

The Grey Eagles learned everything they know at Data General—how to design, how to sell, and how to party. Now their careers are soaring, and DG's nest is empty.



WHERE EAGLES DARE



By Brian Tarry

Never mind that one attendee of the Grey Eagles' reunion party remarked that he was "pleasantly surprised that there wasn't a food fight." Never mind that this October gathering of high-tech cowboys came in pinstripes, wing tips and, for the most part, smooth corporate chins. Even though the look has gone conservative and the antics are

now merely verbal, don't think for a minute that these guys have gone soft. They've just grown up a bit, that's all. They've figured out there's more to living than *esprit de corps* and 48-hour days. Oh, there's still life in this group all right. You only have to listen a minute to realize the kick-ass, macho culture that Data General thrived on and exploited is no myth. Just look at the



You kept your eyes on the table, where everyone could see it... says Eagle Jim Masciarelli, now chairman of Leacock Partners, an executive recruiting firm in Lexington.

electric eyes, piercing, laser-like predatory eyes. And money? You want to talk about money? Good God! The brains of all the ex-employees of the Data General Corporation, the Grey Eagles, are worth \$4 billion or more. At least, that's what the Eagles say. If Edon de Castro, the ex-chairman of Data General, could have kept them, it would be a \$5 billion company and de Castro would still have a job. Instead, de Castro is out and DGC is struggling to stay above \$1 billion. Its talent has perished. DGC has been churning for a decade, and layoffs, management changes, and even a new product, the W/O/N,

have not been able to stem the tide.

Conversely, the Eagles claim to be soaring. Maybe it's a yearning for a higher comfort level, or just the inevitable progression of the entrepreneurial spirit DGC once looked for in its employees. Whatever it was, the collective genius that was once the soul of some new machines is now at the helm of 50 or so high-tech companies spread across America, including the hottest, most successful businesses right next door on Route 128, companies like Bill Foster's Stratus, Ron Gruner's Alliant, and James Dow's Microcom. It seems that many Grey Eagles have decided it's bet-

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ter to be a genius entrepreneur than to work for one.

Oh, but what a time it was, when DG was on top. Men were men (women had yet to make their high-tech impact), goes the Grey Eagle myth, and a mirror was the only place to look for answers. When you were hired, you knew you were the best. If not, you wouldn't have been hired.

Genius was the first requirement. If you weren't in the top three percent of your class or a first-track employee with a competing firm, you could forget about an interview. "We only talked to the best," says Jim Masciarelli, who was director of North American Human Resources when he left DG in 1978. But more than intelligence, it took guts--the kind that made you fearless, like John Wayne with a six-shooter. Nothing was impossible. There was no room for anything less than absolute devotion to the task at hand, and there was no excuse for failure.

"I wasn't looking for the son of some bank president," says Bill Jobe, who was, essentially, the very first salesman for Data General. "I was looking for the plumber's kid. I hired people who lost their parents early on and spent some time in a foster home. I wanted people who, almost like a curse, had to succeed. The kind that couldn't accept anything else."

Jobe, who speaks with a West Texas drawl and a matching gunslinger's bravado, says he sold Serial Number One of the first DG computer, the Nova. "I found an inside salesman at the University of Texas in Austin. This was a guy who had worked for me previously, and I convinced him that Data General was for real. It was a hell of a sales job." Jobe is now the president of MIPS Technology Development in Sunnyvale, California.

Sieve Wallach was on the fast track at Raytheon when he was recruited by Data General. When DG first called, Wallach, who is now senior vice president of technology at Convex Computers in Richardson, Texas, said he wanted to stay. They called again. Same thing: "I'm staying." They called again. "They kept calling. Every month or two, the guy would call up. 'Oh, how's it going,' he'd ask." Finally, a year later, Wallach relented. Two things convinced him. First, he had just finished a major project at Raytheon and, as he explains, "Engineers associate themselves more with their projects than their companies." Data General was offering a chance to work on a new project, one which would eventually evolve into the Eclipse MV/8000, the subject of Tracy Kidder's Pulitzer Prize-winning book *The Soul of a New Ma-*

chine. But even more important was Wallach's brief interview in the sparse office of Ed de Castro. "In 1975, there were a lot of layoffs in the industry," says Wallach. "I asked him about that. He looked me straight in the eye and he said, 'We've never laid anyone off. But we've fired people for incompetence.'" Wallach laughs. "Management style? There wasn't one. It was just get the fucking job done. If you think it's right, do it."

The stories go on and on. One time, Masciarelli, who is now chairman of the executive recruiting firm of Fenwick

Partners in Lexington, called a competing company to talk to its million-dollar-a-year guy. Another salesman answered the phone. "The other guy was on O and I en asked why I was calling," Masciarelli said. Masciarelli, a tall man who looks like a cross between Tom Kerry and Jay Leno, was standing in the middle of the Grey Eagles party when he told this story. "Finally, I said, 'I'll be honest, and I told him I was going because I wanted to hire this guy. This million-dollar-a-year guy."

"And I convinced him to hire me," said Len Freed. Freed, formerly a

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branch sales manager in Wellesley and currently a healthlover, was standing there hoisting glasses of white wine with Masciarelli. Yep, white wine. My, how times change.

Bout camp. A raw, explosive sensory overload that happened every day and grew exponentially. The Eagles are like Vietnam vets, trying to figure out just why they were there and reminiscing about how they "got through it to get back then."

It's not so much that they didn't know better or didn't have a choice. The sacrifices were just accepted because the Data General experience was nothing less than the cornerstone of a career. "No wimps." That's how Masciarelli describes it. "There was a locker room attitude at DG. You played hard, you got a bloody nose, you threw a few elbows, and then you went out for beers afterward. Nothing ever festered. Everything was on the table. You kept your gun on the table where everyone could see it."

The Eagles' descriptions of the DG management style include "benign neglect," "organized chaos," and "controlled anarchy." It all adds up to the same thing, though: prove yourself. You don't need your hand held. If you're smart, you'll figure it out. Now, get out of here, disappear, and don't come back until you're successful. Oh, and hurry up.

The middle of the night was often the middle of the workday for these guys, and the rule that alcohol was off limits was, well, just a rule. They'd get bleary-eyed from work. Sometimes they'd go out and get bleary-eyed from a few pups. On more than one occasion, work and beer and Va in were business partners. Work hard and play hard. Then work harder.

"It took a certain kind of individual," said Don Bateman, 48, who quit Data General most recently in May. "The type who likes to play Russian roulette." Bateman, with his blond, movie-star hair, Marine jaw, and steel eyes, looks like an aging James Dean. He has hired three times and quit three times, working on and off for DG for 17 years. Bateman is currently a human resources consultant working for, among others, Data General.

If you listen to the Eagles long enough, you get the sense that at DG there wasn't a second string player in the group; everybody was Larry Bird. This, of course, is ridiculous, and Data General, if it would talk, would most likely say so. But Data General would rather not discuss the Grey Eagles.

Instead, spokesman Jim Dunlap is issued a one-page statement summarizing

de Castro's remarks at the 20th birthday party thrown for Data General by the Grey Eagles in 1988. At that party, de Castro said, "You are the people who contributed to Data General's initial success. The people who made us the success story of the 1970s, and set the stage for our growth into a billion-dollar firm in the '80s and beyond. I see more than a few here who went on to do it again. This time as a founder themselves. I am proud of your successes." He compared Data General to the United States Marine Corps. "The training was tough in both camps but, like the Marine Corps, we were blessed with a few good men and a few good women," said de Castro.



That's it. That's Data General's official position on its offspring. Of course, at the same time Data General was asked to comment on the Eagles, the company was busy announcing a fourth-quarter net loss of \$89.3 million. For fiscal 1990, the net loss was \$139.8 million. The year before, the loss was \$119.7 million.

These are not the best of times for Data General. Not, apparently, the time to discuss the success of the company back when the Grey Eagles were there. Thousands of layoffs have been announced, and not for incompetence. Many top-level managers have been replaced or given new assignments.

But whether the company discusses it

or not, its former success is why the Grey Eagles exist. It took the company only ten years from its birth in an old beauty salon in Hudson to become a *Fortune* 500 company. The inside aura that the Eagles rave about was also the company's outside image. A 1979 article in *Fortune* called DG the "upstarts," while labeling the company's adversary, Digital Equipment Corporation, "the gentleman."

The Eagles love this image. After all, they—with a lot of help from Tracy Kidder—changed the image of computer programmer from a pencil-necked nerd to a capitalistic cowboy harnessing a new market with creativity and guts.

But as invigorating as it was, somewhere along the way people began to realize, as Bill Jobe says, "You never got out of boot camp."

And boot camp was changing. Michael Butlin, a thick-necked Brit with perhaps the most intense DG eyes at the party, said, "The bean counters had arrived." Butlin, who was in the special systems million-dollar sales club at DG, is now with Venture Europe Associates of Waltham.

Estimates vary, but the prevailing theory is that it happened about 1981—somewhere between \$500 million and a \$1 billion in sales. "Any organization at a certain point begins to form blocks of bureaucracy," said Mike Lanagan. "That bureaucratic crust stifles creativity." Lanagan, who was regional sales manager for DG in Denver, is currently Eastern regional manager for MIPS Computer Systems. MIPS Computer Systems is the parent company of Bill Jobe's MIPS Technology Development.

Oh, how evil was this bureaucracy. Data General brought in "ex-IBMers," as one Eagle puts it, game players who changed the rules in a place where "nobody played any games."

"The company started believing their own bullshit," said Freed.

Quite simply, many Eagles think that Data General lost its direction. One Eagle at the party, who wished to remain anonymous, explained it this way: "When I was there in the 1970s, building the computer of the '70s was going like gangbusters. And in the first half of the 1980s, they still did really well selling the computers of the '70s. But in the second half of the '80s, they were still building the computers of the '70s." This particular Eagle was more than happy to share his views but he was stopped by another Eagle who worked for the same new company. The second guy scurried over and warned, "Be careful, you've had some beers." He was obviously a later generation Eagle. He just didn't get it.

Data General, you see, was at its best as a speak your mind, free for all,

where results were the only thing that mattered. "We were all corporate misfits. We weren't organization guys," said Masciarelli. "We had a high tolerance for unconventional behavior."

"For instance," said Masciarelli, "there was one guy we called the Avon Lady. He literally lived at the company. He worked most of the time and he didn't pay much attention to what time of the day it was. One day, right in the middle of a business day, he decided to take a shower. So there he was, walking down the hallway from the bathroom to his cubbyhole back naked. And nobody really paid much attention. That was just his way."

There were food fights at sales meetings, and, in the early days, call girls would somehow find their way into an occasional meeting to, shall we say, boost morale. As one Eagle at the party put it, "All the anecdotes that come to mind—I'm not going to tell you."

One theory on why Data General stalled is what Jobe calls the Times Ten Rule. The theory is that each time sales go up by a multiplication of ten—say from \$5 million to \$50 million—the organization must undergo fundamental changes. That happened at \$50 million, says Jobe. Although there was a crisis—mostly of communication, Jobe says—the company survived, figured it out, and prospered. "But then they zoomed up to \$500 million, and they never solved it. It was time for de Castro to delegate more authority and he didn't," Jobe said with exasperation. "I didn't even have the authority to give a customer a \$750 credit on a field service invoice even if the problem was DG's mistake. It required the signature of Ed de Castro."

The bottom line was everything, say the Eagles. In many ways this is a policy they learned and took with them to their respective companies. To be frugal is to be successful, they say. Make do on limited resources. It was an essential lesson in the art of business, yet they say it was taken to such an extreme that it alienated the employees.

Though the pay and stock options were good, "Data General wasn't a company that recognized individual and group achievement and celebrated success," said Bob Washburn. Washburn is vice president of sales and marketing with Avatar. He is also the new president of the Grey Eagles, chosen partly because of the Eagles rule that you can't be elected if you're at the party.

At a later interview, Washburn said he saw what celebrating success can do for employees. "I worked eight years at Data General and eight years for Apple. They were opposites. Apple almost overdoes it, they celebrate everything."

Nevertheless, Washburn and others

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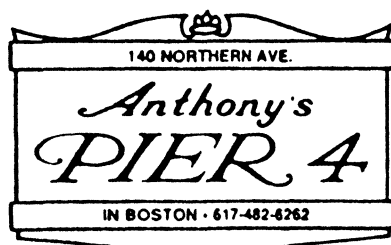
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For the freshest seafood,
go to the pier.

Anthony Albanas-President

see the unwillingness to boost morale as a major shortcoming of Data General. Now, many Eagle-headed companies boast of beer blasts, health clubs, and the like.

Another problem, said Washburn, was a disregard for the little things that make a successful business relationship. Basically, DG built a good computer fast and cheap. Nothing else. This strategy flourished when DG's computers were by far the fastest and cheapest. But as time went on almost everybody became fast and cheap, and what mattered were service and markets, taking care of customers and carefully gearing new products. In both cases, if you listen to the Eagles, DG stunk. And, of course, Data General, like many companies, completely missed the industry shift toward work stations. Combine all of this with basic neglect of employees who are entrepreneurial at heart, and you have a formula for desertion.

Between 1978 and 1981, at least 12 key vice presidents and managers left the company. One was Steve Gaal, Data General badge number 13. Gaal, a former president of the Grey Eagles and a former DG vice president of software development, is now a general partner with the Boston venture-capital firm TA Associates. He says that at first DG lived by the two most important rules of business: get the right people and do business in the right market.

But Data General began losing the right people, and Gaal said one reason was its refusal to look for the right market. Data General thrived in the Wild West shoot-out atmosphere of the early mini-computer industry. But as the market matured and better-faster-and-cheaper became less important, Data General stayed the Wild West course. "They should have put more marketing talent in place to listen to the market," says Gaal.

Gaal is one of the few who argue more planning, not less, was needed. Another with the same point is Bateman, the man who quit three times. "What a lot of people term bureaucracy is nothing more than an organization trying to mature," said Bateman.

But, as Jobe points out, "What counts is, do you manage the bean counters or do the bean counters manage you?"

Whatever the reason, there are now 752 members of the Grey Eagles, divided between East Coast and West Coast chapters. The Eagles differ greatly as to the health of their former employer. One Eagle forecasts the demise of DG within seven years. Others call it relatively healthy.

In the meantime, there are 50 or so offspring that are using many Data General management techniques to prosper

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in a down market. And the Grey Eagles organization, besides existing as a formal reason to down a few pops and tell old war stories, is a first-class networking alliance.

Ed McManus, the only DG employee who is also an Eagle—an honorary Eagle because he helped organize the DG 20th-birthday party—says current DG employees regard the Eagles as "one of the best networks you could have if you were looking to find a job."

One person at the party said, "Most of the people in this room are millionaires."

Another scoffed.

"This crowd?" he said. "Half of 'em are unemployed. I get approached constantly [by Grey Eagles seeking work]." He does not mind at all.

Yet, for all its naked opportunism, there is something deeper to the Eagles. It's the boot-camp thing. They once suffered together in the trenches of a new industry and they survived. More than that: they prospered.

And there is a basic admiration the Eagles have for Edson de Castro. For one thing, he let them flourish both financially and intellectually. For another, as they all know, he taught by example. In 1968, de Castro left Digital Equipment Corporation to form Data General in Digital's backyard. Although the Eagles think de Castro "sometimes kicks himself for letting us go," they also believe deep in their hearts that he is proud. His eagles have left the nest, but they have not faltered. They have flown. ■