUCTANTLY AGREED TO GO ALONG WITH IT. AT THE END OF THE WEEK, THE THREE MINISTERS GOT TOGETHER TO DISCUSS THE RESULTS.

THE CONGREGATIONALIST SAID, "WE CAPTURED FOUR NEW MEMBERS.

"THE BAPTIST REPLIED, "WE DID EVEN BETTER. SIX PEOPLE BECAME CONVERTS TO THE BAPTIST FAITH.

"THEN THEY BOTH TURNED TO THE METHODIST AND ASKED HIM HOW HE DID.

"WELL," THE PARSON ANSWERED, "I GUESS WE DID THE BEST OF ALL. WE DIDN'T ADD ANY NEW MEMBERS, BUT WE GOT RID OF TEN WE SURE DIDN'T WANT."

SO THERE ARE MANY PITFALLS IN MARKETING COOPERATION. BUT TECHNICAL COOPERATION IS SOUND POLICY.

THERE IS A STIRRING OF INTEREST IN TECHNOLOGICAL COOPERATION THESE DAYS IN OUR INDUSTRY. BUT, BY AND LARGE, MANAGEMENTS IN THE COMPUTER INDUSTRY UNDERSTAND NEITHER THE NEED FOR NOR THE POTENTIAL BENEFITS OF TECHNOLOGICAL COOPERATION. MOSTLY THEY WORRY ABOUT WHAT THEY MIGHT LOSE.
I'M REMINDED OF THE TWO BUSINESS PARTNERS WHO TOOK THE DAY OFF AND WENT FISHING. ALL OF A SUDDEN ONE OF THEM LOOKED UP IN HORROR AND SAID, "JAKE. WE FORGOT TO LOCK THE SAFE!" "DON'T WORRY," JAKE SAID, "WE'RE BOTH HERE."

BUT THIS LACK OF UNDERSTANDING IN OUR INDUSTRY IS STRANGE BECAUSE ALL YOU HAVE TO DO IS LOOK AROUND AND SEE INDUSTRIES FAR LESS TECHNOLOGICALLY INTENSIVE THAN OURS, INDUSTRIES WHICH WERE ONCE THE STARS OF U.S. BUSINESS, BUT TODAY ARE IN TROUBLE BECAUSE THEY ARE TECHNOLOGICALLY LAGGING. THE PROBLEMS OF THE U.S. AUTO INDUSTRY SO PROMINENTLY FEATURED THESE DAYS IS ONLY THE MOST OBVIOUS EXAMPLE, AND WITHOUT BROAD BASED TECHNOLOGICAL COOPERATION IT WILL JUST AS INEVITABLY OCCUR IN OUR INDUSTRY AS WELL. FURTHERMORE, JAPAN, WITH ITS TRADING COMPANIES, IS POSITIONED BETTER THAN UNITED STATES COMPANIES TO PARTICIPATE IN ONE HUGE MARKET OF THE FUTURE -- DEVELOPING COUNTRIES, ESPECIALLY CHINA AND OTHER COUNTRIES IN ASIA.

THIRD IS THE PRECEPT THAT IN UNCERTAINTY AND CHANGE LIE THE OPPORTUNITIES OF THE FUTURE. WE LIVE IN A TIME OF "PARENTHESIS" -- A TIME OF TRANSITION FROM ONE AGE TO ANOTHER. IN SUCH PERIODS, UNCERTAINTY IS PARTICULARLY PREVELANT. BUT FOR THOSE WHO SEEK HIGH ADVENTURE NO CIRCUMSTANCE COULD BE MORE FORTUNATE. ANY HALF-WITTED ECONOMIST KNOWS -- "FULL-WITTED ECONOMIST" IS CLEARLY AN OXYMORON -- ANY ECONOMIST KNOWS THAT, FUNDAMENTALLY, THE FUTURE OF JOB CREATION, AND THEREFORE, WIDESPREAD WEALTH DEPENDS ON A HEALTHY SMALL BUSINESS SECTOR.

FROM 1969 TO 1976, NINE MILLION NEW WORKERS JOINED THE U.S. LABOR FORCE. HOW MANY OF THOSE JOBS WERE CREATED BY THE 1000 LARGEST INDUSTRIAL COMPANIES? NONE. ZERO. THERE WAS NO NET GAIN. SMALL BUSINESS WAS -- AND IS -- THE PRIMARY SOURCE OF JOB CREATION. YET NOTHING IS MORE THREATENED BY "ECONOMIC POLICY" -- AND THERE'S YET ANOTHER CANDIDATE FOR THE OXYMORON LIST -- THAN SMALL BUSINESS. 400,000 NEW BUSINESSES FAIL EACH YEAR. AND TODAY THE ECONOMIC ENVIRONMENT FOR SMALL BUSINESS IS MORE UNCERTAIN THAN EVER. YET THIS UNCERTAINTY, TOO, HAS CREATED OPPORTUNITIES. CDBAI GENERATED REVENUES OF MORE THAN A MILLION DOLLARS IN ITS VERY FIRST YEAR. IN 1981 -- YEAR TWO -- REVENUES WILL BE MORE THAN $3.5 MILLION. UNCERTAINTY -- OPPORTUNITY -- THEY GO HAND IN HAND FOR THOSE WITH COURAGE EMBRACE THEM.
I'LL COME BACK TO BAI IN A MOMENT. BUT SMALL BUSINESS CONSULTING IS JUST ONE OBVIOUS EXAMPLE OTHER UNMET NEEDS CREATE EVEN LARGER OPPORTUNITIES. MAJOR UNMET NEEDS INCLUDE DECLINING PRODUCTIVITY, INFLATION, UNEMPLOYMENT AND UNDEREMPLOYMENT, URBAN STAGNATION AND BLIGHT, THE NEED FOR LOWER FOOD COSTS AND HOUSING, FOR BETTER, LESS EXPENSIVE AND MORE AVAILABLE EDUCATION AND HEALTH CARE, AND CHEAPER SOURCES OF ENERGY.

YET THERE IS FREQUENTLY A STRANGE REACTION TO MANY OF OUR BUSINES VENTURES IN THESE AREAS. ON THE ONE HAND, MANY PEOPLE PERCEIVE THEM AS JUST SOCIAL DO-GOOD PROJECTS -- OTHERS FEEL THEY ARE FOOLISH BUSINESS VENTURES WHICH TAKE PRECIOUS RESOURCES FROM THE "MAINSTREAM."

THINKING ABOUT THIS, I AM REMINDED OF A CONVERSATION I HAD RECENTLY WITH DAVE KEARNS, PRESIDENT OF XEROX. WE WERE DISCUSSING AN INTERVIEW IN WHICH HE TRIED TO EXPLAIN TO THE REPORTER THE NEED DILEMMA FACING LARGE COMPANIES: ON THE ONE HAND, IS THE RESISTANCE TO CHANGE IN BIG ORGANIZATIONS. ON THE OTHER, IS THE ABSOLUTE NEED FOR GREATER RISK TAKING -- TO REVITALIZE THE BUSINESS. DAVE'S COMMENT WAS: "...WHILE ALL OF US LIKE TO TALK ABOUT CHANGE, NO ONE IS COMFORTABLE WITH CHANGE -- REAL CHANGE. VERY FEW COMPANIES ARE LOOKING AT REAL CHANGE. YOU KNOW THE VERNIER KNOB ON YOUR STEREO? THE ONE THAT GIVES YOU VERY FINE TUNING? WELL, PEOPLE IN BUSINESS TEND
TO TURN THE VERNIER KNOB, AND NOT THE BIG CRANK, WHEN THEY TALK ABOUT CHANGE. THEY'RE GETTING FINE TUNING, NOT REAL CHANGE."

HE WENT ON TO SAY THAT THE REAL CHANGE THAT MUST OCCUR IN BUSINESS IN THE "RE-INSTITUTION OF RISK" AND "REPLACING SAFETY AS THE PRIMARY OBJECTIVE" OF MANAGEMENT.

THAT REALLY STRUCK ME -- BECAUSE WE DON'T HAVE TO "RE-INSTITUTIONALIZE" THAT VITAL ELEMENT IN CONTROL DATA.

FOURTH, WE UNDERSTAND THAT RISK TAKING IS ESSENTIAL TO SUCCESS. AND IT HAS FORGED THE FOUNDATION OF OUR COMPANY.

I MENTIONED A MOMENT AGO THE CHALLENGE IN DESIGNING LARGE COMPUTERS. WHEN YOU CONSIDER THAT THE COST OF DEVELOPING A NEW COMPUTER LINE WAS WELL IN EXCESS OF 100 MILLION DOLLARS, CONTROL DATA WAS LITERALLY BETTING THE COMPANY EVERY FOUR YEARS OR SO FROM INCEPTION ALL THROUGH THE SIXTIES.

THE ONLY WAY A SMALL COMPANY COULD HAVE R&D MONEY WAS TO TAKE FIXED PRICE DEVELOPMENT CONTRACTS AND GO FOR BROKE.

FORTUNATELY, WE WERE ABLE TO MAKE THIS STRATEGY WORK ENOUGH TIMES TO SURVIVE.

BUT IT HAS LEFT SOMETHING MORE IMPORTANT...A HERITAGE OF DEVELOPMENT...COURAGE...THAT IS A PART OF OUR CULTURE...A WILLINGNESS TO TAKE ON LARGE CHALLENGES AND THE FORTITUDE TO STICK WITH THINGS EVEN IN ADVERSITY.
ISN'T IT INTERESTING THAT THIS MATTER OF RISK-TAKING IS A
DISTINGUISHING CHARACTERISTIC OF CONTROL DATA. YOU WOULD THINK
ALMOST THE OPPOSITE WOULD BE TRUE. THAT IT WOULD BE A
COMMONPLACE CHARACTERISTIC. BUT THE FACT IS, TODAY, AMERICAN
BUSINESS IS CHARACTERIZED BY HUGE ORGANIZATIONS SIMPLY FINE TUNING THE RESULTS OF THE ENTREPRENEURS OF YESTERYEAR.

FIFTH, ABOVE ALL, WE BELIEVE IN THE REALITY OF INDIVIDUALS.
FINALLY, OF COURSE, IT IS THE EFFECTIVITY, THE PRODUCTIVITY OF INDIVIDUALS WHO MAKE FINANCIAL REALITY OUT OF STRATEGY, MARKET POSITION AND BUSINESS APPROACH. UNDERSTANDING AND INNOVATION WITH REGARD TO THE INDIVIDUALS WHO MAKE UP OUR COMPANY IS A KEY CHARACTERISTIC OF CONTROL DATA. NOW I REALIZE THAT MOST ORGANIZATIONS, PUBLIC OR PRIVATE, ROUTINELY PROCLAIM THAT PEOPLE ARE THEIR MOST VALUABLE ASSET. UNDERNEATH THOSE BRAVE WORDS PROBLEMS ARE ALLOWED TO GROW AND FESTER.

IT'S LIKE THE HUSBAND AND WIFE WHO'D BEEN MARRIED 20 YEARS AND WERE OUT WORKING IN THEIR GARDEN. ALL OF A SUDDEN THE HUSBAND WALKED OVER TO HIS WIFE AND GAVE HER A SWIFT KICK IN THE LEG. SHE CRIED OUT IN PAIN, THEN SAID, "WHAT THE HELL WAS THAT FOR?" "THAT," SAID HER HUSBAND, "IS FOR BEING SUCH A LOUSY LOVER!"

HIS WIFE THOUGHT ABOUT IT FOR A MOMENT OR TWO -- THEN MARCHED OVER AND DUMPED A PAIL OF POTTING SOIL OVER HIS HEAD.
AFTER HE CAME UP SPLUTTERING HE SAID, "AND WHAT WAS THAT FOR?"
"THAT," SHE SAID, "IS FOR KNOWING THE DIFFERENCE."

WHAT MOST ORGANIZATIONS FAIL TO REALIZE IS THAT PEOPLE DO NOT
 ALWAYS FIT EXACTLY INTO THE ROLES THEY ARE SUPPOSED TO PLAY.
 SO MOST THEY DON'T CREATE NECESSARY PROGRAMS OR MAKE NECESSARY
 ACCOMMODATIONS.

PEOPLE JUST DO NOT AUTOMATICALLY FIT INTO CERTAIN NICHES.
 THEIR DEVELOPMENT IS A CONTINUOUS AND LIFE-LONG PROCESS.
 CONTROL DATA, MORE THAN ANY COMPANY I KNOW, UNDERSTANDS THIS
 REALITY. IT DOES SO WITHOUT EVER REDUCING ITS STANDARDS FOR
 PERFORMANCE AND ACCOUNTABILITY. OVER TWENTY-FOUR YEARS
 POLICIES AND PRACTICES AND CONCEPTS HAVE EVOLVED WHICH RECENTLY
 WE HAVE SUMMARIZED IN WHAT I LIKE TO CALL OUR "MAJOR PEOPLE
 STRATEGY": FAIR EXCHANGE. SO JUST AS WE HAVE A MAJOR BUSINESS
 STRATEGY WHICH FRAMES AND SHAPES OUR THINKING REGARDING
 BUSINESS DIRECTION, WE NOW HAVE A STRATEGY TO FRAME AND SHAPE
 OUR THINKING REGARDING THE PEOPLE WHO ARE CONTROL DATA.

BUT LET ME GO BACK TO BAI. FOR THERE IS A PRACTICAL EXAMPLE OF
 BOTH SERVING A MAJOR NEED OF THE WORLD AND DEMONSTRATING THIS
 BELIEF IN THE REALITY OF INDIVIDUALS.
BAI:

THE SMALL BUSINESS CONSULTING PROBLEM: AFFORDABILITY. THE
PROBLEM OF THE INDIVIDUAL AND THE ORGANIZATION: BOREDOM EVEN
IN HIGH TECHNOLOGY TASKS.

WE ARE NOT ONE DIMENSIONAL PEOPLE AND GROW STALE AT THE SAME
TASKS DAY AFTER DAY. THE COST SOLUTION: PART-TIME PEOPLE,
COMPUTER-ASSISTED CONSULTING.

THE TOTAL SOLUTION: POLICY REGARDING PEOPLE AND INVESTMENT IN
BUSINESS OPPORTUNITY. WELL, THERE'S MUCH MORE THAT COULD BE
SAID ON BAI, OR OTHER OF OUR UNDERTAKINGS, SPEAKING TO A GROUP
OF MANAGERS IS ALWAYS DIFFICULT FOR ME. AS MANAGERS, WE'RE ALL
CONCERNED WITH THE USE OF TIME. TIME RESTRICTS EVERYTHING WE
DO.

I'M REMINDED OF THE STORY ABOUT SIR WINSTON CHURCHILL, WHOSE
FONDNESS FOR DRINK WAS WELL KNOWN. HE WAS SCHEDULED TO MAKE A
SPEECH BEFORE A SMALL GATHERING. THE CHAIRMAN INTRODUCED HIM
BY SAYING: IF ALL THE SPIRITS CONSUMED BY SIR WINSTON WERE
POURED INTO THIS ROOM, IT WOULD REACH UP TO HERE ON THE
WALL."HE DREW A LINE WITH HIS FINGER AT ABOUT LEVEL WITH HIS
EYES. CHURCHILL GOT UP TO SPEAK. HE GLANCED AT THE IMAGINARY
LINE ON THE WALL. HE LOOKED UP TO THE CEILING, AND MADE A
MATHEMATICAL CALCULATION WITH HIS FINGERS. THEN HE SIGNED AND SAID, "AH, SO MUCH TO BE DONE, AND SO LITTLE TIME IN WHICH TO DO IT."

BUT LET ME REPEAT THE FIVE BASIC CHARACTERISTICS WHICH DISTINGUISH OUR COMPANY:

1. WE TAKE A LONG-TERM APPROACH TO OUR BUSINESS.
2. WE UNDERSTAND, BELIEVE IN, AND CHAMPION THE CAUSE OF TECHNICAL COOPERATION. AND WE HAVE PROVED WE CAN MAKE IT WORK FOR US.
3. WE VIEW THE URGENT NEEDS OF THE 1980'S AS EXCEPTIONAL BUSINESS OPPORTUNITIES.
4. WE UNDERSTAND THAT RISK TAKING IS ESSENTIAL TO SUCCESS. AND IT HAS FORGED THE FOUNDATION OF OUR COMPANY.
5. ABOVE ALL, WE BELIEVE IN THE REALITY OF INDIVIDUALS.

THese five characteristics have shaped our thinking and our actions through the company's history. Finally, out of these actions and thoughts, we have developed a succinct and distinct way of describing our basic business strategy: we view the major unmet needs of society as profitable business opportunities. In the final analysis, it is the power of our business strategy that will make possible superior performance. And out of these actions and thoughts we have developed a succinct way of describing our basic people strategy: Fair Exchange: A Partnership for Excellence.
BUT WHAT OF RESULTS. THE RESULTS WE ACHIEVE AS A COMPANY CAN BE MEASURED IN MANY WAYS: PRODUCTIVITY, EFFICIENCY AND, OF COURSE, PROFITABILITY AND FINANCIAL STRENGTH. WHATEVER MEASURES WE USE, WHAT WE ARE TALKING ABOUT IS REALIZING THE POTENTIAL MADE POSSIBLE BY STRATEGY -- AND TO DO THAT WE MUST EXECUTE WELL. WE ALL KNOW IN A GENERAL SENSE WHEN WE ARE EXECUTING WELL -- EITHER AS INDIVIDUALS OR AS AN ORGANIZATION. WE HAVE A FEELING OF BEING EFFECTIVE. WE KNOW WE CAN MAKE THINGS HAPPEN -- "CALL OUR SHOTS" AS THE SAYING GOES. "ORGANIZATIONAL EFFECTIVENESS", THEN, IS A GOOD, SUCCINCT WAY TO DESCRIBE OUR GOAL WITH REGARD TO SUPERIOR EXECUTION TO GO WITH OUR SUPERIOR STRATEGY.

THE QUESTION IS HOW TO TRANSLATE THE GOAL OF ORGANIZATIONAL EFFECTIVENESS INTO PROGRAMS AND ACTIONS. TO DO SO WE JUST NEED TO GET DOWN TO BASICS, AND THE BASICS ARE THESE: PEOPLE, PROCESSES, AND CAPITAL. EFFECTIVENESS IS THE NET RESULT OF HOW WE MANAGE THESE THREE BASIC FACTORS. PEOPLE, PROCESSES AND CAPITAL -- "PPC" -- MUST BE OUR THEME AND MANAGEMENT KEYSTONE IF WE WANT TO ACHIEVE EXCELLENCE.

ACTUALLY, WE HAVE A GOOD START ON IMPROVING PPC MANAGEMENT. THE ASSET MANAGEMENT PROGRAM STARTED SEVERAL YEARS AGO AIMED AT IMPROVING CAPITAL MANAGEMENT.
FAIR EXCHANGE DEALS WITH THE PEOPLE PART OF THE FORMULA. THAT LEAVES "PROCESS." RECENTLY, I HAVE SEEN MORE EXAMPLES OF ATTENTION BEING GIVEN TO PROCESS. WE HAVE TOOLS TO HELP MANAGERS ANALYZE AND IMPROVE WORK PROCESSES IN THEIR ORGANIZATIONS. BUT WE HAVE NOWHERE NEAR THE LEVEL OF INTENSITY AND UNIFORMITY OF EFFORT THAT WE HAVE HAD ON CAPITAL AND PEOPLE.

AT THIS POINT, I SHOULD STOP AND DEFINE WHAT I MEAN BY "PROCESS." I MEAN THE SERIES OF INTERRELATED TASKS WHICH RESULT IN A FINAL OUTPUT OF A WORK GROUP. IN MANUFACTURING OPERATIONS, WE NATURALLY THINK IN TERMS OF PROCESS. THE WORK FLOW, THE TASKS OF ASSEMBLING AND CHECKING OUT A PRODUCT ARE DOCUMENTED, REFINED AND IMPROVED. THE SKILLS OF THE VARIOUS OPERATORS REQUIRED ARE ALSO DEFINED AND TRAINING IS GIVEN AS NECESSARY. AS MUCH OR MORE EFFORT GOES INTO MANUFACTURING ENGINEERING AS INTO DESIGN ENGINEERING. CONTRAST THIS WITH THE POORLY DEFINED, EVEN UNDEFINED, FREQUENTLY AD HOC PROCESSES USED IN ADMINISTRATIVE, SERVICE, AND OTHER WORK UNITS WHOSE OUTPUT ARE "SOFT" PRODUCTS. THE RESULT OF ALL THIS IS NOT ONLY INEFFECTIVE OPERATIONS PER SE BUT IT COMPOUNDS THE TRAINING PROBLEM AS WELL.

TAKE, FOR INSTANCE, THE DISTRICT ENGINEER AT AMTRAK WHO WAS ASKED WHAT HE WOULD DO IF HE SAW TWO TRAINS COMING AT EACH
OTHER ON A SINGLE TRACK AT SIXTY MILES AN HOUR. THE GUY THOUGHT ABOUT IT FOR AWHILE AND FINALLY SAID, "I'D GO HOME AND GET MY BROTHER." "WHY WOULD YOU DO THAT? " THEY ASKED. "WELL," HE SAID, "MY BROTHER'S NEVER SEEN A TRAIN WRECK." PERSPECTIVE!

EVEN WHERE PROCESS IS TACKLED, IT TENDS TO BE ON A NARROW PAROCHIAL BASIS AND WITHOUT REGARD TO ITS INTERFACES TO OTHER WORK UNITS. THIS PROBLEM IS COMPOUNDED NOW BECAUSE WE HAVE UNDERTAKEN A LONG-RANGE PROGRAM OF OFFICE AUTOMATION. SUCH A PROGRAM BUILDING OFF OF A BASE OF INEFFECTIVE PROCESSES WILL ONLY MAKE THINGS WORSE. IT WILL ONLY AMPLIFY THE BASIC INEFFECTIVITY, AND INCREASE FRUSTRATION.

I COULD GO ON WITH MANY EXAMPLES OF WHAT NEEDS TO BE DONE, BUT TO NET IT DOWN: WHAT IS NEEDED IS A COMPREHENSIVE, CORPORATE-WIDE EFFORT DIRECTED AT PROCESS. ONE OF THE MAJOR GOALS FOR 1982 IS ATTACKING THIS PROBLEM SO YOU'LL BE HEARING MORE IN THAT REGARD.

COUPLED WITH FAIR EXCHANGE FOR PEOPLE AND RENEWED EFFORTS IN IMPROVED USE OF CAPITAL, WE CAN ACHIEVE NEW LEVELS OF EFFECTIVENESS -- AND PROFITABILITY.
FOR TWENTY-FOUR YEARS NOW, WE HAVE BUILT CONTROL DATA INTO A UNIQUELY DIFFERENT, FASCINATING COMPANY. ITS FIVE DISTINGUISHING CHARACTERISTICS HAVE PRODUCED A BUSINESS STRATEGY AND A PEOPLE STRATEGY SECOND TO NONE. SO, FINALLY IT ALL COMES DOWN TO US.

THEY TELL A STORY ABOUT A LADY TOURIST IN AN ELEVATOR OF THE WORLD TRADE CENTER IN NEW YORK. AS THEY WERE ZOOMING UP A HUNDRED FLOORS OR SO, SHE TURNED TO A FELLOW PASSENGER AND SAID, "SIR, IF THE CABLE IN THIS ELEVATOR SHOULD BREAK, WOULD I GO UP OR DOWN? "TO WHICH HE REPLIED: "LADY, THAT ALL DEPENDS ON THE KIND OF LIFE YOU LIVED."

AND THAT'S REALLY WHAT IT'S ALL ABOUT FOR ALL OF US IN CONTROL DATA. YOU ARE PART OF THE MANAGEMENT TEAM THAT HAS THE CHALLENGE TO TURN OPPORTUNITY INTO FULFILLMENT. IT IS THE CHALLENGE OF EXCELLENCE. WHAT IS NEEDED NOW IS COMMITMENT -- BY ME, BY YOU, BY ALL OUR MANAGEMENT COLLEAGUES AROUND THE WORLD. TOGETHER WE CAN MEET THAT CHALLENGE -- TOGETHER WE CAN CREATE A LEGEND.

THANK YOU.