

C - Please send  
attached note to  
each of these people.  
cc: Bob Tassone

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I N T E R O F F I C E M E M O R A N D U M

Doc. No: 060423  
Date: 20-Aug-1993 11:47am DST  
From: KAY WARREN  
WARREN.KAY AT A1RIPPLE at RIPP  
Dept: SALES  
Tel No: 637-4312

TO: Andrea Wilkins @MKO  
TO: russ gullotti @mko

CC: ROBERT TASSONE

( TASSONE.ROBERT AT A1RIPPLE at RIPP

Subject: EPP Letter Recipient List

Andrea:

Here is the list of names that Bob would like to receive the EPP FY93  
Results Letter.

↓ Mr. John Warner  
President  
Boeing Computer Services  
P.O. Box 24346 MS: 7A-49  
Seattle, WA 98124-0346

↓ Mr. Norm Collins  
Vice President and General Manager, Boeing Support Group  
Boeing Computer Services  
P.O. Box 24346 MS: 7A-49  
Seattle, WA 98124-0346

↓ Mr. Leo Fisher  
Vice President Operations  
Boeing Computer Services  
P.O. Box 24346, MS: 7A-46  
Seattle, WA 98124-0346

↓ Mr. Phil Lemoine  
Vice President of Research and Technology  
Boeing Computer Services  
P.O. Box 24346 MS: 7A-49  
Seattle, WA 98124-0346

✓ Mr. Stan Beckelman  
Vice President of Information Services  
Boeing Computer Services  
P.O. Box 24346 MS: 7A-49  
Seattle, WA 98124-0346

✓ Mr. Doug Frederick  
Director of Materiel  
Boeing Computer Services  
P.O. Box 24346 MS: 7A-49  
Seattle, WA 98124-0346

✓ Mr. Walt Braithwaite  
Vice President, Information System and Architecture  
Boeing Commercial Airplane Group  
P.O. Box 3707 MS: 38-UT  
Seattle, WA 98124-2207

✓ Mr. Michael Quamme  
Vice President of Computing Systems  
Boeing Defense and Space Group  
P.O. Box 3999 MS: 80-KC  
Seattle, WA 98124-2499

✓ Mr. Terry Milholland  
Director of P&PD and Factory Systems  
Boeing Computer Services  
P.O. Box 24346 MS: GA-MW  
Seattle, WA 98124-0346

✓ Mr. Robert Dryden  
Executive Vice President  
Boeing Commercial Airplanes Group  
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✓ Mr. William Selby  
Vice President and General Manager, Fabrication Division  
Boeing Commercial Airplanes Group  
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✓ Mr. Peter Dube  
Opportunity Manager, Defense Information Systems Network  
Boeing Computer Services

P.O. Box 7000 MS: CR-28  
Vienna, VA 22183-7000

Mr. Jimmy Smith  
RCAS Program Manager  
Boeing Computer Services  
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Vienna, VA 22183-7000

Ms. Elizabeth Otis  
Director of 777 Division  
Boeing Commercial Airplanes Group  
P.O. Box 3707 MS: 6A-MF  
Seattle, WA 98124-2207

Mr. Larry Winslow  
Vice President, Space Station Program Manager  
Boeing Commercial Airplanes Group  
P.O. Box 3707 MS: 4L-03  
Seattle, WA 98124-2207

Mr. Robert McMahon  
Manager, International ASW Programs  
Boeing Defense and Space Group  
P.O. Box 3999 MS: 8X-24  
Seattle, WA 98124-2207

Mr. Bruce Gissing  
Executive Vice President of Operations  
Boeing Commercial Airplanes Group  
P. O. Box 3707 MS: 75-25  
Seattle, WA 98124-2207

Mr. Philip Condit  
President  
The Boeing Company  
P.O. Box 3707 MS: 10-10  
Seattle, WA 98124-2207

Mr. Burt Welliver  
Senior Vice President, Engineering and Technology  
The Boeing Company  
P.O. Box 3707 MS: 13-35  
Seattle, WA 98124-2207

Bob's number for the letter is (206)-637-4281.

If you need any further information, please let me know.

Have a great weekend,

Kay Warren

Q4 letter draft:  
<date>

<ct> <first> <last>  
<title>  
<co>  
<address>

Dear <name>:

I am sending you this letter to discuss Digital's progress in returning to profitable growth and how we are making the customer the focus of everything that we do.

Perhaps the biggest reason for excitement came when we announced Digital's first quarterly profit in more than two years -- \$113 million for the fourth quarter on revenues of \$3.9 billion (\$14.4 billion for the full fiscal year). This is a significant milestone in the ongoing transformation of the company, which is gaining momentum more quickly than many observers had expected. For the three quarters since Digital's new management team has been in place under President and CEO Bob Palmer, we have posted a cumulative net profit of \$9 million. We also begin the year with a new organization structure that is truly customer-focused, making Digital the first and only fully integrated information technology supplier that is organized globally along customer lines.

The fourth quarter of our 1993 fiscal year was also a noteworthy one for Digital, for a number of reasons. We introduced an updated version of the company logo as well as a new advertising campaign to reinvigorate the Digital brand. Besides unveiling the second wave of workstations based on our Alpha AXP 64-bit microprocessor, we also took the wraps off the DECpc AXP 150 personal computer--the world's fastest PC and most powerful platform for Microsoft's Windows NT operating system. Over 2,600 Alpha AXP software solutions are available to customers today. Our Alpha AXP strategy continues to support the unified UNIX, Windows NT, and OpenVMS operating systems. In May we entered our 100th country with the opening of a new subsidiary in South Africa, which was hailed by the African National Congress as "a momentous occasion." The Council on Economic Priorities awarded Digital the prestigious Corporate Conscience Award for Environmental Stewardship, and FORTUNE magazine rated us among the top ten environmentally conscious manufacturers in the U.S.

If you have any questions regarding Digital, or if we can help further with our relationship with your company, please call me at (xxx) xxx-xxxx, or <name>, Digital's account manager, at (xxx) xxx-xxxx. We look forward to working with you.

Sincerely,

<EP name>  
<title>

CC: <AM name>

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Distribution:

TO: JOHN ALEXANDERSON @MKO  
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DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti  
Vice President

Merrimack, New Hampshire  
03050-4303

June 25, 1993

Mr. Art Hitsman  
President, Boeing Computer Services  
P.O. Box 24346 MS: 7A-49  
Seattle, WA 98124-0346

Dear Art;

There are good weekends and there are great weekends. The time I spent with you and Ellie et al, on the Daedalus clearly falls into the "great" category. I have been bragging about my 50 pound, er 40 pound, I mean 30 pound, or was it 20 pound, OK it was a 15 pound Salmon, all week!

The yacht was first class; the crew was the best; the food couldn't be beat and the weather was made for Salmon fishing.

Art, it has been my distinct pleasure to have worked with you during your tenure as President of BCS. Certainly, the problems we have dealt with were complex but just as certainly, the efforts of our two organizations have consistently been aimed at helping the Boeing company maintain its market leadership position in your industry. I look forward to continuing and enhancing this relationship with John Warner.

I wish you and Ellie (she's a wonderful person!) the very best as you enter what I'm sure will be a truly fun era in your lives. You really deserve the retirement that I know you will enjoy.

Please give my thanks to the crew of the Daedalus and, once again, thanks so much for your hospitality.

Sincerely,

Russ Gullotti  
Vice President, U.S. Area

Date: January 15, 1993

To: Boeing Team

Doug Frederick  
K. Bob Johnson  
George Keylon  
Terry Milholland  
Diane Vades-Tomasevich  
Howard Wolvington

Digital Team

Toby Arnold  
Steve Garrett  
Dave Laurence  
Sam McCandlish  
Dick Nehr  
Kurt Wieneke

Subject: Minutes from Boeing/Digital Meeting on January 6, 1993

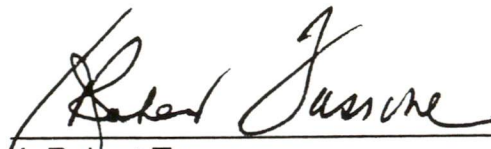
The attached minutes are the written content from the Boeing/Digital business relationship meeting held on January 6, 1993. The minutes were transcribed one for one from the wall charts created during the meeting. They are organized in separate attachments and follow the same order as the agenda for the meeting.

- Attachment A - Meeting Agenda
- Attachment B - Situation
- Attachment C - Target
- Attachment D - Proposal
- Attachment E - Prioritization

Bob Tassone and Frank Wallace would like to thank all participants for their contribution to the meeting. The results of the meeting are being reviewed internally at both Boeing and Digital. The results of these reviews and subsequent actions to be taken will be shared with all team members. Again, thank you very much for making this a very beneficial meeting for both Boeing and Digital.



Frank S. Wallace  
The Boeing Company



J. Robert Tassone  
Digital Equipment Corporation

Attachment(s)



**Boeing/DEC Planning Session (1/6/93)**  
 3009 - 112th Avenue N. E. (Building F)  
 Bellevue, WA  
 7:30-4:45

Purpose: Why are we meeting?

The purpose of this meeting is to agree upon actions needed to improve the working relationship between Boeing and DEC.

Deliverables: What we will have as a result of this meeting.

1. Understanding of each companies expectations.
2. Understanding of the current impacts each company is feeling as a result of current performance.
3. An agreed upon set of actions each company will implement to resolve current issues.

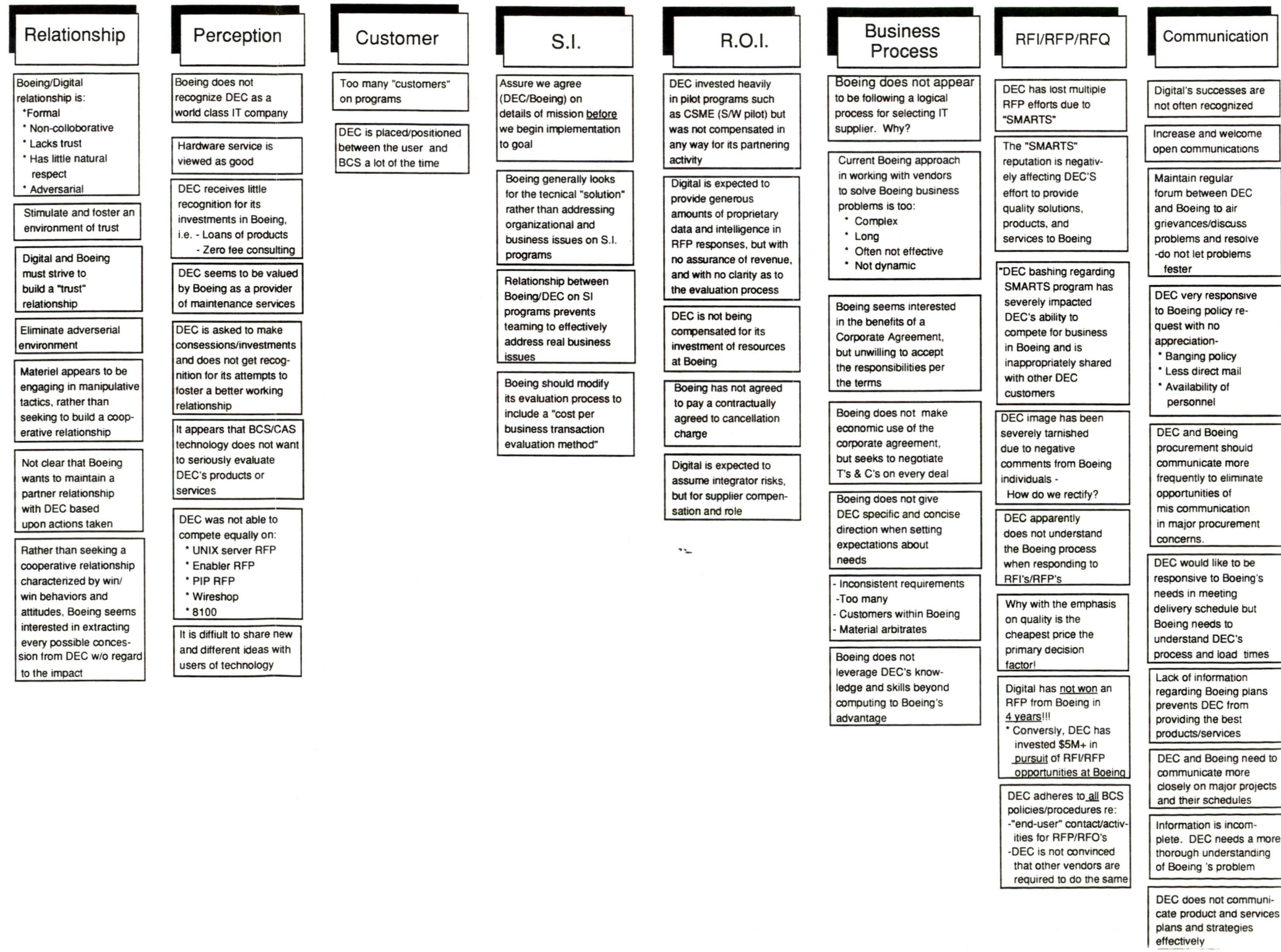
Agenda: What we will do to produce the deliverables and accomplish the purpose.

All 7:30-8:00 [30]	<b>Coffee</b>	
Wallace/Tassone 8-8:15 [15]	<b>Overview</b> Review purpose, deliverables and agenda * Introduce facilitators. Clarify roles & responsibilities. * Introduce participants (name, company, responsibility).	<i>Handout agenda</i>
All 8:15-9:00 [45]	<b>Define Current Situation</b> * Describe what is currently going on today that is impacting the Boeing/DEC relationship	<i>Affinity Diagram</i>
Boeing Rep 9-9:30 [30]	<b>Present Situational Data</b> * Summarize key issues * Boeing questions of clarification	<i>Review Affinity Diagram Results</i>
DEC Rep 9:30-10:00 [30]	<b>Present Situational Data</b> * Summarize key issues * Boeing questions of clarification	<i>Review Affinity Diagram Results</i>
All 10:00-10:10 [10]	<b>Break</b>	
All 10:10-10:30 [20]	<b>Describe What a World Class Customer Looks Like?</b> <b>Describe What a World Class Supplier Looks Like?</b> * Meeting in company groups to review targets	<i>Review &amp; Clarify</i>
Boeing Rep 10:30-11:00 [30]	<b>Present Description of World Class Supplier</b> * Describe needs in terms of performance & service * Describe expectations in terms of performance & service * DEC questions of clarification	<i>Handout copies of data - if available</i>

DEC Rep 11:00-11:30 [30]	<b>Present Description of World Class Customer</b> * Describe needs in terms of performance & service * Describe expectations in terms of performance & service * Boeing questions of clarification	<i>Handout copies of data if available</i>
All 11:30-12:00 [30]	<b>Develop a List of Options to Close Existing Gap</b> * Work as in-tact work groups * Identify a recorder/presenter * Brainstorm and discussion of ideas your company can do to close the gap (focus is internally) within your control	<i>Brainstorm &amp; small group discussions; Flip charts - leave 4" on left</i>
All 12-1:00 [60]	<b>Lunch</b>	<i>Provided</i>
Boeing 1-1:20 [20]	<b>Present Overview of Options</b> * Present results of brainstorm session * DEC questions of clarification	<i>Post items on wall for later reference</i>
DEC 1:20-1:40 [20]	<b>Present Overview of Options</b> * Present results of brainstorm session * Boeing questions of clarification	<i>Post items on wall for later reference</i>
All 1:40-2:00 [20]	<b>Provide Feedback on Options</b> Provide feedback on the other companies proposals - i.e. do you think that the options identified will help achieve the desired results?	<i>Vote -pass out dots</i>
All 2-2:10 [10]	<b>Break</b>	
Boeing/DEC Reps 2:10-2:30 [20]	<b>Review Results of Vote</b>	<i>Present Pareto Results of Vote</i>
All 2:30-4:00 [90]	<b>Choose Options and Decide Next Steps</b> * Review data * Prioritize options * Select options * Determine next steps	<i>Prioritization Matrix</i>
Boeing/DEC Reps 4-4:30 [30]	<b>Present Results of Next Steps</b>	<i>Review Results of Prioritization Matrix</i>
Wallace/Tassone 4:30-4:45 [15]	<b>RCAP</b> Review decisions made Communicate what will be typed & distributed Actions reviewed; next steps Process Check	<i>Flip chart</i>
All 4:45	<b>Adjourn</b>	



Digital's Perception of what is Impacting the Boeing/DEC Relationship



## Full Customer Satisfaction

Attachment C - Target  
Boeing's Expectation and Needs  
of a World Class Supplier

### Quality -

- Defects
- Useability
- Conformance to specifications
- Personnel adequately trained

### Cost -

- Cost effectiveness (use)
- Pricing

### Delivery -

- On-time, within schedule
- Simplicity
- The way it is delivered

### Safety -

- Open and supportive environment

### Morale -

- People want to be there
- Commitment
- Shared destiny

## 12 Principles

Attachment C - Target  
Boeing's Expectation and Needs  
of a World Class Supplier

### Quality First -

- Policy in action
- Customer driven
- Partnership with people
- Management leadership

### Quality Built-in -

- Organizational alignment
- Cross-organizational coordination for the customer
- Elimination of waste: focus on adding value

### Reliable Processes through Reliable Methods -

- Healthy work environment
- Simplify
- Continuous improvement as a way of life

## Commitment To Support Boeing's Strategic Initiatives

Attachment C - Target  
Boeing's Expectation and Needs  
of a World Class Supplier

- Reduce Cost of Computing
  - Alternative analysis: provide best value to meet our requirements
  - Flexibility of supplier's corporate policies and procedures (example software license transferability)
  
- Adherence to Company Policies and Procedures
  - Coordinate sales and marketing activities with Materiel
  - Support proper contracts in the acquisition process (not end user)
  
- Bid and Contract Performance
  - Responsive and compliant to bids
  - Delivery date = need date
  - Exceed contract targets for product reliability and service quality
  
- Dedicated to Continuous Quality Improvement
  - Business processes
  - Strategic information exchange
  - Computing architecture standards

# Supplier Relationship Management

Attachment C - Target  
Boeing's Expectation and Needs  
of a World Class Supplier

## VISION

"To enter into a long-term, strategic relationship  
that will be built on trust and respect.

This relationship shall promote  
Continuous Quality Improvement of all activities  
with the goal of making all companies stronger  
in their respective markets"



# Operating Principles

Attachment C - Target  
Boeing's Expectation and Needs  
of a World Class Supplier

## "Mutual Pledge"

TRUST:	Candor, honesty, and respect
COOPERATION:	Long-term relationship
TEAMWORK:	Working together, common goals
LISTENING:	Open minded, listen carefully
RESPONSIVENESS:	Timely and quality responses
QUALITY:	Continuous quality improvement

# Attributes of a Strategic Supplier

Attachment C - Target  
Boeing's Expectation and Needs  
of a World Class Supplier

- Embrace operating principles for partnering
- Supplier is integral to Boeing:
  - Realizing Vision, mission, goals, and objectives
- Dedicated to continuous quality improvement
- Committed to maintaining and improving the relationship
- Critical to Boeing's business processes
- Leader in corporate citizenship

## World Class Customer

Attachment C - Target  
Digital's Expectation and  
Needs of a World Class  
Customer

### Characteristics:

- Desires long-term relationship
- Cooperative planning partner
- Open/clear communications
- Responsive to vendor concerns/requests
- Share
  - Respect
  - Values
  - Knowledge
  - Vision
  - Corporate goals
- Value executive exchange of ideas/concepts
- Expects to buy value (lasting) from supplier
- Expects supplier to profit

No. of  
Dots

- |   |   |
|---|---|
| 7 | Provide Digital with clear, regular, information on Boeing technical direction/architecture. Request no free projects or participation requirements; pay as you go. |
| 6 | Regular, structured executive reviews of Digital/Boeing plans, objectives, issues.....  |
| 6 | Do RFI/RFP/RFQ training/process improvement dialogue.   |
| 4 | "No badmouth" policy.   |
| 4 | Take Digital through Boeing WCC course.   |
| 1 | Do P+ training (systems integration environment).   |
| 0 | Clearly define scope of services/support which are bundled with a product.  |

The number of dots represents the Digital Team's view of importance

## Item: Digital Business Approach

No. of  
Dots

### Boeing Seeks

- Understanding
- Flexibility
- Responsiveness
- Change

### Specifics

- Software licensing
- Quality
- Labor rates
- Pricing rationale
- Software support services
- Profit and Loss
- Trade-in value
- Delivery

5

### Action/Deliverable

- Boeing/Digital policy review forum
  - Understand Boeing Computer Services requirements/needs
  - Implement changes if applicable
  - Explain policy (no change)
  - Give Digital/Boeing input

## Item: Quality

### Boeing Seeks

- Product quality issues
- Consistency in scheduling
- Fix of known product problem
- Product quality
- Delivery

5

### Action/Deliverable

- Review Digital's TQI program
- Digital (Boeing Business Group) assign single point of contact for quality issues
- Boeing/Digital callaborate to improve order process
- Digital verify quality problem is real

The number of dots represents the Boeing Team's view of importance

## Item: People/Resource Management

No. of  
Dots

4

### Boeing Seeks

- Follow up on prior commitments
- Corporate resource involved with local team/communicate
- Organizational change notification
- Skills depth on projects/integration programs
- Insufficient resources to work big problems

### Action/Deliverable

- Pre-announce senior staff/functional organizational changes
- Develop/publish support plan for project/program management
- Communicate resource centers in Digital/access information procedure

## Item: Digital Technology Management

3

### Boeing Seeks

- Timely new product/services information
- Product Direction
- Listen to Boeing's needs/customers requirements

### Action/Deliverable

- Scheduled Digital technology reviews
  - Disciplined
  - Ad Hoc
- Review Digital's core competencies
- Map Digital's core competencies/products to Boeing's needs

The number of dots represents the Boeing Team's view of importance

Item: Boeing \$

No. of  
Dots

**Boeing Seeks**

- Lowest cost/highest value
- RFI/RFP is solicitation procedure
- Reduced contract labor
- Cost reduction goals
- New functional application/not new operating systems

2

**Action/Deliverable**

- Digital creates/presents white paper on suggested amendments to RFI/RFP policy to include:
  - Cost/business transaction model
  - Alternative acquisition method
  - Digital's price versus cost

Item: Boeing Business Organization and Business Policy

**Boeing Seeks**

- World-class customer/supplier relationship

1

**Action/Deliverable**

- Boeing to provide Digital with monthly update of organizational and policy changes
- Digital to provide feedback to these changes, with explanation of their impact on Digital/Boeing business relationship
- Boeing to provide semi-annual performance evaluation

The number of dots represents the Boeing Team's view of importance

Attachment E - Prioritization  
 Prioritization of Boeing's Actions  
 by Joint Boeing/Digital Team

	Provide Digital With Clear Information On Boeing Technical Direction and Architecture	Regular Structured Executive Reviews	Do RFI/ RFP/RFQ Training	No Badmouth	Take WCC Course	Do P+ Training	Request Digital To Clearly Define Scope of Services/ Support Which Are Bundled With A Product	Total Points	Percent Of Total Points
Provide Digital with clear information on Boeing technical direction and architecture		5	10	10	1	10	5	41.0	28
Regular Structured Executive Reviews	.2		.2	10	5	10	1	26.4	18
Do RFI/ RFP/RFQ Training	.1	5		10	5	10	.2	25.8	18
No Badmouth	.1	.1	.1		.1	1	.1	1.5	.09
Take WCC Course	1	.2	.2	10		10	1	22.4	15
Do P+ Training	.1	.1	.1	1	.1		.1	1.5	.09
Request Digital to clearly define scope of services/ support which are bundled with a product	.2	1	5	10	1	10		27.2	19

5 = Significantly Better  
 10 = Extremely Better  
 1/5 or .2 = Significantly Worse  
 1/10 or .1 = Extremely Worse  
 1 = Same or Equal

145.8  
 ↑  
 Final Weighted  
 Prioritization



Attachment E - Prioritization  
 Prioritization of Digital's Actions  
 by Joint Boeing/Digital Team

	Business Approach	Digital Technology Management	People Resource Management	Quality	Boeing \$	Boeing Business/ Organization Policy	Total Points	Percent Of Total Points
Business Approach		5	10	.1	10	10	35.1	29
Digital Technology Management	.2		.2	.1	5	10	15.5	13
People Resource Management	.1	5		.2	5	10	20.3	17
Quality	10	10	5		10	10	45	37
Boeing \$	1	.2	.2	.1		5	5.6	5
Boeing Business/ Organization Policy	.1	.1	.1	.1	.2		.6	> .1

5 = Significantly Better  
 10 = Extremely Better  
 1/5 or .2 = Significantly Worse  
 1/10 or .1 = Extremely Worse  
 1 = Same or Equal

122.1  
 ↑  
 Final Weighted Prioritization