We have crossed some stormy seas since the last financial managers meeting four years ago, so it is particularly gratifying to address you at a time when the waters are relatively calm.

In fact, recent events have given Control Data considerable momentum.

Over the past two months, for example, we have announced significant product breakthroughs in disk drives and supercomputers...have a LOI for a strategic acquisition of the SAMI/Burke market research business to complement Arbitron Ratings...and sold the Company's remaining interest in Commercial Credit Company for a sizeable gain.
On top of that, we posted a third-quarter profit. We are in a good position to achieve profitability for the year -- a major goal we set for ourselves about this time last year.

You might say that is the good news. On the other hand operating profit -- pre-tax and without extraordinary items, has now been essentially flat for two consecutive quarters and we have a long way to go before we will have satisfactory margins.

My point is this: we have made good progress but we are still in a fragile situation, very vulnerable to surprises and one-time hits. We simply need to do better if we are to achieve more and improving operating profit, and any semblance of stability.

Now let's look, for a moment, at your vital role in this quest of ours.
Your mission at Control Data is, and I quote:

"To help other corporate functions and operations turn corporate strategy into effective actions while at the same time ensuring corporate practices and performance consistent with the standards expected or mandated by outside parties."

As John Buckner said in his remarks, you are partners with operation but you also have a transcendent fiduciary responsibility.

Put another way, you have a dual responsibility. You not only have a responsibility to your own organization, you have a larger responsibility to see that your organization adheres to the standards of the accounting profession and the corporation.
Let me emphasize that I personally expect you to speak up, using your financial management chain, if and when you feel the corporation or your own particular unit is not adhering to generally accepted accounting practice, the policies and values of Control Data, the laws of the land in which you reside and for that matter simple ethical behavior.

I also want you to understand that that directive is not for the purpose of turning the Company into opposing camps of operations vs. finance, of casting you in the role of a "whistle blower."

I have made this directive regarding corporate behavior equally clear to the operating organization -- starting with the Operations Committee -- for we must all understand and aggressively promote it.
Said yet another way not only do I expect this of you, but so does every executive reporting to me and ultimately everyone in the company.

We have been preaching quality to a steady drum beat in Control Data over these past few years. Well, this responsibility we're talking about is the very essence of Quality for a person with financial responsibility.

Quality is defined as ... conformance to customer expectation. Those who study quality carefully find that describing "customer expectation" is difficult at best. Customer expectations have a high degree of subjectiveness, and in the case of services at least "expectations" in many instances arise from actual use, not precise pre-specification.
You in this room have no such problems of definition. The rules of good accounting practice are there in black and white. Conformance to the expectations of good accounting is your task and it is a task which transcends all others. In that very real sense, then, Quality is your mission. And if quality is your mission, it is worthwhile reminding you of these three basic principles of quality: (1) Quality can be managed; (2) Everyone has a customer; (3) Quality problems arise from poor processes, not people.

Quality can be managed. What does that mean exactly? It means clearly spelling out goals -- short-term and long-term, insisting on meeting standards, holding people accountable for commitments. It means "challenging up and supporting down," setting a tone and direction for your work group and creating an expectation in each member of it that continuous improvement is expected. It means keeping your eye and your thoughts on the processes by which the
work group accomplishes its task and helping others see how those process can be improved. It means being genuinely concerned that people are suited to the tasks given them and that they have the skills to be successful.

Everyone has a customer. If we all had just one customer, or even just one set of customers with homogeneous expectations, life would not be too difficult. But each of you has a multiplicity of customers -- managers with daily information needs as well as corporate and accounting standards requirements for reporting and control. The task is not clever balancing of different needs of those customers, but integration of their needs and requirements.

Process. All processes are a combination of tasks and tools. Elaborate and sophisticated tools cannot compensate for poorly defined tasks, and tasks can be made harder or easier by the selection of tools managers make to help their people perform their tasks.
The new financial system represents process improvement. It's successful implementation is a high priority item for each of you. Our ability to manage the business more effectively rests fundamentally on how well we accomplish this one specific improvement over the next few years.

Quality, of course, is just one of Control Data's three core values. The other two, Marketing and People, are also important in the management of the corporate finance function.

It is not enough for you as financial people to understand only the numbers. You need to know what's behind, as well as beyond, those numbers. This requires a solid understanding of the dynamics of today's global marketplace.

How do you develop that understanding?
Through training and self-development -- which, by the way, are integral elements of the third core value -- People.

Ask yourself: "What skills do I need not only to do my current job better, but to prepare myself for my next job?"

Training and self-development are at the root of empowerment and the belief that "what I think and do really matters." All of us should be looking for opportunities to develop personal skills as well as the skills of people who report to us.

To reiterate what I said to open my remarks:

We have made good progress and we have a lot of momentum heading into 1988. We need far greater improvement in operating profit in order to move away from the ragged edge of profitability where we are now situated.
But when I think about the troubled waters we traveled over the last four years, I am optimistic about the future and the valuable contributions Corporate Finance will make. Your responsibilities are clearly defined. So is the scope of the new financial system. It's up to you to execute.

(PAUSE)

Now, I want to answer the questions that you submitted...