



“Managing Corporate Ethics through Best Practices in Organizational Behavior Worldwide”

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SEQUENCE
Enabling Power-Aware SoC DesignSM

Overview of Breakout Session

- The sooner companies begin start discussing and enacting processes for managing integrity standards, the better!
- “Leadership with Trust” to promote ethical behavior
- A modern business ethic must be based on a clear understanding of fundamental relationships in organizations (*)
 - Between employer and employee, superior and subordinate
 - Must specify universally applicable rules of behavior for managers and employees of an organization
 - Ethics of prudence and self-development and ethics of interdependence

(*) Ref: Peter Drucker, “What is ‘Business Ethics?’”, The Public Interest, No. 63, Spring 1981, pp 18-36.

Breakout Session Contents (cont')

- ❑ I will be discussing practical ways to manage the “Corporate Culture” within our company’s Centers of Excellence in Santa Clara, Westford, London, Delhi and Tokyo
- ❑ Examples of business ethics issues in India
 - *“Intel fires 250 employees in India” Economic Times, Sep 2005*
 - *Faking bills to claim conveyance allowances, drivers’ salaries, expense reports etc*
 - *Narrow vs broader approach of business ethics*
 - *Limited response to the concerns of local community in which the Company operates vs consideration of social responsibility in all business decisions*



"SMART Sequence" Culture

... Making "Sequence a GREAT place to work FOR and work WITH"

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“SMART Sequence” Culture

- ❑ What is “SMART Sequence” culture?
- ❑ Overall principles
- ❑ Management and employee behavior guidelines

What is “SMART Sequence” Culture?

“SMART Sequence” is a set of simple guiding principles of corporate behavior which we preach and practice in daily lives to make Sequence “A GREAT place to work FOR and work WITH”

- S** **Style**
- M** **Mindset**
- A** **Attitude**
- R** **Reputation**
- T** **Teamwork**

Vic's Comments: I have formulated these principles and guidelines from my previous companies (Avant!, VLSI, CrossCheck, Fairchild and National Semiconductor) and from my mentors. I learned these simple principles over the years from managing engineering, marketing, sales and G&A organizations in U.S., China, Japan, UK, France and India

"S" : Style

- ❑ We have an "open door" style of management and communication
- ❑ We believe in being *"Brutally honest, but not being brutal"* in our daily communication
- ❑ We do NOT believe in "geographical barriers" for decision-making or any hierarchy. All Sequence global locations have same importance
- ❑ We do a "fairness test" when making internal management decisions about people, comp plans, projects and priorities
- ❑ We do NOT tolerate favoritism– all employees have an equal chance to excel in their work and they are measured purely on their performance
 - *"Leadership is an ACTION, not a POSITION"..*

“M” : Mindset

- We encourage and exhibit “start-up spirit” in our actions
 - “Start-up spirit” has NO relationship to the size of the Company, it is a scalable mindset
- We believe in proposing a potential solution when we report a problem to our colleagues or to our management
- We do NOT have “empire building” mindset; If we see one, we break it down
- We escalate issues in a timely manner without being a “cry wolf”--- This is very important to get a timely resolution without wasting Company resources
- We do not go behind our peer’s backs; we confront them and resolve issues– in cases when it is not possible, we gather facts and seek help through our chain of command
- We follow simple guidelines espoused by many great leaders in the world...
 - *Agree and commit*
 - *Disagree and commit*
 - *Disagree and dissociate*

.... *But do NOT agree in front of everyone, disagree in heart and “back-stab!”*

Examples of Iconic Great Leaders

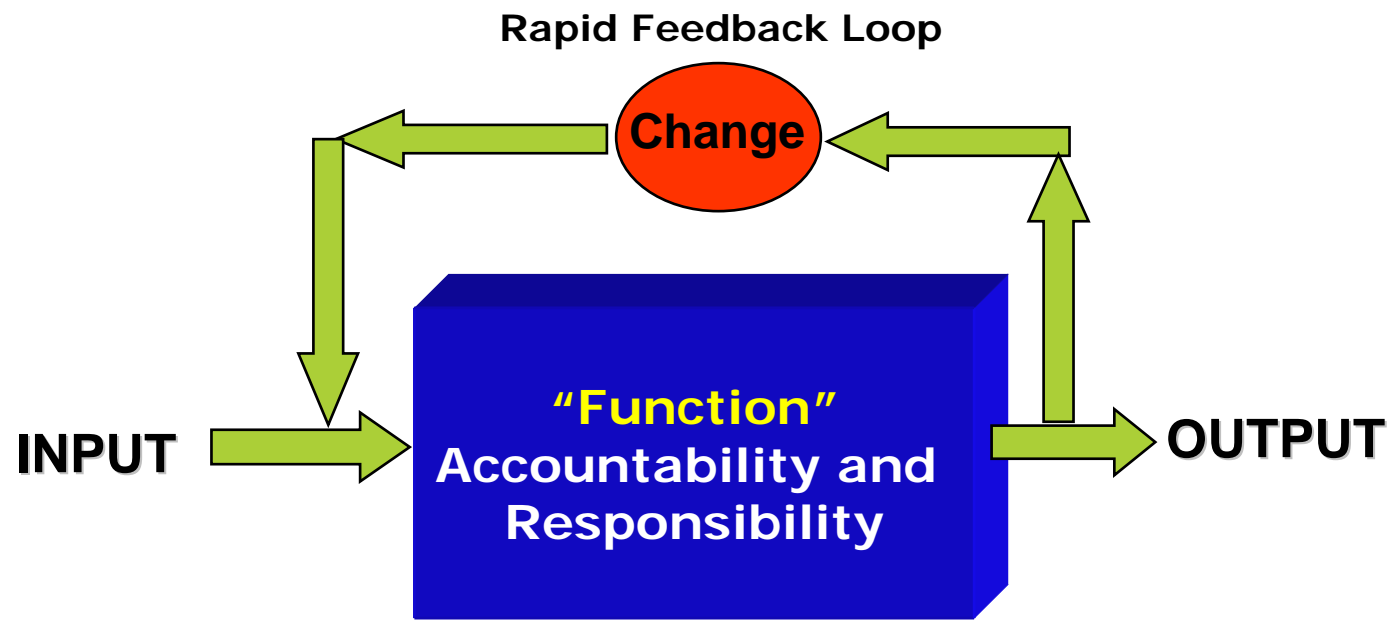
□ Japan

- Morita-san : SONY
- Matsushita-san : MATSUSHITA CORP
- Okuda-San : TOYOTA
- Mitarai-san : Canon

□ India

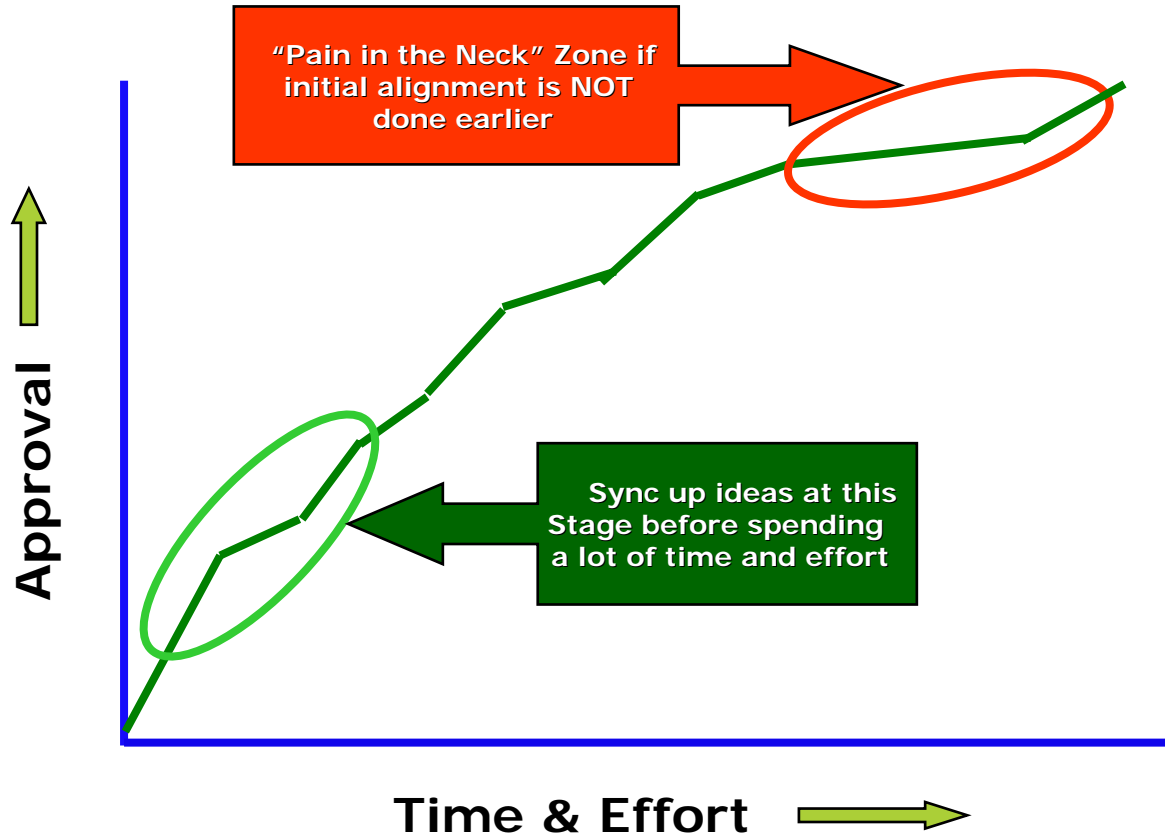
- Ratan Tata : Tata Enterprise
- Anand Mahendra : Mahendra & Mahendra
- Narayan Murthy : Infosys
- Aziz Premji : Wipro

Model for Effective Feedback & Corrective Action



*If Output is NOT satisfactory....
Provide timely feedback,
Change Input,
Obtain desirable results!*

Consensus Building with Team or Management



An important approach for alignment with your peers and management!

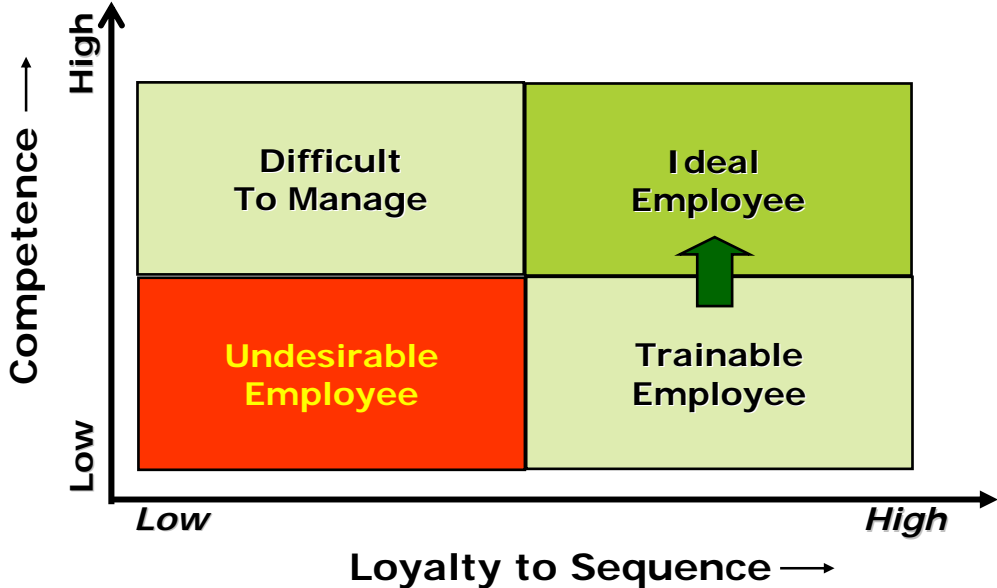
“A”: Attitude

- We do NOT tolerate politics in our workforce
- We have a “winning” attitude in our daily behavior
- When we engage with customer evaluations, we engage to WIN
- We do NOT make casual commitments to each other or to third parties or to our customers...
 - *However, when we make a commitment we do the best that we can to meet or exceed our commitments*
- We are always humble in front of our customers
- We reward people with “STAR” recognition awards on a quarterly basis in the areas of
 - *Start-up spirit*
 - *Customer satisfaction*
 - *Teamwork*
 - *Outstanding achievement*

Local Applicability

- Relationships are very important in India and in Japan
 - Build after-hours relationships
 - Feel socially comfortable first, build trust and then do business
 - Don't be "harsh" in your approach
 - Never call a customer by first name (changing slowly)
 - Never insult a customer → he is always RIGHT!

“A” Attitude– Loyalty vs Competence Matrix



Toughest management decision:
Letting the employee in the top left quadrant go
(India/ US: 60-90 days; Japan ~9 mo -1 year!)

“R”: Reputation

- We strive to create high reputation with our customers by
 - Listening to them and providing them unique and innovative products and support to solve their tough problems
 - Setting right expectations and then meeting or beating them
- We believe in strong alignment of “Strategy” and “Tactics”
 - **Strategy = “Doing the *right* thing”**
 - **Tactics = “Doing things right”**

.... for Customers, Employees and Stakeholders
- We do NOT believe in making inflated claims which are false
- We do NOT want you to bring in any IP from anywhere else in our Company, nor do we want you to take our IP anywhere else!
- We do NOT “shoot the messenger” when someone delivers the “bad news” --- but rather we immediately take a corrective action!
- We follow the “best hiring practices”
 - No geographical, racial, or religious barriers

Local Applicability

- **Hiring practices vary from U.S. to Japan to India**
 - ***Nep.o.tism:***
 - *Favoritism shown to a relative, especially in appointment to a desirable position*
 - In non high-tech world, it is still quite common to hire people from their families—rationale being built-in “trust”
 - Sanyo: Company promoted people from “Izutsu Family”
 - India: Most of the modern leaders do NOT encourage hiring from families any longer
 - U.S.-- Hiring people from your school (Harvard, Stanford, MIT...) – *A different kind of “favoritism”*
- **Corruption at low levels is non-existent in US and Japan, but exists at very high levels**
- **In India, the country is still going through social changes, however one finds corruption at all levels in “non-high tech” world**
 - Currently a check-and-balance system like “60-minute style” investigative reporting, in-depth financial analysis of public companies and their practices through world-class financial institutions, open forum interviews on NDTV, CNN-India, Star-TV etc

“T”: Teamwork

- ❑ We believe that strong teamwork between our global workforce leads to Company’s success
- ❑ We offer help to our colleagues when we have available bandwidth independent of group, location, territory plans or time zones
- ❑ We treat our external partners such as distributors and consultants as extension of the workforce and treat them with respect that we would give to our internal colleagues
- ❑ We team up with customer/partners to guide us in product and technology validation and future directions

Be a SMART Sequencer!!