



GIA's view of the globe



A premier interactive networking organization for former Digital Equipment Corporation employees

Tech Talk presentation

Gale Jacobs

Wednesday January 11, 2023



A talk featuring cultural differences and the agony and ecstasy of serving as National Sales Manager in Mexico during a time when the country's economic pendulum was swinging from soaring heights to abysmal lows, and Digital's efforts to manage the challenges.

Including the trials and tribulations relocating from Oregon to south of the border and the transfer back north to Acton.

digital

1981 Mexico



Mexico 1981-1982
Director National de Ventas

Gale 'Jake' Jacobs

Badge No. 22823

DEC tenure 1973-1983



Cathedral Metropolitana



National Palace and Zócalo

Positions prior to DEC

olivetti

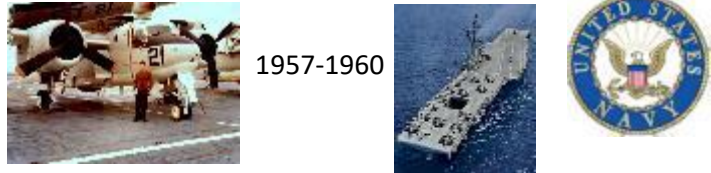
11 years Olivetti sales, software and management 1962-1973

West Coast Regional Systems Manager 4 years. Travel 50 – 80%

US Navy VS-38 USS Hornet CVS-12

1957-1960

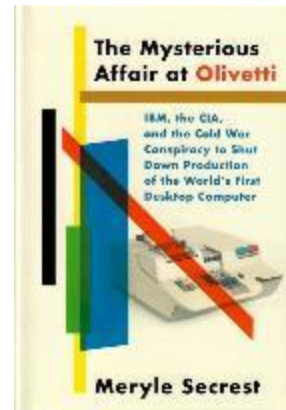
ADR3 Plane Captain / Mechanic



Tetractys 24 CR



Audit 513



1965



P101

Delay line memory
128 instructions
Stored program & logic
Magnetic R/W card
10 registers 30 bytes each
Paper tape output option



P203

1967

1 Bundled application software
\$7K Turnkey, programmed by sales



Portland Oregon Branch 1973-1980

1973

Hank Merlitti, SUM, Tom Watson, DSM, Alan Michaels, RSM

1974

Gale Morgan, Regional Sales manager (Santa Clara)
Joe Mazzarella, District Sales manager (Seattle)
Bob Morgan, Branch Manager (Portland)

- > Bob Anundson – OEM Sales
- > Gale 'Jake' Jacobs – End user Sales

Grew from one manager and 2 sales reps to:

3 Sales Unit Managers (SUM)

30 Salespeople

100 total branch employees

\$20M revenues

Bob to SUM Denver



8 very successful years

Going South

42 years ago

Now, the talk goes south.....



Paseo de la Reforma – Mexico City
6 and 8 Lanes, 9 Miles, 10 Glorietas



Octogenarian Disclaimer

38 83

Then Now

digital

Mexico 1981



Mexico City

Monterrey

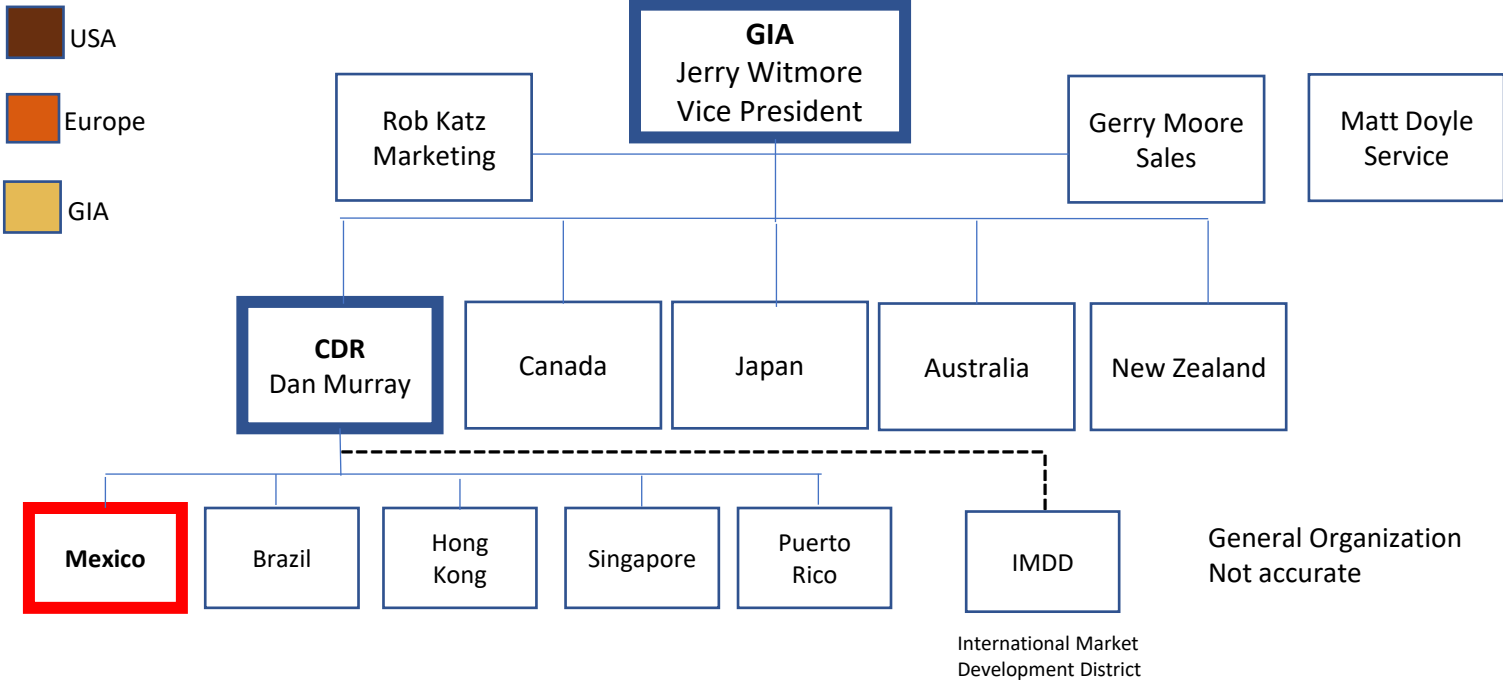
Guadalajara

General International Area (GIA)

Non-European international geography



1981 GIA Newsletter oriented South



CDR = Country Development Region

Local OEMs and distributors everywhere else

IMDD: Africa, India, Philippines, Chile, Venezuela, Argentina, Columbia, Panama, Peru, Bolivia, Trinidad, South Korea, Taiwan

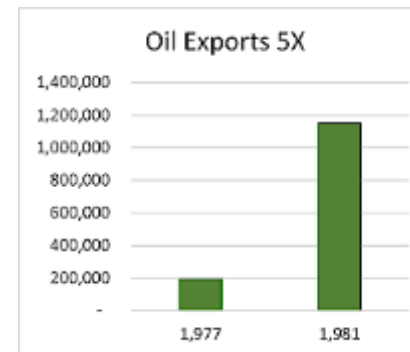
Five years of boom oil economy

1981 Mexican economy was strong

1954-1975 “Mexican Economic Miracle”
20 years

1977-1981

Major new oil deposits
Massive and rapid foreign investments
Net oil exports 5X growth
GDP 9%/year
1981 Peso : Dollar exchange rate 25:1



1938 Oil Nationalized



Propina

Exploration – Extraction – Refining - Distribution

DEC Mexico 1981-1982

1980 Sales results in Mexico

121% of budget achieved

Strong sales, PDP-11, VAX 11/780, DECsystem 10s / 20s

DEC subsidiary forecast growing \$9M \$15M \$21M

New office space

Plans for expansion



Mexico management changes



- Uncontrolled spending
- Organizational and disciplinary problems
- Problems with orders, admin and configuration
- Need for “DEC” management and culture
- 1980-Mexican managers were replaced by GIA

-Subsidiary
-Sales
-Software
-Finance
-Field service

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MESSAGE-ID: <EMS:5134370931:171>  
FROM: DAN MURRAY <MUR\2294 @CLEM>
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GALE JACOBS, CURRENTLY SUM IN PORTLAND, OR., WILL JOIN  
THE MEXICO SUBSIDIARY AS A SALES MANAGER AND WILL HOPE-  
FULLY REPORT BY MID AUGUST.
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AS YOU ALL KNOW, THE BOOKINGS RESULTS FOR MEXICO HAVE BEEN  
OUTSTANDING -- 121% OF BOD. HOWEVER, THERE HAVE BEEN  
MAJOR ORGANIZATIONAL AND DISCIPLINARY PROBLEMS WHICH ARE  
BEING ADDRESSED BY THE CDR MGT COMMITTEE. IT IS OUR COM-  
MITMENT TO MAKE MEXICO A RESPONSIVE, RESPECTED  
SUBSIDIARY WITHIN OUR REGION. YOUR CONTINUED SUPPORT IS  
ACKNOWLEDGED AND REQUIRED.
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REGARDS.
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28-JUL-81 12:55:59 8 20328 EM01
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The Life of a Digital Expatriate (Expat)



Country Development Region (CDR)

Mexico

Why me? An area of interest...

Western Civilization courses – Aztecs, Incas, Mayas

Graduate course in Mexican History

Read many books on Mexican history and culture

February 1981 Colonial Mexico Tour - Portland State University

Driving vacation in Mexico for one week

11 Years at Olivetti, sales and management

8 years at DEC in sales including 3 as Unit Manager in Portland, Oregon

Time for a change.....



HST 496

Seemed like a great opportunity

- May 1981 Learned of management opening in Mexico
- Contacted Country Development Region (CDR) Manager Dan Murray June 22, 1981
- Met with Dan Murray and Hart Williford July 9, 1981
- Offer letter July 17, 1981

Subsidiary Manager position just filled

Opening for National Sales Manager – Group level S06

Main focus: **Expense control**, DEC culture, Management. Sales going well



Career Manager Required

A VERY key issue, I learned later



Passport

Tourist card



FM3 Work Visa

***** INTEROFFICE MEMORANDUM
DIGITAL

TO: Gale Jacobs DATE: 31 July 1981
FROM: Ed Roach
DEPT: CDM Personnel
EXT: 726-1123
LOC-MAIL STOP: NY

CC: Outgoing International Relocation Representative/Personnel Manager
Area International Relocation Specialist
Expatriate Tax Department
Career Manager
Incoming Cost Center Manager

SUBJ: INTERNATIONAL RELOCATION - LETTER OF TEMPORARY ASSIGNMENT (HOME)

The purpose of this letter is to outline the specific conditions of your Temporary International Assignment from Portland, Oregon to Mexico City, Mexico as Sales Manager (SM6) reporting to Charles King, Subsidiary Manager, Mexico in Cost Center 14M for a period of three years.

The effective date of your transfer will be on or about 17 August 1981, and is normally conditional upon your receiving the appropriate work permit and/or visa prior to relocating to the country of assignment.

Your base salary will be U.S. \$45,588.88 per annum.

Your home country is United States, and your home country reference salary is U.S. \$45,588.88.

Your next salary review will be 1 December 1981 in the form of a promotional adjustment.

Your base salary, and any future salary increases, are determined and will be administered in accordance with your home country salary program during your Temporary International Assignment.

Your net compensation, inclusive of normal allowances on a home country salary program, will not be less than a comparable host country base salary less appropriate host taxes.

Digital feels it is important for you to understand the values and objectives within which the Temporary International Assignment Policy has been developed:

15-page relocation document signed by 7 people
Career manager, HR, GIA VP, Relocation dept, Cost center, employee

Career manager: Assist while abroad, assist in returning

My choice: VP Bob Hughes, but was busy at Stanford executive course

Gale Morgan, Western Regional Manager agreed

Fast track relocation 1981



July 17 Accepted offer- 3-year commitment

July 22 To Mexico on tourist card

Began intensive Spanish courses

Jose Arias, instructor & coyote

Mexico DEC office

Mexico City office. New building 11 stories high
DEC Occupied 5 floors
Water, bathrooms, elevators not yet working
Several windows fell 8 stories
Other tenant hired police to grab parking spots, leaving us 15
4 phone lines with different numbers, no switchboard yet



La Ciudad de Mexico 7,200 Elevation
20 Million population and smog
3 million vehicles daily on the road

Manager offices had both private and switchboard phones



3 month rental house



August 17 family arrived
Rio Usumacinta #14, Colonial Cuauhtémoc
Near US Embassy and Zona Rosa. US Embassy official

60,000 pesos - \$2,500/month rent furnished \$8,000/month PV

BEAUTIFULLY FURNISHED, completely equipped three bedroom house, three baths, two dens, garage, cablevision, fully staffed for the executive and his family who need an outstanding home for three months rental. Please call 514-10-94 weekdays after 7:00 pm, anytime weekends. In Colonia Cuauhtémoc on quiet street, walking distance to everywhere.

Lost air shipment 1,000# household goods



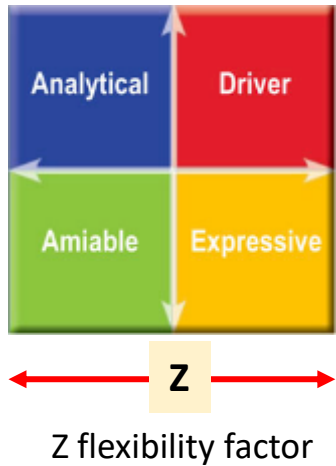
Daughters 8 & 11 years old

Director National de Ventas

Subsidiary manager from USA – Charlie King
Sales manager from USA – Gale Jacobs
Field service manager from USA – Jim Doyle
Software manager from Brazil – Jose Perez
Finance manager from Brazil - Marcio Fernandez



Wilson Learning Social Styles



Mexican HR manager – Raimundo Torres
Mexican Lawyer – Jose Cervera

113 employees

Cultural fit & orientation?

Cost control? I wonder what bringing in all the expats cost?



Leased house



November 15
Zapopan #14, La Herradura

60,000 pesos - \$2,500/month rent, unfurnished
2 sets of lease papers

Cost of living + housing allowance = 25% of salary

Furniture shipped – but, never arrived
Held at border for 1 year



Company car



Desired car



Company car
1980 Chev Custom Classic

DEC's Mission in Mexico

Expense control was the key issue
Maintain installed base of customers
Support 200 DEC computers currently installed
Instill DEC culture

Subsidiary revenue budget

1981 \$9M
1982 \$15M
1983 \$21M



Subsidiary must show overall profit before taxes of 15% to 25%
MLP price uplift of 20% to meet this goal

Sales force

Hired 2 new salesmen

Cuitláhuac Moses Leon
Felipe Perez Quijano

Earlier, one salesman, Salvadore, abruptly left the country because his ex-wife's family put a contract on him.



La Fonda restaurant with GIA order processing visit

Antonio Olea - SE Mexico City
Octavio Diaz - SUM Monterrey
Alfonsa Rosa – Mexico City
Manuel Rodriguez -Mexico City
Gustavo Gonzalez SSR - Monterrey
Agustin Dorantes SSR Guadalajara
Cuitlahuac Moses Leon – Mexico City
Felipe Perez Quijano – Mexico City
Emy Glass, Secretary

Advertising in Informatica

LA HISTORIA SE VUELVE A REPETIR...

PASADO En 1977 DIGITAL hizo historia cuando se anunció el lanzamiento de nuestra línea de computadores de 32 bits, el Sistema VAX 11/780. La historia se repite cuando anunciamos la VAX 11/730 en 1980, ofreciendo a nuestros clientes un miembro menor de la misma familia. Más de 6000 equipos VAX han sido instalados estableciendo nuevos estándares en la industria en cuanto a comportamiento, precio y aceptación de nuestros clientes y suministrando el poder de los grandes equipos de cómputo con la interacción y flexibilidad de uso de los microcomputadores. La familia VAX se ha convertido en la estructura base para equipos de cómputo de DIGITAL para los años ochenta.

Introducing the VAX-11/730

digital

PRESENTE Hoy, con el anuncio de la VAX 11/730 la familia VAX se extiende hacia el área de equipos pequeños en tamaño y en precio pero conservando toda la funcionalidad de los sistemas mayores VAX y haciéndola extremadamente accesible para miles de nuevos clientes, nuevas aplicaciones y nuevos presupuestos.

Hardware: La VAX 11/730 es un computador complejo de 32 bits el cual soporta más de 5 millones de bytes de memoria, 24 terminales conectadas en línea, discos magnéticos tipo Winchester de 128 mil líneas de bytes, discos tarxetados de 10 millones de bytes, cintas magnéticas, impresoras de línea y opciones de comunicación. El sistema básico está empaquetado en un pequeño gabinete de 100 cm de alto que puede ser instalado fácilmente en un ambiente normal de oficina.

Software: La VAX 11/730 soporta el sistema operativo virtual VMS que es 100% compatible con todo el software desarrollado para la VAX 11/750 y la VAX 11/780. El VMS proporciona a cada usuario más de 2 billones de bytes de espacio virtual e incluye todas las capacidades para tiempo real, tiempo compartido y batch simultáneamente. Selección entre COBOL, FORTRAN, BASIC, PILL, DECOL, BERS, MACHO y PASCAL. Adicionalmente los servicios de manejo de datos como son ISAM, DBMS, DATARETIVE, DATA DICTIONARY, FMS Forms Language, Procesador de Palabras y Correo Electrónico. Red de comunicación con DECnet, 2780, 3780, 3271, MUX200, y X.25 Packetnet.

Presentando al Sistema de Cómputo VAX 11/730!

El nuevo modelo de la familia VAX de Digital Equipment Corporation



digital

OFICINAS EN MEXICO:
 NE. PMA 3076, No. 119 ESQ. ARROYO
 C.D. MARIATEL MEXICO 16, D.F.
 TEL: 8813432

OFICINAS EN MONTERREY:
 REGUADO 547 708
 C.D. CAMPADO MONTERREY, N.L.
 TELS: 48 01 75 48 01 91 48 01 21

OFICINAS EN GUADALAJARA:
 AV. LÓPEZ MATEOS 627, 1er PISO
 GUADALAJARA, JAL.
 TELS: 13 22 33 16 41 88 16 79 88

FUTURO La nueva VAX 11/730 de DIGITAL... Verdaderamente impresionante, poderosa, flexible, representativa de la tecnología moderna con rendimiento y funcionamiento de un equipo de cómputo de gran escala en un sistema pequeño y de bajo precio. Miles de empresas pronto estarán resolviendo sus problemas de negocios, ingeniería, investigación, educación, manufactura y administración con la VAX 11/730. El precio de estos sistemas comienza en menos de \$50,000 U.S. DLS, más impuestos, cuotas adicionales y flotas.

VAX 11/780 VAX 11/750 y ahora...la VAX 11/730! éxito sobre éxito.

LA HISTORIA SE REPITE.

PONGA A VAX EN SU FUTURO!

I wrote
Secretary translated

Digital y VAX Amplia Experiencia en Computación

FOR VAX ONLY. EXPERIENCED ONLY.

COMPLETOS QUE SE HAN DE FUTURO.

La VAX puede ser una gran inversión. Necesita capacitación de personal adecuado. Necesita personal experto y familiarizado con el sistema para poder sacar el máximo provecho de sus características. Necesita un soporte técnico adecuado.

Para el usuario, la experiencia de VAX es un recurso invaluable. El personal de VAX puede ayudarle a seleccionar el sistema que mejor se adapte a sus necesidades. El personal de VAX puede ayudarle a seleccionar el software que mejor se adapte a sus necesidades. El personal de VAX puede ayudarle a seleccionar el hardware que mejor se adapte a sus necesidades.

digital

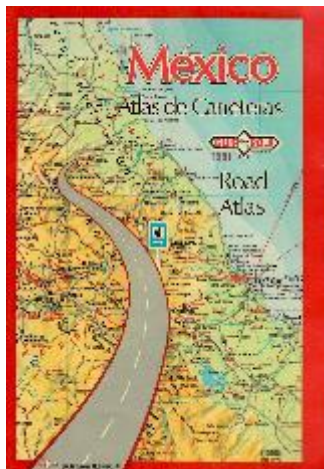


DEC 100 Celebration October 1981

Cuernavaca with Jerry Witmore and Dan Murray
5 salesmen met DEC 100 goal.
Las Mañanitas resort A+



Driving in Mexico



No problems with air travel

Road travel a different story. Animals.... & combat zone

Learned how to drive, park, what to tip, how to deal with waiters, etc

My salesmen were great trainers. We strongly bonded.



LCG Training

January 1982

DECsystem 10/20 training at the Cuernavaca Racket Club

During the meeting, CDR manager Dan Murray called, leaving for MassComp



DECsystem
10

1982 Orders and deliveries

\$6 Million to be delivered

\$2 M booked and shipped, stored at the border in Nuevo Laredo
\$4 M on order awaiting import licenses to ship.

Import license quota plans had been announced in June
Expected to be based on last year's sales + % yearly increase



1980 law: US Trucks could not operate in Mexico,
all shipments needed to be loaded onto Mexican trucks
5,000 containers held up, sometimes for months





Requirement to build a plant

Learned of requirement to build a plant to qualify for import licenses

Ed Schwartz, DEC VP & corporate counsel made 2 trips to Mexico to investigate plant



Import Solutions?

Meanwhile, how to bring in shipments of computers?

Consultants proposed “fee” of 10% to get import licenses, we could not do that

Main competitor was a broker, bought CPUs in USA, smuggled into Mexico



La Mordida

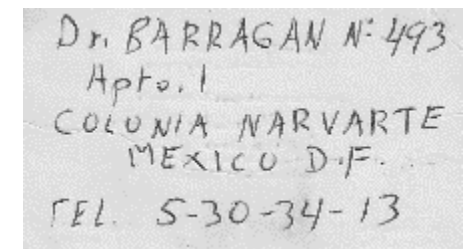
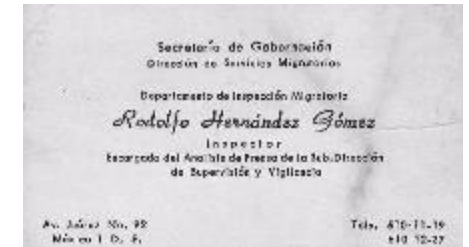
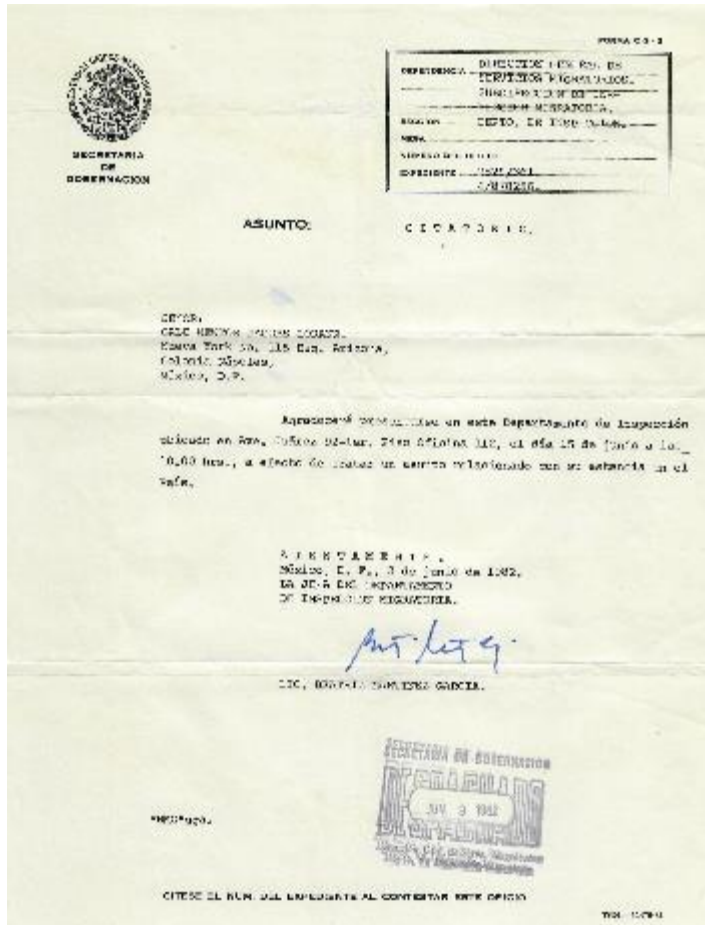
Citatorio

Secretaria de Gobernacion

June 3, 1982

“Summons to appear June 16th
at 10:00am regarding your stay
in the country”

Pix of kids helped





Manufacturing plant proposal declined

SUB: Opinion in proposal for manufacturing.

Mexico, D.F. June 24, 1982.

EDWARD A. SCHWARTZ
Vicepresident and General Advisor
DIGITAL EQUIPMENT CORPORATION

In relation to your request for approval of your project for manufacturing of electronic computer systems, presented to this secretary on June 16, 1982, we want to communicate the following:

June 16, 1982 Draft proposal by Ed Schwartz, DEC VP & General Counsel
Rent 1,000 to 3,000 sq meters, manufacture CPUs

June 24, 1982 Manufacturing plan was not approved

For a company to be able to register as manufacturer of electronic computer systems must fulfill, among other things, with the established integration for the main module, from the first year of the project. Over the same base of impartiality that this Secretary follows established guidelines for all companies, we want to communicate to you that your proposal is inferior in regard to the specifications of the foment program and considering all projects which have been authorized up to this date.

Because of the previous comments, the project to manufacture electronic computer systems, presented to this Secretary, doesn't fulfill the established specifications in the foment program and therefore cannot proceed to its registration.

Sincerely,

GENERAL INDUSTRY MANAGER
LIC. MIGUEL ANGEL RIVERA

- Reduced sales budget
- Decreased uplift from 20% to 10%
- New customer terms:
 - 10% deposit and letter of credit
 - Obtain their import license
 - FOB Maynard & pay shipment

“En esto momento, nosotros ay no fabrica in Mexico, pero trabaho to facilitate”

Tourist card to exit and return

Tourist card expired
FM3 work permit not yet approved
Stuck south of the border

Coyote forged a tourist card as if I had visited on vacation
Flew to Tijuana and walked across the boarder
Reentered Mexico with my own legitimate tourist card



August 1982 - Mexico would no longer be able to service its \$80 Billion debt



Announcement by Mexican Finance Minister Jesús Silva Herzog

- Borrowing against future oil revenues
- Oil prices dropped
- Rising interest rates
- Devaluation of the peso 75:1
- Banks nationalized
- Fed Chair Volker prime % increase
- Worldwide recession

Debt 1970-1982



USD \$ Billions

Price of oil 1950-1982



USD \$ per barrel



Presidents:
Echeverría
Portillo
Madrid

New peso N\$ 100:1 to old peso in 1993

Time to wind down aggressive plans

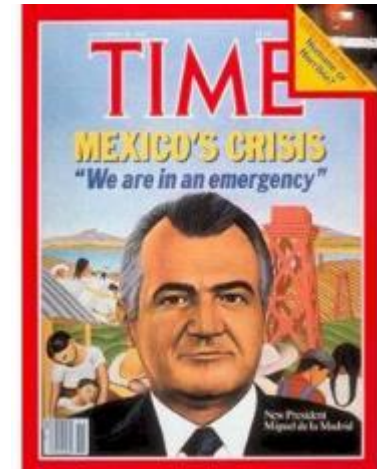
1954 - 1980 “Mexican Economic Miracle”

1980 -1990 “Lost Decade”

GIA’s position

- Quit selling in Mexico for now
- Reduce staff
- Get business under control
- Develop people
- Put plant in at a slow pace, 10 people, cables

.....Time to begin job search



Mexico President
Miguel de la Madrid
1982-1988

Accomplishments



2 DECsystem 2060 sales

30 PDP-11 sales

Large VAX network

Large terminal order for Commission Federal de Electricidad (CFE)

Improved customer relations

Very good sales force

Promotions

Expenses under control

Sales operations under better control

Negatives in Mexico

Lost 1000# air ship
Household goods stuck at border, no furniture
FM3 never processed
Called into Gubernation- immigration
Forged tourist card to exit
House next door burned out
Water heater blew up
Lost dog
No import licenses
Manufacturing plan not approved
Computers could not be delivered
Peso devalued 25:1 to 75:1
Crippled economy



Cultural norms in Mexico



Lunch 2:00pm

Kilometers and pesos became 2nd nature

La Mordida

Institutional corruption

Mexico time – usually an hour late... mañana

Caste system informally exists

Trying to speak Spanish builds bridges

Thinking in Spanish began to happen

Mexicans never say no

Assessing expectations

Driving became a competitive sport, horns blazing

Religion combines tones of both Aztec and Christian

Fiestas, Markets, Music, Family

Work hours 9-6 and often much later

Titles: Licensido, Ingeniero, Maestro

Cultural experience



Positives:

Terrific cultural experience
Became a defacto Mexican
Food, music, colors, people
Pyramids and historical sites
Visited many, many towns and cities in Mexico
Felt like my 2nd home for many years
Great for my daughters, one returned for 6-week exchange
Vacationed several times
Flew my Cessna Cardinal to Mexico for 2 weeks in 1998

Took cultural sensitivity to Acton GIA with me



Adios Mexico

"Un ano pasada, Yo llegue aqui un Gringo,
pero hoy salido soy Mexicano!

"Muchas gracias y mucho amor a mis amigos,
adios y hasta la vista



Viva Mexico!



1998- Mexico 2 weeks

Time to head north

DEC relocation support moving to Mexico was severely lacking

Returning was no problem. DEC could handle that
Furniture replaced, tax assistance, house rental subsidy

* D I G I T A L *

INTEROFFICE MEMORANDUM

TO: Gale Jacobs DATE: August 27, 1982
FROM: Art Peters *Art Peters*
DEPT: GIA Personnel
EXT: 246-2485
LOC/MAILSTOP: AKO

SUBJECT: Job Offer/Transfer

It is a pleasure to formally offer to you the position of Area Sales Manager GIA, Job Code S06 reporting to Bob Katz in Cost Center IPC.

This will be a lateral transfer with your weekly salary remaining the same.

Your transfer will be effective August 30, 1982.

Please contact us within two weeks concerning this offer. If, after two weeks we have not received an answer from you, the offer will be void.

If you have any questions concerning your transfer, please feel free to contact me at any time.

Regards,
CC: Cheryl Beaudoin
Diane Anastas
Bob Katz

/ds

IRS tax assistance for 3 years

LETTER OF RETURN WORKSHEET
TEMPORARY INTERNATIONAL ASSIGNMENT

- To (Employee Name): Gale Jacobs
- Date (of Letter): 10 August 1982
- From (Incoming Personnel Mgr/Relocation Rep): Don Purnell
4. Dept: GIA Personnel, Ext: 246-2304 6. Loc/Mailstop: AKO

Relocation Data

- Outgoing location: Mexico City, Mexico
- Incoming location: Acton, Mass.
- Incoming job title: Sales Group Manager Job Code: S06
- Incoming manager/title: Rob Katz/GIA Marketing & Strategic Planning Manager
- Incoming cost center: IPC
- Effective date (on or about): 13 August 1982
- Base salary: U.S. \$48,000
(Home country currency unless host method of compensation)
- Salary review date (no later than): November 1982
- Miscellaneous relocation reimbursement: U.S. \$3000

Number of vacation days transferred: _____

- Addendum: Housing Allowance: U.S. \$600/month
Sept. 82 to Sept. 83 only



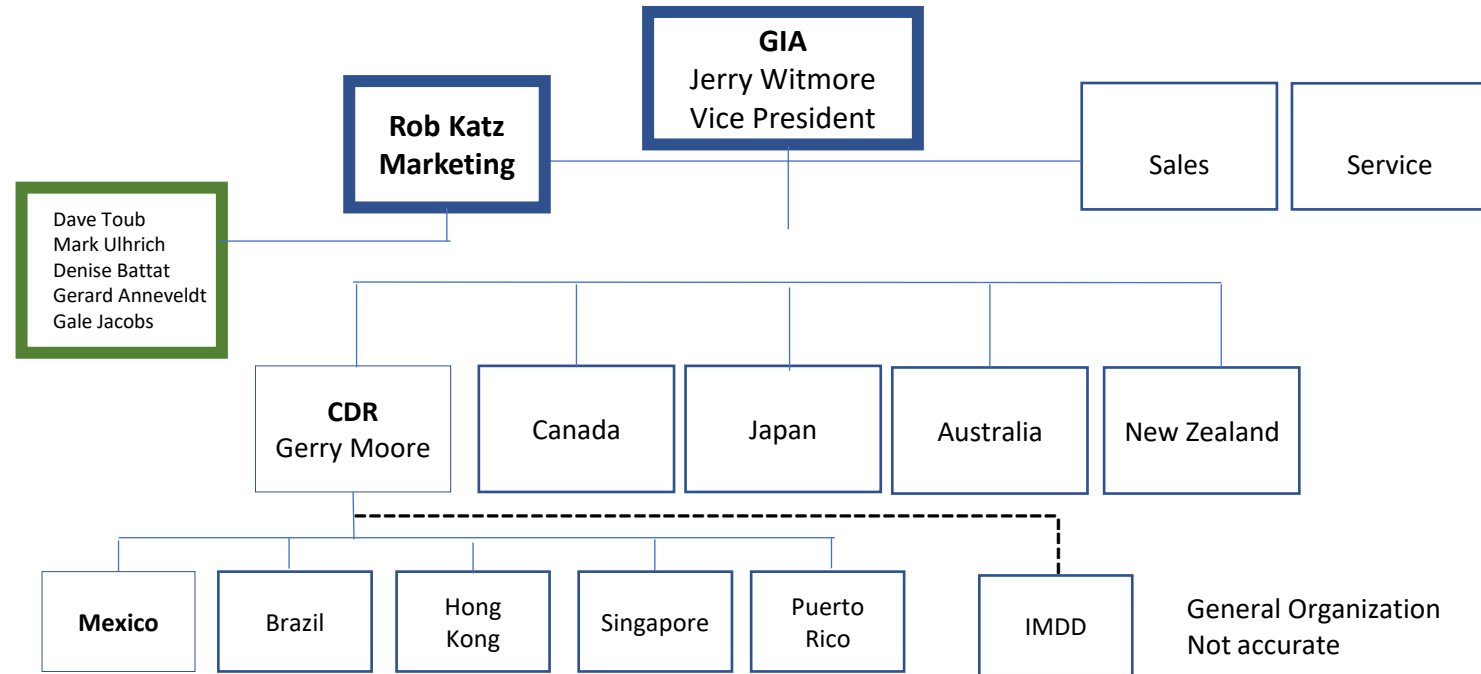
Sept 13, 1982, first day at GIA



Acton MA AK01

General International Area (GIA)

Non-European geography





Epilogue....

DEC Sales Culture

Selling to the product lines and support organizations more critical than selling to customers
Sales quota attainment was the primary evaluation criteria
Account management focus
Salary, no commissions. Annual salary reviews and maybe stock options with good reviews
Never make more than you are worth (Ken)
Success often hinged on negotiating a reasonable sales budget
Maynard customer visits were superb – limos, helicopters, non-disclosures
Matrix organization, report to sales, report to PL (funding)
Field service always an issue – separate profit center focused on their success.
Customers had a direct line to the president for complaints
I served during the Blue Logo days



DEC was now maroon

Aftermath.....

Many career experiences



Found old business cards in my files

<-Left DEC for Metheus VLSI startup

DEC was always the core of my career

Today...

Executive Director – 9 years
Oregon Aviation Industries
+ several non-profit boards

DEC Mexico 1981-1982

digital

Digital Equipment Corporation

Gone but not forgotten.....

digital