THANK YOU, _______. IT'S A PLEASURE TO BE WITH YOU AT ANOTHER MEETING OF THE PERIPHERAL SYSTEMS MANAGEMENT CLUB.

AS I WAS THINKING ABOUT TALKING TO YOU TONIGHT, I THOUGHT FIRST ABOUT WHAT YOU MIGHT WANT TO HEAR -- AND THEN ABOUT WHAT YOU MIGHT NEED TO HEAR AND THAT REMINDED 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 THE FAILURE TO UNDERSTAND THE DIFFERENCE BETWEEN "WANTS AND NEEDS" ALSO DEMONSTRATES HOW SUBTLE WORDS CAN BE. I COLLECT "OXYMORONS" -- MAYBE YOU KNOW WHAT AN OXYMORON IS -- A PHRASE THAT CONTAIN 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 "PRODUCT ALLOCATIONS."
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 -- AND SOME OF YOU MAY REMEMBER I DID THAT WHEN I WAS HERE LAST TIME. BUT IT'S ALSO FUN TO TALK ABOUT CONTROL DATA -- THE THINGS THAT HAVE SHAPED IT, ITS 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 -- AND THEN I'LL CLOSE TONIGHT BY TALKING FOR A FEW MOMENTS ABOUT THE KEY MANAGEMENT CHALLENGE WE FACE IN 1982 WHICH I CALL PPC.
FIRST, WE TAKE A LONG-TERM APPROACH TO OUR BUSINESS.
OUR PRODUCTS, SERVICES, AND BUSINESS STRATEGIES HAVE EVOLVED
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 VIS-A-VIS 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, WE UNDERSTAND THE DIFFERENCE 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 the failure to understand the need for technological cooperation in our industry is strange. 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.

Fortunately, the lessons of survival control data learned as a small company are still strong in our culture. We see and feel the tangible benefits cooperation has brought. One of the high points of 1980 occurred in November when Peripheral Products celebrated its arrival as a billion-dollar company. The
FOUNDATION OF THAT SUCCESS STORY IS TECHNOLOGICAL COOPERATION -- AND IF ANYONE NEEDS AN EXAMPLE OF WHAT CAN BE ACHIEVED THROUGH COOPERATIVE PROGRAMS THEY CAN STOP RIGHT THERE.

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.

FOR EXAMPLE, 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. SMALL BUSINESS CONSULTING IS JUST ONE OBVIOUS EXAMPLE OTHER UNMET NEEDS CREATE EVEN LARGER OPPORTUNITIES. MAJOR UNMET NEEDS INCLUDE DECLINING RATES OF PRODUCTIVITY GROWTH; 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 FOR 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 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 IS THE "RE-INSTITUTION OF RISK," THAT SAFETY MUST BE REPLACED AS THE PRIMARY OBJECTIVE OF MANAGEMENT.

THAT REALLY STRUCK ME -- BECAUSE WE DON'T HAVE TO "RE-INSTITUTIONALIZE" THAT VITAL ELEMENT IN CONTROL DATA. THE FOURTH CHARACTERISTIC WHICH DEFINES US IS THAT 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.

AND THE EXPERIENCE HAS LEFT SOMETHING EVEN MORE IMPORTANT...A HERITAGE OF DEVELOPMENT...COURAGE...THAT IS 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 WORK OF THE ENTREPRENEURS OF YESTERYEAR.

FIFTH, AND ABOVE ALL, WE BELIEVE IN THE REALITY OF INDIVIDUALS.  FINALLY, OF COURSE, IT IS THE EFFECTIVENESS AND 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, THOUGH, PROBLEMS ARE TOO OFTEN ALLOWED TO GROW AND PESTER, AND I'M REMINDED OF A STORY THAT DEMONSTRATES THE RESULTS WHEN THAT'S ALLOWED TO HAPPEN.

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 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 -- AND IT DOES SO WITHOUT EVER REDUCING ITS STANDARDS FOR PERFORMANCE AND ACCOUNTABILITY.
LET ME GO BACK TO BAI FOR A MOMENT BECAUSE IT PROVIDES A PRACTICAL EXAMPLE OF BOTH SERVING A MAJOR NEED AND DEMONSTRATING OUR BELIEF IN THE REALITY OF INDIVIDUALS.

BAI:


WELL, THERE'S MUCH MORE THAT COULD BE SAID ABOUT BAI OR SOME OF OUR OTHER UNDERTAKINGS, BUT THE POINT I WANT TO MAKE IS THIS: DURING THE PAST TWENTY-FOUR YEARS AT CONTROL DATA, POLICIES, 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. AS YOU KNOW, 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 1980S 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 KEYSSTONE IF WE WANT TO ACHIEVE EXCELLENCE.

ACTUALLY, WE HAVE A GOOD START IN TWO OF THE THREE AREAS. THE ASSET MANAGEMENT PROGRAM WHICH BEGAN SEVERAL YEARS AGO HAS IMPROVED CAPITAL MANAGEMENT SIGNIFICANTLY. AND THE FAIR EXCHANGE PROGRAM DEALS WITH THE PEOPLE PART OF THE FORMULA.

THAT LEAVES "PROCESS."

AND AT THIS POINT, I SHOULD STOP AND DEFINE WHAT I MEAN BY THE WORDS. 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, HOWEVER, 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 ALSO COMPOUNDS THE TRAINING PROBLEM AS WELL.

SPEAKING OF TRAINING PROBLEMS, I'M REMINDED OF 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!

ANYWAY, RECENTLY, I HAVE SEEN MORE EXAMPLES AT CONTROL DATA OF ATTENTION BEING GIVEN TO PROCESS, AND WE DO 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.

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

I COULD GO ON WITH MANY EXAMPLES OF THE PROBLEMS, BUT TO NET IT DOWN: WHAT IS NEEDED IS A COMPREHENSIVE, CORPORATE-WIDE EFFORT DIRECTED AT PROCESS -- AND 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 THE IMPROVED USE OF CAPITAL, AN EMPHASIS ON PROCESS CAN HELP US 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. IT'S UP TO US TO MAKE IT ALL WORK -- IT REALLY DOES, FINALLY, COME 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.