



The DIGITAL Management Legacy:

Knowledge, Innovation and Collaborative Advantage

Remarks by Debra M. Amidon
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Digital was a management enigma, particularly in how innovative ideas were brought to market. Debra will explore the roots of the company's value system, and how it has become the managerial standard in enterprises around the world. Ken's philosophy, evident in his infamous parables, became the learning environment to emulate...engaging, networked, and empowering each employee and stakeholder - all in the quest of quality and corporate success.

Let's go back about 15 years ago...

Through the eyes of a 9-year old - my daughter, Kendra - this is how the world was organized:

*"Mayor Flynn is very busy; he takes care of all the people in Boston.
Governor Weld is very busy; he takes care of all the people in Massachusetts.
President Bush is very busy; he takes care of all the people in America.
Ken Olsen is very busy; he takes care of the people all over the World."
Leadership Book¹*

At the dinner table, there would be conversations about Puerto Rico, Geneva, China, Russia, Australia, England, or Japan – whatever might have been the activity of the day...the week...the month. And then, there was DECTown and eventually DECWorld – where guests around the globe came to visit. So, it no surprise that a child would observe the global responsibility and accomplishments of our founder.

Introduction:

Digital was known to be financially conservative and organizationally progressive. For 35+ years, Digital's managers learned to balance goals with flexibility and agility – becoming the envy of the industry.

In a 1991, I authored a Memorandum² - "Origins of Knowledge-based Firm". Then, the company had grown from a \$70, 000 venture capital investment into a \$12.9B company ranked 27th in the Fortune 50 with 121, 000 employees in 84 countries.

Digital is an extraordinary story – consider the year 1959 and a man who was only a few years out of high school! A product of MIT, he wanted to create a research environment (spirit of inquiry, curiosity and imagination...a playground for DOING) in

¹ Rogers, Kendra Amidon, *Leadership Book*. Gift to Ken Olsen (1993).

² "Origins of a Knowledge-based Firm" – a 1991 Digital videoconference and Memorandum to Ken Olsen; reproduced in the Appendix of Digital is Dead (Ed Schein et al)



a commercial enterprise - a university with a corporate P&L. We all played a role in that evolution.

You have heard from Win Hindle about Ken's leadership capability and Rod Sutherland talked about the Digital's technology prowess. Let me focus on what I believe to be the driver of Digital – its unique culture.

When invited by Jack Mileski to provide remarks today, I was touched. Like many of you, I reminisced of my Digital experience - what went right and what could have been better. To crystallize my perspectives, I went on an expedition to rummage through my old files – a treasure hunt to document the management story.

My first memories were of Ken's PARABLES - his way of simplifying the message...allowing us to interpret based upon our own circumstances.

Let me first focus on what became our DNA, Ken 'said' (and he was RIGHT):

- Innovate, do not waste time being obsessed with the competition
- No one should lose their job, we're not defining the market properly
- Listen to customers – sources of insight for our next generation of products
- Be better than others think we are
- Act upon your good ideas; take initiative...responsible risks...learn from mistakes

This message became vested in company PRACTICES:

- Do the right thing
- Those who propose dispose
- Manage by walking around
- Keep the door 'open'

For example, 'ENTREPRENEURIAL TEAMWORK', may seem like an oxymoron; but in reality, it was a brilliant management philosophy to balance what came to be known as 'dynamic tension'...the substance of an energized community.

With the positive aspects of an entrepreneur – imagination, initiative, and perseverance - comes their potential inability to delegate, arrogance, need to micro-manage. Strength may become the biggest weakness.

Couple this 'entrepreneurship' with the upside of 'teamwork' – the management by consensus, the diversity of perspectives put to task and shared responsibility.

The heart of any innovative culture – the capacity to move good ideas into marketable products and services ahead of the competition – was embedded in our culture.



Of course, there is a downside to teamwork which we witnessed in some of the darkest Digital days. Decisions can become politicized, multiple layers of approval leading to stagnation, and questionable ownership.

However, when 'entrepreneurship' AND 'teamwork' are managed in balance, the company benefits from the best of both. This became a core value of Digital – foundation of the unique Digital culture.

Such a balanced management philosophy was exhibited elsewhere:

- Long and Short-term Planning
- Strategic and Operational Investments
- Technology-push and Market-pull

Digital was – at the core - a global networked competent organization:

1. KNOWLEDGE was valued more than hierarchy. Knowledge was a human asset to be treasured and managed. [Message: Ideas flowed freely...]
2. INNOVATION – however defined (e.g., cradle to grave, seeds/needs) was a process to be managed with a rigor that produced 'real-time' impact according to the flow of knowledge, not technology or finances. [Message: Act upon good ideas...]
3. COLLABORATION with customers and partners – innovating new products and markets - was more important than building 'competitive advantage'. [Message: We were dependent upon the success of one another...]

This was the essence of the Digital culture – one that we shaped as much as it shaped us. As compelling as the technology heritage of Ken Olsen, I believe that managerial legacy even more profound.

I'd like to explore this legacy in my remaining time...

Where we came from (Roots/Heritage):

No one can deny there was a Digital mystique – a culture which instilled a sense of exceptional pride and dedication. It enjoyed a heart-felt sense of community – not just the badge number, the Christmas turkey and corporate picnics. It was a company with a soul – before there were books on the topic.

- It was a multi-dimensional matrix organization before business schools defined the terms.
- It was a unique corporate environment that valued imagination and action simultaneously...and one would never go to a meeting unprepared!
- It was a learning organization before Bill Hansen brought in Peter Senge who eventually wrote *The Fifth Discipline*.
- It was a networked organization before BJ brought in Jessica Lipnack and Jeffrey Stamps, authors of *The Age of the Network*
- It was a knowledge-based firm before Ikujiro Nonaka wrote the book – *Knowledge-Creating Company*

Norms of the company set the standard for successful networked enterprises



worldwide – technologically AND managerially!

Digital was an environment where it was 'easy to say yes'. It was a place where you could make things happen - a culture of 'responsible risk-taking. It was a high-growth and high-profit organization that bred an enthusiastic, highly motivated, creative and loyal workforce.

Cross-functional teams were the norm; and there were even courses for Advanced Cross-functional Training when I arrived in 1981. Teaming concepts were in stark contrast to the traditional U.S. based hierarchical structure. All was influenced by a peer of Edwards Demming, General Georges Doriot, who provided Ken the venture capital and served on the Board and Ken's management mentor as long as he lived.

Some of you might remember the Engineering Forum – an internal development opportunity for select employees of the company. When Bob Glorioso took the helm, it became case study interaction with 4 live customers with teams across the innovation system (e.g., R&D, Engineering, Manufacturing, Marketing, Sales and Services). Talk about a real-time living innovation laboratory?!

[For those of you still suspect of the company's dedication to the 'collective', consider one document in particular – a 1989 Company Confidential document called "Metaframe – A Methodology for Collaboration"³. Stamped with the Digital seal – 'Digital: Creating the Future', the document describes the 'extended enterprise' and outlines what was – at that time – considered 'the corporate jewels'.

Metaframe was a project undertaken by Digital Europe to produce the sound conceptual basis for DEC's future strategic decision-making."

"Digital's 'corporate jewels' might best be represented as the PEOPLE, CULTURE, and PROCESSES which produce architectures for the enhancement of organization flexibility and responsiveness to change: in two words: architectural expertise."

These are not empty words. The document continues to describe the vision for Digital...states a belief in "the dignity of the individual, the increase in productivity which comes from associating freely with others...and his obligation to provide information to others."

This perspective distinguishes Digital from the rest of the industry. Today, it is precisely what managers call 'knowledge-sharing' enterprise; and it was the cornerstone of Digital's success.

What we became:

Change was a given...welcomed by most because it provided an opportunity to develop or leverage learned talents in new ways. There was a keen sense of being valued...and valuing...such that a mutual trust was established.

Technical risk taking was encouraged; not that all projects succeeded, but, people were rewarded for experimenting with new ideas. Competitors and collaborators relished what resulted – an "electric community".

Digital had so many COMPETENCIES...too many to mention:

³ 'Metaframe: A Methodology for Collaboration' – a Company Confidential document (April 1989)



- Digital was a community of action-oriented employees – “Doers” – those responsible for making things happen, ‘pushing the envelope’ we used to say
- The Company prided itself on its ‘churn factor’, rather than turnover. In this way employees were constantly challenged with new responsibilities.
- DECUS was the largest User Society in the industry when IBM was 6 times our size [Thank you, Rosanne Giordano]

Digital was expected to use the tools and technology internally – to become the exemplar itself – before making the case to customers. Digital arguably had the largest computer installation in the world, with several managers having computers in the office and at home.

Digital had the 1st and largest Intranet – before there was even such a term! Of course, it also had the partnership with BBN and was funding the SUVAX (single-user VAX) Project with DARPA...precursors to the Internet. And of course, this means the ‘social’ network – not just the technology.

I remember the State-of-the-company meeting when the manager rolled out a 20+ foot scroll down the middle aisle which included – single spaced – all the bulletin boards already established in the company using VAXNotes.

Think about 1991 when David Stone, VP of Engineering, outlining for customers something called the ‘information utility’. This was the leadership concept of the industry. But, simultaneously, there was an internal – highly confidential meeting – in Europe to define something called the ‘knowledge utility’!

Digital was the ultimate partner – launching numerous regional and global initiatives such as MCC in Austin, The Open Software Foundation (OSF), Massachusetts Technology Park Corporation (MTPC), ALVEY Project in the UK, The METAFRAMES that became the basis for the Framework Programmes in the European Union. We even had a vice President for Strategic Alliances!

- We know now the value of social network analysis
- We understand the value of the Internet, the Intranets and Extranets.
- We know how technology supports performance an unprecedented innovation

We left the company – most of us; and took positions in other companies, started our own companies, assumed academic roles, took government posts – all 130K of us and from 80+ countries.

Ken’s influence – and those values of Digital – penetrated every corner of the globe. They were solid (e.g., based upon knowledge, innovation and collaborative advantage), the precepts and practices have spread like wildfire.

What Alfred P. Sloan created in the 1920’s when he developed the divisionalized form of management, Ken Olsen created with the founding of Digital. We set the world standard for business networks – technologically AND managerially...making management history.

Ken’s Legacy:

Digital’s entrepreneurial legacy is alive and well and thrives in many organizations...

There is hardly an organization today – profit or not-for-profit – or a city, region or nation that is NOT dedicated to developing a Knowledge-based Economy.



Consider, for example, Dubai Knowledge Village, Desert Knowledge Australia, Manchester Knowledge Capital, Pennsylvania's Keystone Innovation Zones, InnovatePhiladelphia, InnoTown (Norway), the Arabian Knowledge Economy Association, IDEAS-Boston, and the Knowledge Corridor linking Connecticut and Massachusetts...to mention just a few. All are trying to emulate the networked competence that was considered 'the corporate jewels' of Digital Equipment Corporation.

Digital premiered the concept of 'Intellectual Capital' in a 1987 Roundtable⁴ and sought through the development of management architecture to measure the performance of the innovation process – as difficult as it might be. Today, there are degree programs and certification programs documenting Intellectual Capital. There are even FASB and international guidelines for IC reporting.

We find cover stories of BusinessWeek on measuring intangible wealth – "Unmasking the Economy of the US". The United Nations produces major publications on Building Knowledge Societies. The World Bank has transformed into the Knowledge Bank for Development. Last week the chief Economist of BusinessWeek delivered a video on the new 'Innovation Economics' – which is based upon some of the foundations that made Digital so successful for 35+ years.

And just because the Digital corporate walls may have disappeared does not mean that we stopped learning...stopped interacting...applying what we learned...sharing own knowledge...innovating.

Our values never left – quite the contrary. We may have held those values before joining the company - the reason we were attracted in the first place. It is the reason we excelled in that environment; and when we left, those values and lessons became a part of every decision we made, every interaction we had and is still a part of everything we do.

In keeping with how Ken shared his insights, let me share my own parable – based upon what I learned from Ken and Digital:

[Read the text of In Search of Innovation⁵]

In summary:

Thank you DECconnection for providing me an opportunity to 'Set the record straight'!

With due deference to Dr. Ed Schein who I admire immensely, Digital is NOT dead...

It lives and breathes in the hearts, mind and actions of every employee and stakeholder, many of whom are here today.

With the latest gift from Ken Olsen to Gordon College, we've come full circle - from a university with a corporate P&L back to a college campus. Now, we have a focal point for our continued learning and interaction in a Knowledge-based World.

This is our heritage. This is Ken's legacy...

Remember: "Ken Olsen is a busy man. He takes care of people all around the world!"

⁴ Rogers, Debra M. Amidon and Dimacescu, Dan. 'Managing Knowledge Assets into the 21st Century: Focus on Research Consortia' (April 1987)

⁵ Amidon, Debra M. In Search of Innovation – a book for children and leadership executives distributed at the world summit for innovation and Entrepreneurship (WSIE) in Dubai, United Arab Emirates (April 2008)