

with profitability and did not closely interact with the various funders. According to Chris Banks,

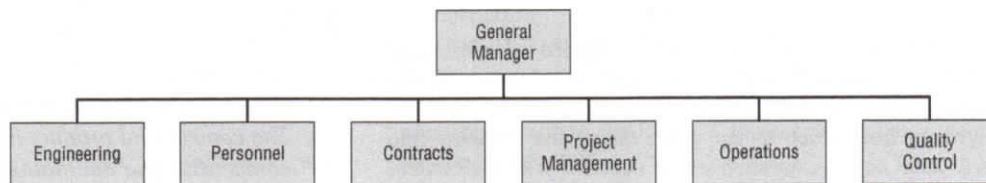
*The program manager's philosophy was to meet the minimum level of performance required by the contract. To attain this, he required only adequate performance. As Acorn began to become more involved with government contracts, the position remained that given a choice between high technology with low reliability, and vice-versa, the company would always select an acquisition with low technology and high reliability. If we remain somewhere in between, future government contracts should be assured.*

At the same time, Acorn established a Chicago office headed by a group executive. The office was mainly for monitoring for government contracts. Concurrently, an office was established in Washington to monitor the trends within the Department of Defense and to further act as a lobbyist for government contracts. A position of director of marketing was established to interact with the program office on contract proposals. Prior to

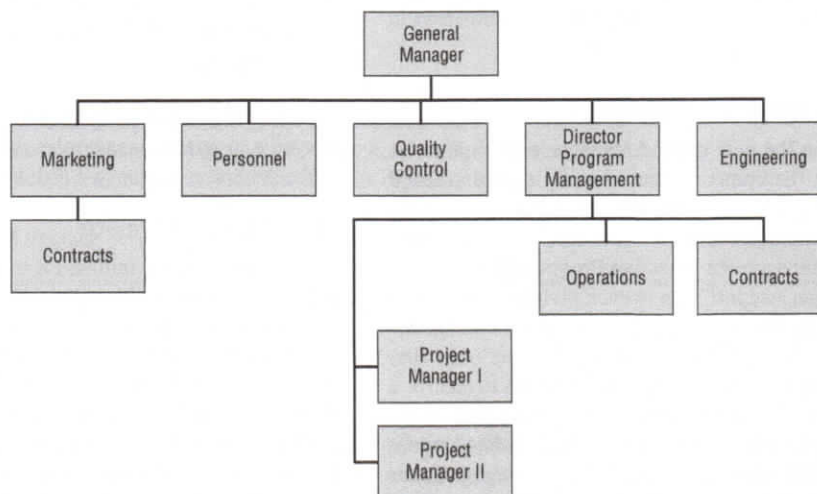
1997, the marketing division had always been responsible for contract proposals. Acorn believed that marketing would always, as in the past, set the tone for the company. However, in 1997, and then again in 1998 (see Exhibits II and III), Acorn underwent further organizational changes. A full-time director of program management was appointed with further subdivisions of project managers responsible for the various government contracts. It was at this time that Acorn realized the necessity of involving the program manager more extensively in contract proposals. One faction within corporate management wanted to keep marketing responsible for contract proposals. Another decided that a combination between the marketing input and the expertise of the program director must be utilized. According to Chris Banks,

*We began to realize that marketing no longer could exclude other factors within the organization when preparing contract proposals. As project management became a reality, we realized that the program manager must be included in all phases of contract proposals.*

Prior to 1996, the marketing department controlled most aspects of contract proposals. With the establishment of the



**EXHIBIT I** 1996 Organizational Structure



**EXHIBIT II** 1997 Organizational Structure

Ma  
Co  
Ong  
Pro  
**EXH**  
prog  
the pr  
Resp  
In 199  
manag  
manag  
1. T  
2. T  
3. T  
U  
manag  
great  
respor  
1. R  
2. P  
3. In  
4. R  
a.  
b.  
5. In  
of  
D  
now fa  
ongoin  
siderab  
losophy  
because  
Now th  
the nee  
in the i  
Ac  
depend  
was be