I. Congratulations

There is no way I could start my remarks today without saluting you for your accomplishments in the fourth quarter last year. Most of you were probably here last May when I described how tightly focused financial analysts were on the subject of profitability for Control Data's education services — that much of our corporate credibility rested on your performance. Well, you delivered, and I just had to come today to personally thank you.

By the way, their attention has now shifted to the end user peripherals business and to casualty insurance — "sic transit gloria filli nothi!"

But there's another, less pleasant side of this. A few members of the trade press have practically made a career of
pooh-poohing PLATO and deriding Control Data's "folly" in that regard. As you might guess, they are less than happy to have their favorite ugly duckling start turning into a swan -- so you all may be in for a few more cheap shots.

II. Looking Ahead

But that's not our concern or interest here today -- they'll all fade into the mist of time anyway. Your purpose -- our interest -- is professionalism and an unwavering focus on continuous and consistent growth. You've made a real breakthrough in the past 12 months -- but exploiting that breakthrough will be the real test. Spotty performance won't do it. Moving ahead in fits and starts won't be enough.

And we certainly won't make any progress if we always need a last-minute rush to achieve the year's goals. As happy as we all should be with last year's finish, we must still face the fact that December orders represented 19 percent of the bookings for the entire year. But there is more to all this than simply avoiding the "hockey stick" syndrome. The point is we need to build large repeat business accounts -- to start each year from a base developed the year before. We simply can't realize the growth we need with "three steps forward and two steps back" -- it's the difference between running in sand
or snow and running on a hard surface. Anyone who is an outdoor runner in the Minnesota winters can easily tell you about that difference.

But I know you can do it -- and I'll have some more thoughts on that in a few moments.

III. PLATO AND NEW SERVICES

First, however, I'd like to give you a perspective on the contributions PLATO is making across the company. I know all of you are primarily focused on PLATO's success as an education and training product per se. As a result, you probably don't have time to keep up with the key role PLATO is playing in the development of new services as well as revitalizing old services. Let me cover some of them with you.

Healthcare Services

PLATO is the core of Healthcare Services. As part of the Medlab system, it helps users display and interpret laboratory results. The Benefits Services Division will be using it to train claim-coding personnel. And it's integral to the delivery of Staywell. This year, thanks to PLATO, Healthcare Services will become a $53 million business for Control Data.
Computer Integrated Manufacturing

Most of you have heard or read about the new division called computer-integrated manufacturing, or CIM -- we've put together all of the corporation's products and services intended for the manufacturing industry. One of CIM's major efforts is to develop a complete sequence of generic and product-specific PLATO lessons. Several courses featuring general principles of MCAD (kinematics, for example) are already in use.

Small Business Services

In the area of Small Business Services, Control Data's Business Centers offer numerous PLATO courses to assist owners and employees in everything from computer literacy to accounts receivable. PLATO will also be available on subsequent models of the CD114 as a feature which interleaves with applications, thus bringing training, help functions and the application together as a whole.

Employee Preparation Services

PLATO lessons are the foundation of designed to help people get and retain jobs. Control Data sells courseware and equipment, helps establish centers and creates new materials. In the Homework Program, PLATO courses are the principal tools for training people who have physical handicaps.
Agricultural Services

The Agricultural Products and Services Division, like CIM, is focused on the needs of a particular market, in this instance the farmer. Again, central to its strategy is extensive use of PLATO courses -- farmers are being taught management techniques as well as better crop and animal husbandry methods.

EDP Systems

For years the computer industry has talked about "ease-of-use." Control Data has had in PLATO, of course, the ultimate in ease-of-use. Unfortunately, we haven't taken advantage of it. That's changing. In EDP Systems NOS/VE Ease-of-Use and PLATO will be synonymous. The features of PLATOSCRIBE are being incorporated into standard operating systems.

Arbitron Ratings Company

And, in Arbitron, we're developing a series of courses to assist customers in learning about our new qualitative, interpretative systems and in analyzing an on-line data base for both radio and TV.

(PAUSE)
I hope those few examples give you some idea how pervasive PLATO is throughout Control Data. It's truly exciting to watch it unfold, so I wanted to share just a little of that.

IV. Operational Effectiveness -- PPC

As much fun as it is to talk about strategy and new products and services, however, it would be wrong for me to take this time with you and not cover the subject of operational effectiveness. For it is effective implementation that will finally determine success or failure.

Operational effectiveness, as I have explained many times, can be measured in many ways -- ratios, financial results or whatever -- but it goes beyond that. People and organizations know when they are being effective. We speak of "being able to call our shots." Effectiveness means doing the right things and doing things right. Said another way, being both appropriate and efficient in what we do. As individuals, we have an intuitive sense of when we are effective and when we are not. For organizations, operational effectiveness is a function of three basic things -- people, process, and capital -- PPC. So "PPC" has become my by-word for Control Data management.
Managers must devote themselves to helping people be more effective, to using their portion of Control Data's money more effectively and above all to devising more effective processes — and it is on the question of process that managers most frequently fail. Why? Because the area of process is where managers must be the most questioning, the most creative — where they have to think the hardest. It's just too easy to go on doing things without asking why they are done that way, without questioning the assumptions that determine the way processes are carried out.

Well, the same thing really applies to sales. No line of work is more commonly viewed as the realm of individual performers. In a sense that's correct. But what most people miss is that a successful salesperson -- especially in the computer business -- must be a manager.

Thinking about that, I recalled something I once said on the subject -- so I dug it out and here it is.

"In order to meet the objectives that we lay out here in terms of quota, each sales person has to manage something and [that something is] at least a one million dollar activity. You stop and think about this. It is not just the business of selling a million dollar's worth of quota, it is the business of managing
a million dollar activity -- and a million dollar activity is not an activity that you can do all by yourself. There must be other people involved -- people from the home office once in a while, but basically, the other people in the regions and districts where you reside."

"[So] in order to sell you must be a good manager. To be a good manager, you must have goals and objectives and well laid out plans to meet those goals and objectives. If there is one thing that I think most people do not do -- that's lay out some plans. They kind of -- well -- tuck it away up here. Now, a [person who] has been selling for 35 years has that planning so engrainedd that......[they maybe don't] need to write it all down. But the way you get those kind of habits is by laying out some plans, putting them down on paper......That's easy.......to keep up with then. You can.......update. You can say -- this is what my plan was, this is what happened, and next time I'm going to do that a little differently. Or -- what could I have done differently that would have made that come out the way I wanted it."

"Your basic resources as a sales person to meet these goals are time, money, and people. Now, the money is the money that it takes to keep you on the payroll, the money that we pay to you in commissions, the money we pay out in travel expenses, and
the time of other people that you get involved. All these things must be carefully utilized. Every one of them is a resource of the company that you have control over. You are going to use that resource. If you don't use it properly, then the company cannot function properly because those resources [aren't giving] us a return on the investment."

"Proper managing and planning........will give you control over [these resources]. You can say -- well -- I'm a sales person, nobody works for me. Everybody works for you. Don't you forget that. Everybody works for you. You must utilize those resources and exercise the proper kind of control of it. Now, when I say exercise the proper kind of control over it, that doesn't mean you are going to say.............you do this or you do that. That is not the way you get control over things -- and especially, it isn't the way you get control over things if you are a sales person. You get control over those things by selling [people] into the position of doing what needs to be done."

Talking to Bob about your meeting, it was clear that that's what it's all about -- that's why he wants you to leave here with a plan -- and with the knowledge that you can manage the resources to execute that plan.
One last bit of trivia -- those comments were made to a Control Data advanced sales class in April 1967. At that time there were about 200 sales people in all of Control Data -- not many more the number of people in this room today. So it's not just some random, wishful thought to think of education 16 or 17 years from today as a $4 billion business. It's up to you and how you plan and manage your territory.

But we need measurement if we are to manage -- if we are to increase productivity. Thinking about "measurement," we immediately think of dollars. "Orders per person" or "cost per dollar of sales." But there are other measurements. For example, you can measure your personal "overhead" with the simple ratio of "hours with customers" to "total hours worked." Another measure to give you perspective is "calls to close" -- or perhaps better -- "average dollars of orders per call."

Perhaps the best measure of sales productivity is the "sales funnel." If you insert sales contacts in the top of the funnel, what is the ratio of successful installations? A ratio of one to one is not realistic -- sales do not occur as a pipeline -- but a standard of one successful installation for every ten contacts is resoneable. Ten contacts results in four qualified prospects which will lead to two proposals resulting
in one order and one installation. This measurement allows you to plan and measure your productivity. If your objective is ten installations then you know you must plan on 100 contacts -- on the other hand, if you can improve your productivity, the 100 contacts can result in 11, 12, 15, or even 20 successful installs.

Beyond individual productivity measures is the matter of improving process. You and your local office or district team can make use of the PFA techniques to isolate and reduce administrative inefficiencies. That in turn will free up more time for productive selling.

V. Conclusion

You in this room share an opportunity not many are blessed with. Through your personal selling efforts, you can have an impact that will be felt throughout society -- in business and industry, in government, in academia. The key is the professionalism -- the management -- you bring to your efforts and the resources at your disposal.

I know you'll be successful.

Thank you -- and good selling.