

DEC PC Strategy

Apple Computer delivered the first widely distributed personal computer, the Apple 2 (written as Apple][) in 1977. Digital was then a \$1.3 billion-per-year company that led the minicomputer industry. While Digital had moved to bring the cost of minicomputers down by creating the LSI-11, the company had never made a product that was priced below \$5000. When it finally became apparent at the end of the 1970s that the personal computer market would become significant, Digital launched three separate internal development projects aimed at this market.

Other companies, such as IBM, sometimes have parallel development projects compete in meeting a perceived market need, but they typically choose only one winner to take to the marketplace. In the case of Digital's personal computers, they chose all three. Each version of the personal computer from Digital had difference software and incompatible parts and peripherals. The result was disappointing sales for Digital.

Responding to a competitive threat with multiple products is often disastrous when the response diverts the company's attention from its primary markets or purpose. In the case of Digital, the response was not based on a well-thought-out strategy, but instead appeared to be a panic response to the threat of microcomputers. Digital was subsequently purchased by Compaq, a personal computer company. Today, the remains of Digital are inside of Hewlett Packard, its former archrival in the minicomputer business.

When you're behind the curve, there may be no good way to make up time. Reactive decisions are often bad decisions. Be sure you're choosing a strategy that makes sense.

From Chapter 6 of
Get Out of the Way!
How to Manage Development
of Timely, Innovative, and Relevant Products
by John V. Levy, Ph.D.