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IBM and DEC Are No Longer the Safe Path to Follow

Many Data Processing professionals are finding that they need new jobs every 12 to 18 months -- if they are lucky!

As all of the new technologies have emerged, IBM, DEC and centralized Data Processing organizations have been pushed, kicking and screaming, into new vistas. These industrial giants have continued to have the attitude that they know what is best for the rest of the industrial world.

DEC was an early candidate as the firm to follow with its original PDP-8 and first generation Client Server approach. Somehow it lost its way when it tried to emulate IBM in the mainframe arena. IBM, on the other hand, had a clear strategy as to how technology could be leveraged across many organizations with standardization. In the process of doing that it limited the capability of people to be creative using standard IBM products.

Both organizations have a large base to build on, but they are no longer safe bets for anyone. The question that many executives are asking is: "Do I want to bet my job, my career, and my future on IBM or DEC?" In the 1960's and 70's this was not even a question.

Looking back over time, IBM and DEC have come out with many strategic products. In almost every case these firms would call products strategic and then within a very short time they "slowly dropped them". DEC, for



These are just some of the people leaving the mainframe fold for client server

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Downsizing Exposes Many to Employee Discrimination Suits

Lack of and/or poor documentation of job content and reasons why individuals were terminated is a presumption of guilt...

As enterprises continue to downsize a number of protected classes of employees are exposing many firms to multimillion dollar lawsuits.

These suits are based on age, sex, sexual persuasion as well as the Americans with Disabilities Act.

There are a number of good protective measures that can be taken. However, you can not implement them in

month one and begin the down-sizing effort in month two.

As we all know, the reasons that companies are down-sizing is to be more competitive -- provide the same or better product for a lower cost. When was the last time you updated your position (aka job) descriptions to define the kind of employees and activities that are critical to your company's competitiveness?

Are you trying to back into the future with outdated, overly technical, and narrowly written position descriptions? Well, you're not alone. Many, if not most, companies tend to overlook the power of this basic business document in providing a well thought out and consistent definition of characteristics critical to recruiting, retraining, and retooling the IS (if not all) professionals for the nineties and beyond.

In the last six months, two of our clients, both Fortune 200 companies, have implemented new position descriptions as part of their corporate

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IBM and DEC Are No Longer the Safe Path to Follow

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example, had the Rainbow computer at the early stages of the PC revolution. More recently RDB. Not only did they step away from these products, they have missed the best opportunities of the last two decades to be an industry standard. IBM has had so many strategic products it has dropped, that it is even hard to remember them: Top View, Micro Channel, SNA, OS/2 and the list goes on.

Many Data Processing executives and other corporate sponsors were left holding the bag when the companies failed in their quest to meet the needs of a vendor's strategic direction. We must always keep in mind that Data Processing is a service to the company. It exists to serve the enterprise and its customers, not the other way around. There is zero value from an upgrade if it provides no positive business impact.

Why do we continue to think that these giant corporations are so great and need to be followed in lock step mode? Based on our experience -- SIZE POLLUTES. Great innovation does not come from giants. Rather giants are made from innovators. Once they are no longer innovators they shrink.

In the case of DEC, they have contracted to a fraction of their former size. Now, other organizations that have to downsize look at the DEC specialists within their own enterprises as an area where reductions could be made. We all personally know Data Processors that are the best at what they do and are unemployed -- their jobs went away as a result of being out of tune with their own enterprise's business objectives and downsizing. Most of the causes can be directed to the technology giants that they followed.

What are you to do to see that this does not happen to you? You must invest heavily in new technology through research and development of applications of the new technologies while minimizing your exposure to changes in direction by the giants like IBM and DEC. Few if any Data Processing organizations have the "luxury" of R&D. The ones that have, for the most part have been creative. For example, one CIO we know has created a laboratory environment for prototyping new technologies on "throw away" applications. In this way he can see how it works. If a user is interested, the user will sponsor the new technology, if not he throws it away.

This CIO understood early in his move to this firm that only one of two things was going to happen to him in the next five years. Either, he would be successful and would need to have all the right tools in place to develop the systems that his organization needed to start the 21st Century. Or, he would fail and would need to get a job with some other organization which would need those same tools. Given this he used his honeymoon period with the organization to create a low cost R&D laboratory. That was well over seven years ago. This particular CIO has been cited by many as a leader in his field and one that was recently promoted to a position in his organization with much broader responsibilities than just Data Processing. He is also responsible for new product develop-

ment -- this was as a direct result of his work in the laboratory test environment in which he was able to show key management users the power of the new technologies and how they could be used to improve the quality of the product that his firm produced.

Interestingly he still relied on both IBM and DEC for the mainframe applications, but he invested heavily in new tools and techniques for both client server and multimedia applications.

While all of this "risk taking" was going on, none of the major vendors were around to help. Rather they tried to end run this executive and get the money he had allocated for the laboratory into the "hardware" budget.

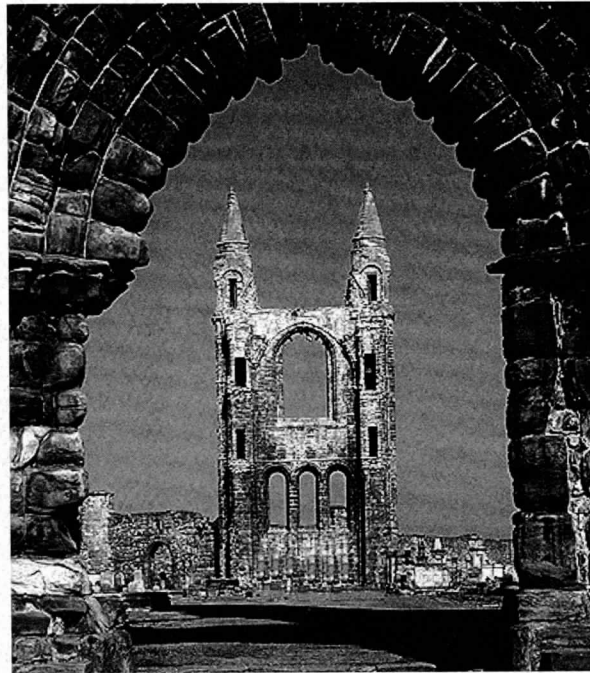
This is not to say that going with IBM or DEC is all wrong. Rather make sure you understand what they do best and do not bet on any

of the futures they are offering unless you can afford to be dropped like a "hot potato" once they decide that their strategic direction no longer is a strategic direction.

Now is the time for all of us to look at what really matters to our organization. What we have to do is learn all we can about the technologies that we manage, and at the same time really understand how our businesses operate.

What good does it do us to have the latest strategic direction implemented if our enterprise is not successful or we do not have a job? In the next few years many decisions are going to have to be made. Those who are successful -- and still employable -- in the year 2010 will, in most likelihood, not have followed the directions of either IBM or DEC. They will have followed the true innovators and avoided the other IBM's and DEC's that are out there.

One last question, is Microsoft the next one to not follow? ☛



Are the ruins in the old world in better shape than your mainframe systems?

Downsizing Exposes Many to Employee Discrimination

(continued from page 1)

own-sizing strategies and are using these new descriptions to communicate just what kind of employee will be successful in their new business environments. In addition to providing a better road map, these enterprises are protecting themselves from the never ending battle with contingent attorneys.

Common to both was the desire to get away from the factory floor model of defining the scope of work (I tighten lug nuts on the right front wheel) and make each position as broad and responsible as possible (I build Cadillacs).

Creating the framework for employee empowerment, self-

... a savings of \$500,000 from a staff reduction of ten employees could cost the enterprise \$10,000,000.

managed work groups, and cross functional project teams begins with a foundation of individual performance, and this must be translated directly to the work force as a true bottom up implementation of new and higher expectations via the position description. Employees know things are changing all around them at work so isn't it about time that they are given a complete picture of just how they too must change?

Is it better to tackle this 'rewrite' monster before or after you tackle the right-sizing, Client Server, process driven restructuring? Clearly it is best done before or concurrently, but by all means it must be done. How will we ever redefine our companies without redefining our employees and ourselves? The old model for Human Resources, and our own profession's misguided attempts to define every new technology, has yielded a plethora of position descriptions. In some areas we have even seen it approach the ridiculous state of one per employee!

The old model organization is dead. In the process there is a core of individuals in the 40 to 55 year old age group that will be displaced. The question that arises is whether the enter-

prise is responsible for a permanent job for all of them. Given that corporations are for profit they should not be held responsible for employees as the nature of the organization changes. Rather the enterprise should make sure to highlight the Essential Job Functions for each position within the organization. When those functions are no longer needed then positions will be eliminated in a non-discriminatory way.

To achieve this each position should have defined specific performance criteria. If people do not meet these then raises should not be given, transfers not made and promotions denied. If the enterprise does not do that then it will be subject to a discrimination suit in the \$500,000 to \$1,000,000 range per employee. In simpler terms for the want of a savings of \$500,000, a poorly executed staff reduction program of only ten employees could cost the enterprise \$10,000,000. Not a very good deal.

In your enterprise you should see that a program is undertaken to address these issues. It is not very complex but it should be very rigorous.

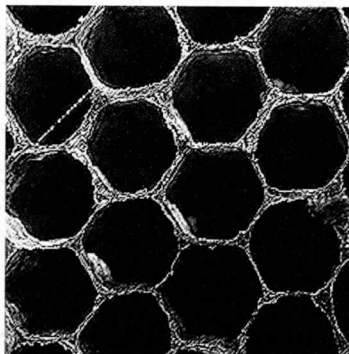
Here are some of the items that we consider critical performance requirements for employees in our new business model.

- ✓ Broaden goals and responsibilities
- ✓ Tie performance to team and department objectives
- ✓ Emphasize setting and prioritizing tasks
- ✓ Develop proactive over reactive attitudes
- ✓ Increase ownership for problems and projects
- ✓ Improve communication with all levels
- ✓ Perform expertly in multiple skills
- ✓ Accept and handle multiple roles
- ✓ Make teamwork the rule rather than exception
- ✓ Embrace change as a competitive necessity.

Doing this is not a guarantee you will not be subject to a lawsuit, but at the least your attorneys will not have to charge you as much when you need to be defended. ➡

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Forecast for the National Information Systems Market

Job prospects have slowed in the west but look much better throughout the rest of the country....

by M. Victor Janulaitis

As the economy goes through fits of starting and stopping most of the country is moving forward except for the West Coast. It seems that every time there is some favorable news one more company announces the layoff or closure of one more facility. This is accelerated by the base closings that are now starting to have some effect. Meanwhile a number of defense contractors have been getting some orders to replace disposable items that were used up in the Gulf War. Maybe "Billy boy" is getting ready to mix it up with some country that is the size of Rhode Island.

Software technology continues to drive the concerns of many organizations. With the pending release of Window NT 3.5 (Daytona) and Chicago from Microsoft this fall many organizations are looking at some very steep spending patterns to support the new operating systems.

We estimate that the cost to upgrade per work station will be between \$1,700 to \$2,500. Those costs will have to be recovered from some budget. The betting is that it will again be the Data Processing departments that will take the hit.

As we have moved to Daytona (beta) and Chicago (beta) we are pleased with the results but the costs are high. In my case, I now have a 100 Mhz Pentium that I have


been able to bring to it knees. A few years ago we were all so happy with a 8Mhz PC that had a 40 Meg hard disk. Excel now takes almost 40 Meg by itself. The full office suite from Microsoft takes a CD-Rom and Corel takes 2 CD's. How long can it be before we need the next generation of transient storage technology?

With this rapid growth the mix of the professionals in the market continues to change. It looks like AS/400 skills are not in hot demand. It is as if at last the down-sizing has made it to the mid-range market. Enterprises are finding out that the AS/400 is nothing but a miniature, less mature form of the mainframe. This is driving some enterprises to move even more quickly to Client Server. In the long run that may be the right direction but costs will be higher. In a number of recent engagements we have found that Client Server costs on a per user basis are higher than for mainframes!!!! Others are noticing the same thing and this is an area of great interest.

On the government side, the state of California has some legislation on the books to limit the size system development projects. This was caused by an implementation failure, and loss of over \$20MM dollars, on a Big Six state systems project. It seems the state just

realized that the typical government system project was in the same category as the Coppola film *Heaven's Gate* -- over budget, too long and of no interest when it was completed. The state legislature is going to mandate that no new BIG system projects are going to be undertaken. I wonder if the state and federal government could pass a law to limit the bloated bureaucracy that they continue to build and burden that portion of the population that actually does real work?

The international front seems to be where all of the action is right now. The demand for capital and American know how is one very bright side of the economy. China is virgin territory for many organizations. With the elimination of the human rights issue from most favored nation status, many are beginning to look to the Far East as the end of the rainbow. We are seeing a lot of attention focused on understanding the recent changes in foreign policy and whether these changes are long term or just the political winds as seen by the administration.

With this as a preamble, 1997 and the loss of Hong Kong as a "stable base" are driving a number of international organizations to look to Singapore, Australia, and New Zealand. The information highway exists, just it is not controlled by governments. Over the next few years we will see significant shifts in how we deal with international operations. Think of home computing on an international level. 

Vic



Published by:

M. Victor Janulaitis

| Location | Prospects Short Term | Prospects Long Term |
|-------------------|----------------------|---------------------|
| Northeast | Good | Good |
| Mid-Atlantic | Good | Good |
| Southeast | Good | Good |
| South | Good | Excellent |
| Midwest | Excellent | Excellent |
| Southwest | Good/Poor | Good |
| West | Good/Poor | Good/Poor |
| Pacific Northwest | Good | Good |
| Best Location | Midwest | Midwest |