

DEC is Dead, Long Live DEC

by *Edgar H. Schein*

San Francisco: Berrett-Koehler, 2003

The opening sentence of this book sets the scene:

The story of Digital Equipment Corporation (DEC) is fundamentally a forty-year saga encompassing the creation of a new technology, the building of a company that became the number two computer company in the United States with \$14 billion sales at its peak, the decline and ultimate sale of that company to Compaq Corporation in 1998, and the preservation in its many alumni of the values that were the essence of the culture of that company. (Schein, 2003: 1)

The second page lists nine questions as to why the story of DEC is worth studying, questions relating to entrepreneurial leadership, the dynamics of organisational culture that survived long after the company had disappeared, a knowledge company before its time, values-based management and the contribution to technological innovation among others. The structure of the book is based on chronological history, technological evolution and culture, and the multiple viewpoints of former managers and authors. Three interdependent developmental streams are presented as frames for analysis: the technology stream (the post Second World War computing coming into its own), the organisation development stream and the organisational culture stream. In Schein's view, the complex dynamics between these three streams are important as they represent how what can be managed and controlled (structural components) are deeply influenced by the technological and cultural forces that are less controllable, and so we need to understand how these influences work. Schein's well-known framework of organisational culture provides the basis for the study of the cultural stream. Schein was consultant to Digital for over 25 years and his experience with the company contributed significantly to the development of his cultural framework. Running through the book is evidence of the co-operation and enthusiastic support the key actors gave him in this study.

Part One explores how the technology, organisation and culture streams are one and the same. It comprises six chapters, the first three of which tell the story

of Ken Olsen, the founder and CEO of DEC as scientist-engineer, leader-manager and salesman-marketer respectively. His beliefs with respect to technology and engineering, to managing people and to meeting customer needs are described. The fourth chapter in this part shows how the organisational culture developed from Olsen's beliefs and how they became embedded in the organisation's cultural paradigm its DNA, as Schein puts it. The next chapter examines the legacy that DEC left to leadership development, noting how leadership talent was nurtured so that when managers left the company they frequently ended up in senior positions in other companies. Finally, Schein reflects on Digital's contribution to organisation development (OD) and specifically notes how his consulting work with Digital contributed to the formulation of his notion of process consultation and contributed to the development of surveys as intervention.

Part Two comprises five chapters, the first of which, by Paul Kampas, tells the technology story by tracing the evolution of computer design and manufacturing from the early 1950s to the present. Kampas shows how Digital thrived in the late 1960s and through the 1970s but then lost when the client server paradigm came, as Digital's competitive advantage was undermined by the emergence of the "killer category" (those vendors that specialise in one or a few closely related products categories, such as Intel, Microsoft, Oracle etc.). In the subsequent chapters, Schein resumes the story, exploring organisational life cycles. Stage 1 is where Digital was a small, young, cohesive extended family, where functional familiarity enabled people to know each other and work well together. Olsen had a style of sitting back at senior management meetings and encouraging the emergence of consensus through open debate and internal competition. As the company moved to a larger and more differentiated system, the style that had served the small, cohesive organisation well was less effective. The internal competition among individuals who knew each other well became inter-group power plays. Yet Olsen did not change his style. In Digital's mid-life, the culture was strong in engineering with the emphasis on products. Customers loved DEC products as engineers tinkered with creative and innovation products. Through the 1980s, the company was peaking but weakening. Internal strife led to animosities and accusations of cheating, lying and misusing resources. Digital's end was long drawn out over several years, with mixes of success and organisational crises and efforts to find new ways of managing. Olsen resigned in 1992 and his successor, Palmer, spent several years selling off units and changing elements of the culture by bringing in outsiders as senior managers. The company was sold to Compaq in 1998.

In Part Three, Schein reflects on the lessons and legacies. He notes that the DEC story teaches two things. Firstly, the lessons of history can be viewed on various levels, so that there are obvious lessons and subtle lessons. Secondly, events of history are highly interactive, so a search for a root cause may be flawed because it implies that there is a root cause when in fact events may have occurred for a multiplicity of reasons. He lists fourteen lessons, which draw together the themes of the company's story. He concludes by saying, "When all

is said and done, the basic reason why DEC ended up where it did was that the evolution of the technology required formations in the organisation that the culture did not encourage or allow" (Schein, 2003: 254).

With regard to the lasting legacy, he notes that while the organisation ceased to exist, the culture continues to live on, as the DEC Alumni Association publishes a directory and organises meetings. Digital changed the nature of computing. It pioneered human resources structures such as affirmative action, diversity and a philosophy of "doing the right thing". Its former employees have populated the computing industry and contributed to the development of many of the current major players in the industry. Its intellectual output lies in books on Digital and by Digital authors and has contributed to organisation studies through Schein's seminal works on organisational culture and process consultation.

There are five appendices, one of which was contributed by former Digital engineers and describes Digital's technical contributions and the other four are reflections by former employees.

This review has attempted to provide a flavour of what is in this most interesting and exciting book. There are so many points that one could stop and focus on. Both academic and business readers will find that *DEC is Dead, Long Live DEC* is a deep book, grounded in scholarship and explicitly aiming to challenge readers to reflect on and understand the complex story of his interesting company. The story of the inter-connectedness of technology, organisation and culture is reinforced throughout and Schein regularly shares his own puzzles as he tried to make sense of what was happening at various times. Schein is part of the story and his personal narrative both provides points for reflection and contributes to the easy writing style. Students of organisational culture will find the book provides a detailed case study of how a founder created a culture and how that culture sustained the success of the organisation through some stages of its life cycle and contributed to its decline as the market and technology changed. The field needs such detailed culture studies that cover several decades and show how the study of a culture is a complex exercise and not one that can be done merely by opinion surveys and facile deduction. It is a case study of entrepreneurial leadership and the effects of leadership style at different stages of an organisation's life cycle. It is a most important contribution to the field of organisation studies and one to be an essential part of courses at all levels and a challenging read for executives.

DAVID COGHLAN

University of Dublin
Trinity College
Dublin

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