

PERSPECTIVES



Why Can't We Do It the Old Way?

It's no secret that we've made some tough decisions recently at Allen-Bradley. Many company veterans might wonder why we're changing — why we can't do things "the way we used to."

That's a reasonable question. After all, the old ways made Allen-Bradley the success it is today. We're a leader in many fields in spite of increased competition. We've expanded our sales effort to cover the entire world. We're strong. So why change?

The truth is, we're not the only company that's changing. An unprecedented wave of restructuring is rolling across global industry. In the words of *Time* magazine, it's "churning across the business landscape with the force of an army of bulldozers." Everywhere, companies are cutting, trimming and reorganizing, becoming leaner, tougher competitors.

Business simply can't do things the way it used to and still survive. Look at American automakers. They were world leaders in the richest, most powerful industry on earth. But their very success slowed down their response to change. They believed foreign car imports would take only a small slice of their pie. And that attitude took its toll. Today, they find themselves huffing and puffing in a side-by-side race with the Japanese.

Now, every industry is facing that kind of global challenge. At Allen-Bradley, we're keenly aware of our competitors. Once, they were around the corner. Today they're around the world. We have no intention of making the mistake of complacency. We intend to work hard to stay on top. We have to streamline. And that means cutting costs.

So, we're tightening our belt. The company's going on a "diet." Like any diet, this one requires us to give up some things we've grown accustomed to. But once we trim the way we operate, we'll find ourselves healthier and stronger than before.

Actually these kinds of changes aren't totally new to Allen-Bradley. You've seen them taking place for some time — on the factory floor, in the office, and in the field.

We've changed the way we make our products. Until a few years ago we used inspection-based manufacturing. An army of inspectors set aside products needing rework. Today, we try to make products right the first time — with better designs, and better tools for our employees. These changes have reduced scrap, rework, and manpower costs. Over the past five years, this streamlining has reduced expenses by more than \$83 million, making us more competitive — and giving our customers better products.

We've changed the way the office works. The use of word processors has replaced tedious re-typing. Today changes take seconds; corrected documents can be printed out at lightning speed, saving hours of time. One typist with one word processor can handle the workload of one of our former steno pools.

We've changed operations in the field. Today new products hit our sales offices so frequently, it's too costly to pull people into Milwaukee for training. So now, our salespeople watch new product launches from their offices on ABTV — our new satellite TV network. With ABTV, they can train on a product one day, and sell it the next. That saves us expenditures on travel, trainers and room and board — not to mention selling time lost.

Our business world is changing. And we're changing with it. These changes are essential. And *inevitable*. They'll be made by us or by the marketplace. In times like these, management may not appear to be compassionate. But it is infinitely *more* compassionate than the marketplace.

Obviously, the world isn't doing things the way it used to. And neither can we. So, we're making changes — fundamental, long-term changes that will help us become leaner, more productive, more competitive. These changes challenge us. They encourage us to explore. They free us to break tradition and try new ways of doing things. In short, they offer us opportunities — opportunities each person must choose to take advantage of, or ignore. In making that choice, we should keep in mind that change is becoming a way of life in industry worldwide. Those individuals who can respond to it in a positive way, with innovation and creative thinking, will reap the rewards of the future at Allen-Bradley.

J. Tracy O'Rourke
President and Chief Executive Officer