

FEATURE STORY

A Vision for the Future

An interview with C.E.O., Jim Donald

When you look back at where the company has come from, what are your thoughts?

Jim:

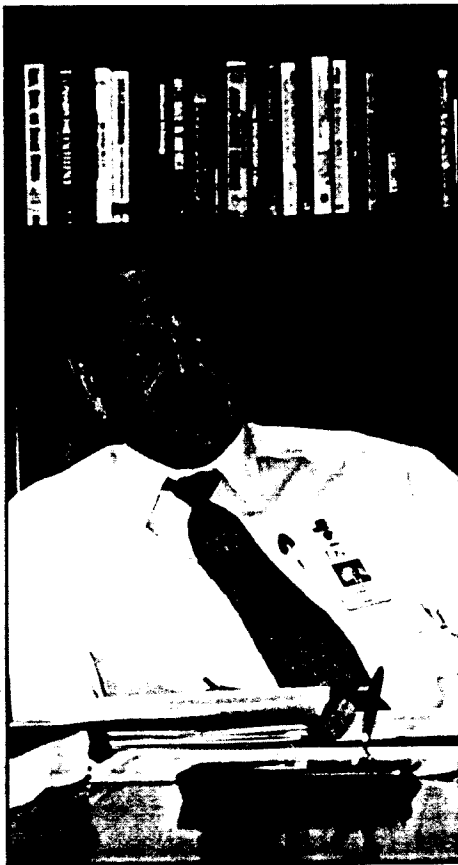
In 1982 we had one customer and one switch product. We were an upstart in the business. We were going up against some of the largest companies in the world. We were told we couldn't make it. And now look at us. We rank in the top 25 largest revenue companies in North Texas,

we do a tremendous amount of business with them, we're recognized by them as a key supplier of excellence. We were told we would never do business in Germany; now, not only are we a major presence in the German telecom market, but we're doing business in Australia, Greece, the Czech Republic, China, India, and everywhere else in between.

Is DSC's success a matter of being in the right place at the right time?

Jim:

No. Granted, when the telecommunications industry was deregulated, the market was ripe for new companies to jump in and make a go of it. Deregulation set the stage for a lot of companies to get started. But that wasn't what made us a success. We were successful because we had the vision to get into the right markets with the right products before the competition could get there. Our ability to think ahead and stay ahead, use good judgment to deliver better solutions, and maintain a high level of energy and desire to get done what



we have manufacturing, sales and service facilities and customers all around the world, and we're still going strong.

Early on, we were told we would never do business with the Bell companies; now, not only do

needed to be done is why we are where we are today.

The Vision dimension in last year's Employee Opinion Survey scored below average in relation to other critical dimensions. Do

DSC's Corporate Vision

DSC will remain a stand-alone company as a key supplier to the telecommunications market worldwide and operate at a multi-billion dollar level.

you think we've lost our vision?

Jim:

I don't think that's the case at all. If we didn't have vision, as I stated before, we wouldn't be where we are. I think the

Jupiter, and coast to coast, we stretch from continent to continent. Employees' responses to the survey showed that we need to focus some effort internally. Sharing the vision with everyone and explaining its purpose are areas that need our attention.

Is that why the strategic objectives have been expanded to include our vision?

Jim:

The vision was added, primarily, for two reasons. First, it provides a framework for the strategic objectives. It identifies how we'll use the objectives to continue to grow and it marks the next spot in our future development where the objectives are designed to take us. Second, we chartered an Employee Satisfaction cross-functional team to take actions on the results of the Employee Opinion Survey. That team looked at what employees said about the vision and made it a priority to communicate the vision that existed in leadership's minds to everyone.

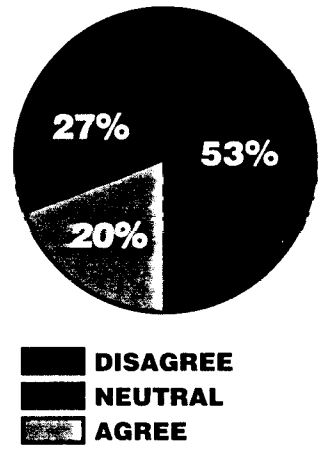
What do you mean when you say the vision identifies how we'll use the strategic objectives to continue to grow?

Jim:

The vision states that DSC will remain a stand-alone company. We're not interested in being acquired or merging with any

Employee Opinion Survey Statement

Top management communicates a "vision" that is motivating to employees?



responses to that statement indicate that we've grown so large, so fast, that our ability to communicate the vision company-wide hasn't kept pace with our rapid growth. In the last four years, our employee population has almost doubled. I used to be able to walk the manufacturing floors and offices and touch base with just about every employee we had; it was easy to communicate. But now, not only do we stretch from Preston Road to

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other company. Our ability to succeed in the markets we've identified depends on us remaining in control of our own destiny. We don't want to lose focus by getting involved in any business unrelated to telephony. DSC isn't railroads, hotels or any other business, it's telecommunications.

"Worldwide" is another key aspect of our vision. We're already one of the technology leaders in the U.S., but significant opportunities for future growth lie in the international market. When you think that nearly half the world's population doesn't have phones, it's hard not to get excited about the possibilities.

Is Multi-billion dollar level a target at which the vision and objectives aim our efforts?

Jim:

Certainly the phrase "multi-billion dollar level" suggests that we want to grow beyond our current

level of revenue. But I think that it is much more than a target. It suggests to me an attitude. If we are to achieve our visionary levels of success, we have to have an entrepreneurial attitude. We have to be innovative and willing to take calculated risks. Our attitude has to be one that welcomes change and takes advantage of it when it happens.

I see "worldwide" and "high-growth markets" as the targets we're shooting for. If we sustain our vision, continue to see ahead of the competition and deliver state-of-the-art solutions into those markets with the most potential, the multi-billion dollar level of operations will happen as a matter of course.

Our goal is to be the leader in these markets. And once we get ahead of the competition, our objective is to not get caught. We started the large switching system market and led the way in the development of cross-connect systems and digital loop carriers. We still haven't been caught by anyone in these areas. Our vision of the future is built upon that same entrepreneurial spirit. That spirit will make us the leader in intelligent network products and broadband, wireless and fiber optic systems. These are the "targets" at which we all should be taking aim.

Does the vision apply to everyone the same way?

Jim:

The ultimate goal is the same for everyone: DSC and its employees' continued growth and prosperity. But how each group within the company puts the vision and objectives to work in their daily operations will differ.

In order for the vision to be more than just some words

employees see written in a magazine, it has to be localized. By that, I mean every group must craft their own vision and mission specific to their individual functions to expand the larger vision's meaning and make it real.

Several groups already have adapted mission statements to support the corporate vision. Human Resources strives to be "the catalyst for positive change resulting in DSC's recognition as an employer of choice." Quality & Reliability Assurance wants to "provide DSC the quality, reliability and business process improvement leadership to be number one in customer satisfaction."

Group missions focus each group's resources and energies on doing what it does—the best that it can be done. It's the fulfillment of these separate, group-specific missions that makes the attainment of the larger, corporate vision possible.

How will we know if we've fulfilled our vision?

Jim:

When we first moved to Plano, we had one building: PB1. Today, we have 15 buildings with more than 2 million square feet and more on the drawing board. In 1987, our total revenue for the entire year was \$266 million. In the first quarter of '97 alone, our revenues exceeded \$340 million. I'd say our early vision was fulfilled. If, in the next 10 years, we can look

back at today and say the same things we're saying now about our company's beginnings, I believe we will have fulfilled our vision.

If investors continue to entrust their hard-earned money into our development with the expectations of realizing a return, and if customers continue to seek us out as their supplier of choice, I believe we will have fulfilled our vision.

And finally, if employees can say that the vision is part of their everyday work, understand where it's taking us, and contribute to its achievement, I firmly believe we will have fulfilled our vision.

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DSC's Strategic Objectives

Identify high-growth markets where DSC can achieve a leadership position

Diversify markets and products

- Design, develop and manufacture state-of-the-art products that meet high-growth market requirements

- Complement internal development programs with acquired technology, reducing time to market for new products

Deliver defect-free products and services that fulfill the requirements of our markets on time at a competitive price