

David vs. Goliath, part II

Presented by

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- **Welcome**
 - Was Consulting Engineer at Digital Equip Corp
 - Currently Software Engineer at Tandem Computer
 - Member of Digital Employees Federal Credit Union Board of Directors
- **Progress is change**
- **But powerful people often resist change**
 - “New science accepted when old scientists die off”
 - Initiating change is a significant problem
 - Technology can facilitate
- **This talk describes a small group of dissidents standing up to bureaucrats**

- **Background**
- **Campaign milestones**
- **Reflections on**
 - **The process**
 - **Networked communications**
 - **Being successful**
- **Ideas for legislative change**

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- **DEC = Digital Equipment Corp**
 - One of the largest computer companies
 - Intra-company electronic network and bulletin boards
 - DEC is very bureaucratic and political
 - » “Do the right thing” has become “Have the right image”
 - » Management/employee adversarial relationship
 - **DCU = Digital Employees Federal Credit Union**
 - Created in 1980
 - Fraud began in 1986 (\$250M in assets)
 - Extent of fraud was \$18M (approx 100% of equity)
 - Successful because of land appreciation and lack of controls
 - Board of Directors were high level DEC managers and VPs
 - » All “well qualified”
 - Members were apathetic
 - DCU claimed “conservative lending policies”

The Awakening: 1990 - 1991

5

- **Real estate values began flattening**
 - Fraudulent loans began “non performing”
- **NCUA (National Credit Union Admin) took notice**
 - More money for loan loss allowance (hidden on financials)
- **NCUA discovered loans were fraudulent**
 - Collapse of an involved second credit union
 - (NCUA had ignored tip-offs as early as 1987)
 - DCU one large loan away from failure
- **DCU BoD quietly fired the president**
- **DCU not forthcoming with information**
 - Insulting fee introduction
 - Contradictory annual report 1989/1990
 - Denial of auditor note access

The Call to Arms: Fall 1991

6

- **Met with BoD at headquarters**
- **Information protection policy**
- **Formation of electronic mailing interest list**
- **Formation of a core group**
- **Found bylaw “special meeting” clause**
 - 1200 signatures in 3 days and 15 locations worldwide
- **Signature gathering in cafeterias for**
 - Elimination of checking account fees
 - Removal of the entire board of directors
 - New elections
- **DEC VP endorsed the BoD in the name of DEC**
 - Refused to speak to us to justify the endorsement

The Battle: Nov 23, 1991

7

- **Special meeting stacked against us**
 - Room size “confidential information”
 - DCU meeting prior to special meeting
 - DCU counsel was “independent parliamentarian”
 - We were prevented from speaking
 - Voting was not secret
 - Proxy voting was not allowed
 - Ballots counted only by DCU employees
 - 1500 members showed up!
- **We thought we were finished**
 - 43 members applied for 7 positions

The Campaign: Winter 1991/1992

8

- **But wait! There's more!**
- **Nomination committee was stacked**
 - 9 nominees including 2 incumbents
 - All hand-picked high level DEC managers
 - Previously qualified candidate was turned down
- **Initiation of candidates by petition**
 - more signature gathering
- **We purchased BoD minutes**
 - “Educational Conferences” in Bermuda
 - All votes in 5 years were unanimous
 - Special meeting bylaw changed 200->5000 signatures
- **Electronic network disseminated news**
- **Publicity in newspapers helped also**

The Victory: Spring 1992

9

- **“Martin Luther” document published**
 - Listing of abuses and unanswered questions
 - DEC Personnel attempted to suppress us
 - » Selective personnel policy enforcement
- **Candidate statement book stacked**
- **Senior VP of DEC spent DEC’s \$25K against us**
- **DCU employees feared for their jobs**
- **Grass roots campaigning in cafeterias**
- **Police present at election results!**
- **We won 4 out of 7 seats!**
 - No incumbents re-elected

- **Destructors of modern civilization**
 - “Peter Principle” at work
 - Lack of ethics, integrity, and common sense
- **Lack of personal accountability**
 - Can hide behind institution walls
- **Will fight to maintain control of the Titanic**
- **Reflects the state of decay of organization**
- **Professional life not consistent with personal life**
- **Bureaucrats are nothing without people to serve**
 - Individuals bear some responsibility
 - Dictators successful only because of support
- **Challenge: how to prevent bureaucratic infestation**
 - install accountability into management

- **Information dissemination was strategic weapon**
 - Old style management controlled the old “high ground”
 - We used the network as the new cheap high ground
 - New technology overpowered old style bureaucracy
 - » Computer illiteracy is a status symbol
- **Bureaucrat’s (and dictator’s) power is from information control**
 - Tianamen Square massacre publicized by student faxes
 - Radio and TV are primary goals of military coups
 - FOIA weakened over 12 years coincident with power abuses
 - Sunshine and FOIA cure abuses without direct laws
- **Network was better than mass media**
 - Horizontal low-level uncontrolled information flow
- **High visibility was a good thing**

Transferring to Corporations

12

- **Successful because members would support us**
- **DCU is a “one member, one vote” cooperative**
 - Significant individual power
 - Most members not employees so no job fear
- **Stockholder power depends on quantity of stock**
 - Power is in the hands of fund managers
 - Individual stockholders not powerful
 - Board of Directors elections are rubber stamps
- **Companies must learn to involve employees in the business to survive in the future**
 - “Our management systems systematically destroy our people”
 - -Dr. Deming

Reflections on Network Communications

13

- **“National Information Infrastructure” - Al Gore**
 - As great a leap as the Interstate Highway System
 - Wholistic connectedness
 - Instantaneous transfer of awareness
 - Physical proximity is irrelevant
- **Access to:**
 - The president and vice-president
 - In the future: volumes of political data
 - » Will help clean up politics
 - » People will access data as a hobby
 - » As revolutionary as the Declaration of Independence
- **PC revolution prevents control by bureaucrats**
 - Only control mainframe computing
 - Modems are controlled in some countries

Requirements to be successful: you must have...

14

- Well defined and popular goal
- Core group of committed people
- Recognition that the power is in the people
- Recognition that bureaucrats power comes from:
 - Inertia
 - Popular disinterest
 - Control of information flow
- Good defense against inevitable retribution
- Rousing event or issue
- Way of communicating to the holders of power
 - Outflank the bureaucrat's communication control

- **Make it easier to pierce the “corporate veil”**
 - Punish bureaucrats personally for retribution
 - Focus on individuals responsible for decisions
 - Must be balanced against product liability concerns
- **Change corporate control to one person, one vote**
 - Empower individual stockholders
- **Corporate tax incentives for positive behavior**
- **Tie officer compensation to corporate performance**
- **Make BoD elections “real” elections**
- **Strengthen FOIA laws**
- **Make all possible government information on line**
- **Mandate “single party consent” for recording**

“Changes can come from the power of many but only when the many come together to form that which is invincible... the power of one.”

-Bryce Courtenay

“The Power of One”

Technology can facilitate the power of one.