Thank you, Steve. It's my distinct pleasure to present this award to Raul Martin. Raul, this success did not occur because of wishful thinking—it happened because you made it happen. It happened because of your efforts, the efforts of a committed plant manager supported by an excellent staff. Raul, you have changed employee attitudes toward safety.

Corporatewide, your achievements are indicative of a trend. Since 1980, the year when our Corporate Safety Management program began, the percent of lost time accidents has dropped a dramatic 78 percent in all facilities. The costs associated with such accidents have proportionately been reduced. Safety, like quality in Control Data, is evolving into a way of doing business—the right way of doing business.

In recognition of your achievements at Northside, Raul, I would like to ask you to come up and accept this President's Award. Incidentally, this has been a traveling trophy, but because of your sustained excellent performance over the past years, I would like to make this a permanent award to all the employees at Northside.
(Present award)

Good afternoon. I'm glad to have this chance to talk -- with all of you face-to-face here at Arden Hills or by teleconference.

In the past year we've taken our lumps -- some pretty tough hits. It hasn't been fun -- but we have learned from the experience and out of it have a gut determination to fashion a "New Day" for Control Data. Everything we do from this point on, starting right now, is going to be aimed in that direction. So that's what I want to talk with you about today...because each of you here is playing an essential role in shaping Control Data's New Day.

First of all I don't want anybody to think that all the problems are behind us, or even that the practices that caused the problems in the first place have magically gone away. I do mean, however, that we will bring these things out in the open; that we will deal with them honestly and candidly. We will make the changes we need to make and then move forward with confidence.

The toughest management challenge we face right now is to make a solid connection between what we say...and what we actually do. We haven't made that connection very well over the past few years, and as a result our credibility has suffered greatly. So let's face it squarely. The financial community is skeptical. Some of the media is actually antagonistic. Customers question our claims, and employees work under a cloud of doubt.
How would you feel if you were a supplier to Control Data, and were asked to hold an invoice for 90 days as the company declares a half-billion dollar net loss? How would you feel if you were a Control Data customer and shipment was delayed, and then the product didn't work when it finally got there? Changing the habits, the attitude, the practices that have led us to have to ask such questions is step one of building a New Day for Control Data.

What all that adds up to -- the solution, that is -- can be expressed in one word: QUALITY.

Quality in every aspect of corporate existence, in every nook and cranny of the organization. Quality in every action, every process, every procedure, every decision...every individual who draws a Control Data paycheck...and that includes you and me.

Quality isn't just a product characteristic. It also isn't a task force, or a program. It is a total way of doing business, a way of daily existence for each individual. It comes down to each person feeling that "what I think and do matters" and for each person to feel both responsible and accountable for that. That TQMP way of life involves such things as your asset team, the one that did an award-winning job of reducing assets in 1985, the 810/830 yield improvement in Canada, the reductions in thruput times in this division. The fine progress report Tom Mageau made just recently on
P.C.O. to the Management Committee was a super morale booster for them. So, the mindset that holds true quality as standard operating process can be fostered. You've demonstrated these examples. For that I thank you, and commend you.

But obviously we've only begun.

I know there is a certain percentage of people who don't buy into TQMP. People have seen quality programs come and go. They think this is just one more "zero defects" program. It's not -- the letter "P" stands for Process, not program. "M" stands for management -- the key to the whole thing. What we're really talking about is a new and better way to manage Control Data's business. In today's vernacular they call that "cultural change." What the skeptics must realize, however, and what they will discover, is that there's no place at Control Data for people who can't accept change.

At its root, absolute quality is a function of intellectual honesty -- that means being able to face facts, to not kid ourselves, and having done that to simply say, "Is there a better way?" Quality. "Control Data means quality" -- that's my first goal in this New Direction for our Company.
We have liked to believe that Control Data is entrepreneurial. In fact, we have been stuck in a bureaucratic quagmire. I know you believe me because YOU have tracked some of the incredible paperwork your people process.

What we need to foster as a company is something far more pragmatic than "entrepreneurism" -- and something far more available and satisfying to the average person -- it's called "individual initiative." It starts with, once again, "What I think and do matters," and asking the question "Is there a better way to do my job" rather than "Can I get by?" I can't help but believe from what I've heard that here you have started taking the shackles off people, of motivating them to ask that "better way" question. Either we're going to keep acting with initiative and accountability or we're not. "Control Data means people with initiative" -- that's my 2nd goal, and I hope that theme will pervade the Engineering/Manufacturing symposium and the one coming up in a couple weeks.

Now, let me turn from inside to outside. We like to say that we've finally seen the light and are now moving to become a "market-focused" company.

A frequent criticism of our company is that we have not been strong enough or fast enough to fully understand market needs, and then to fashion the products and services needed to meet those needs. In
the past, competition was far less severe than it is today. Customer needs usually exceeded the solutions the industry could deliver. And because of that great need, almost any answer was marketable, or at least there was plenty of time to go back and patch things up. Patch and fix, patch and fix while the money drained away.

It's a far different situation today. The essence of the computer industry today is true "value-added."

That starts with product performance, of course. But it goes beyond that, and it means for one thing being involved. It means hands on experience -- years of experience with the problems our customers are trying to solve. The riskiest, most expensive software development is applications software. We've all had experience with a supposed great application system that somehow missed the mark. Good application software evolves. And it comes from being out there and mixing it up in the market -- for a long time -- just ask the folks at EMSD. "Value-added" is not just applications software, then -- it's people, people with industry/application experience and expertise. That's market focus.

That's how customers see the added value our products and services can offer. That's how we'll develop those markets where we can distinguish ourselves by providing high-quality products and
services with meaningful customer support, in terms of people and software, and that's what I mean when I say my goal is to see "Control Data" become "the marketing company".

Now, who will make it possible to achieve these goals? You know who. The hundreds of people who report to you and your colleagues -- who report to work every morning to build cable harnesses, to test printed circuit boards, to do systems test and check out, and who handle engineering and materials support.

A commitment on your part to the continuous improvement of each of those individuals is paramount to our success as a corporation. You are the only person who can make them truly feel that what they think and do matters.

We're blessed with many very good people in Control Data. There is a management obligation that comes with that. We state that formally by saying we will "provide an environment in which each individual has the opportunity to develop and contribute up to their full potential." And, by the way, not to forget managers are people too -- meaning you -- deserve the same opportunity -- fair treatment and feeling of being essential. "Control Data -- the people company" -- goal No. 4.
As we restructure this company to be an effective competitive force for the long term, as we reassemble Control Data into a company we can all be proud of, we must remember we have to do it within severe short-term constraints and limited resources. This is a pivotal year for us -- not because we must go from a $500 million loss to a profit, but because we must make those decisions upon which rests our ability to go forward--to build to $500 million in profits.

What I've been talking about today is the company we need to create. We have to get very far very fast.

That means for you right here that--with price performance getting ridiculously competitive--the only way we can hope to stay alive is to get the costs down by improved quality. The reality is that rework of any kind can't be. Period. Rework can't be. Rework is the result of a process that needs improvement, and it's management's job--your job--to see that the process improves. That challenge never goes away, it's never fully met. You've got to keep at it, using the tools you've learned to use, applying them to every situation...from ECO's to scrap to timecard errors.

Driving all this is the customer. If any of our customers can find it cheaper or easier or faster somewhere else, and they will if they can, then we're all going to be part of the tent-folding team. What will get us back in the black is making good the connection between what we believe, what we say and what we actually do.
To the extent that this kind of corporate integrity can be defined as management quality, then it is management quality -- the kind you demonstrate in the immediate future -- that best describes Control Data's new direction...our new day.

Believe me, our new day has begun.