



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

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# 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”*

<b>S</b>	<b>Style</b>
<b>M</b>	<b>Mindset</b>
<b>A</b>	<b>Attitude</b>
<b>R</b>	<b>Reputation</b>
<b>T</b>	<b>Teamwork</b>

*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

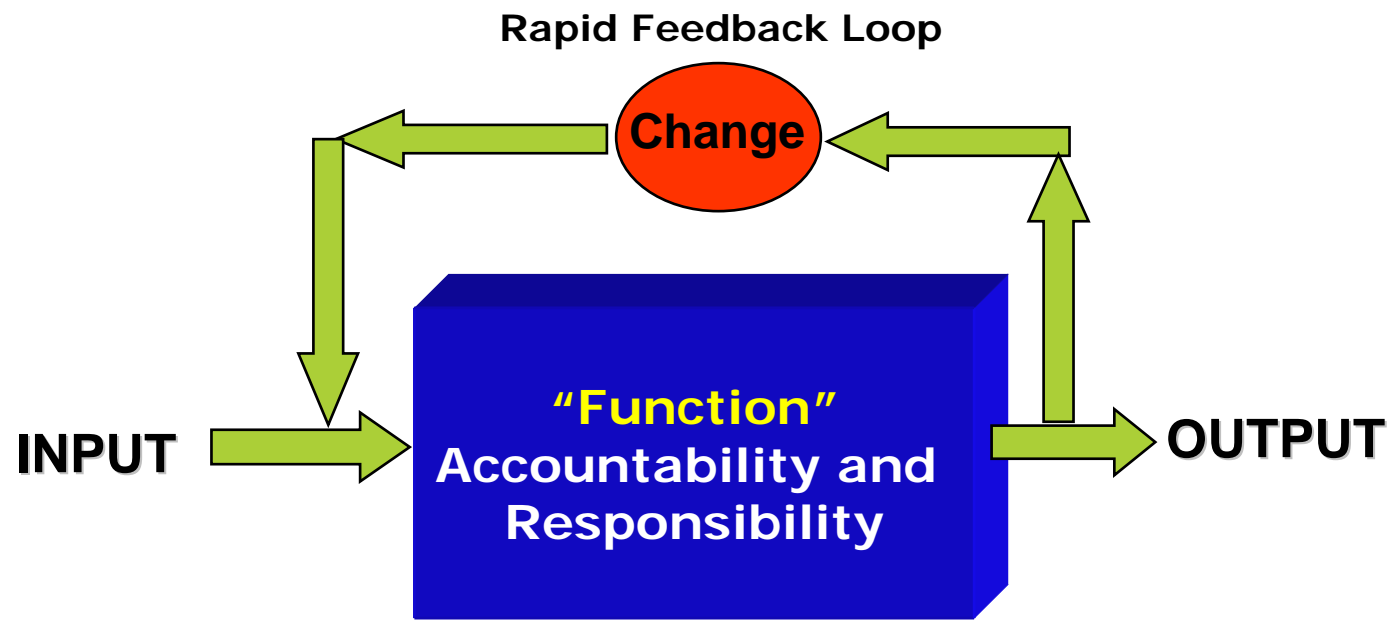
## □ Japan

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

## □ India

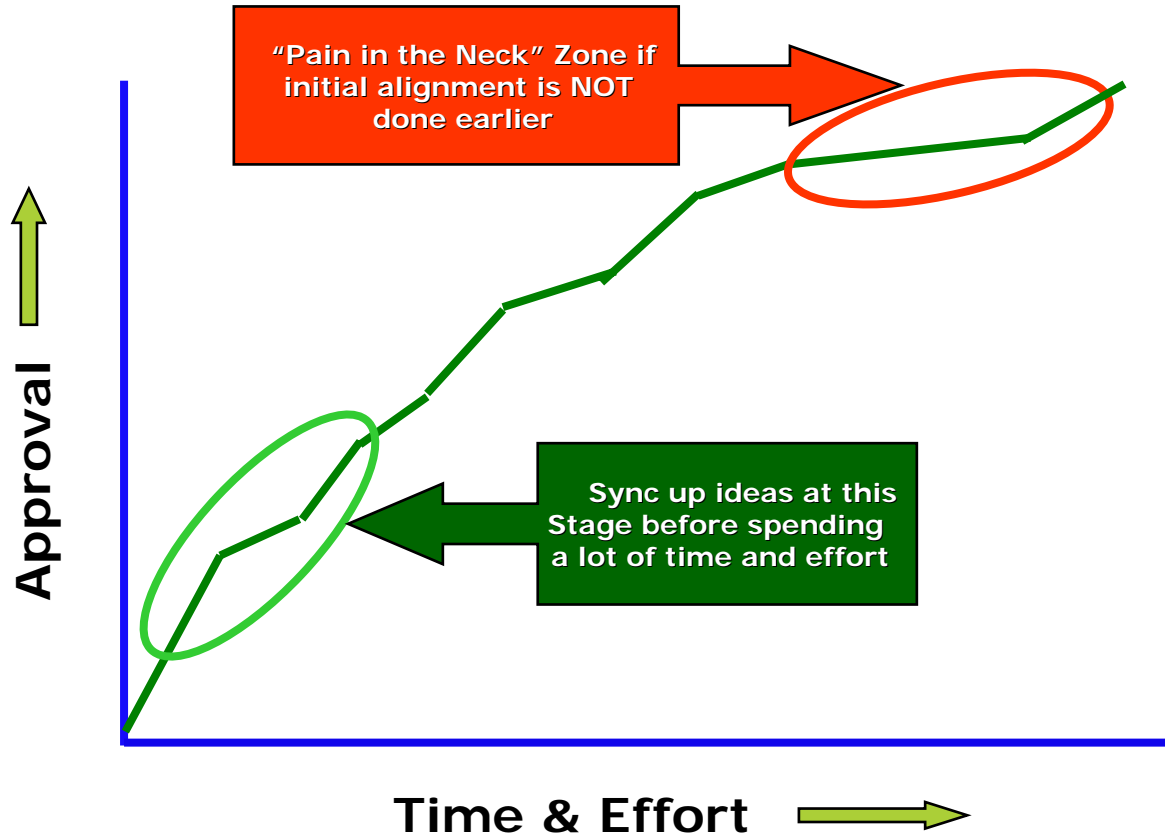
- Ratan Tata : Tata Enterprise
- Anand Mahendra : Mahendra & Mahendra
- Narayan Murthy : Infosys
- Aziz Premji : Wipro

# 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!***

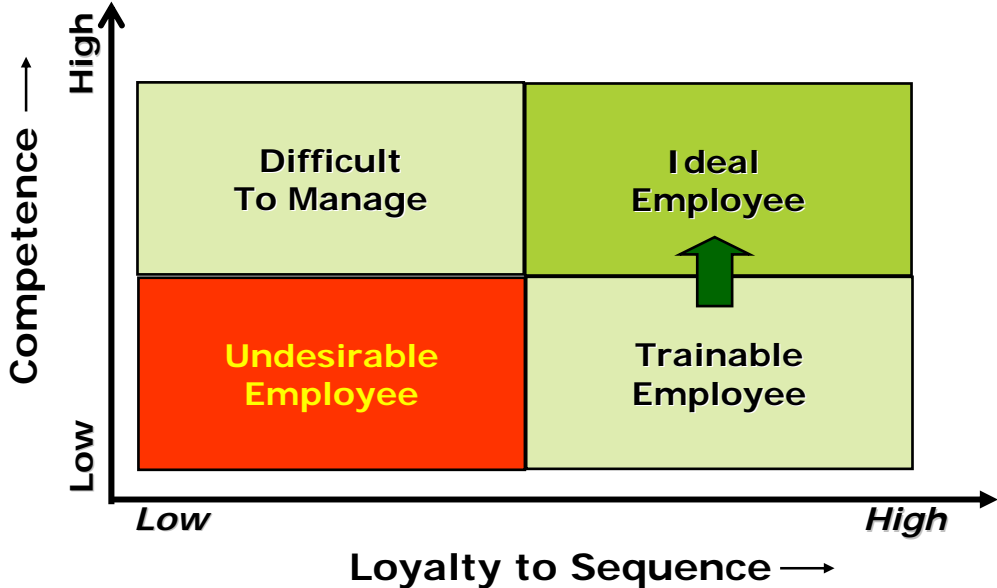
## “A”: Attitude

- 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!!