Creating An "Architecture" For Success In Managing And Balancing The Needs Of The Corporation And Its Employees.

Nicole F. Barde
Intel Corporation

BACKGROUND

In 1968, when the Beatles were singing about revolution, Gordon Moore and Robert Noyce were starting one of their own – a technology revolution that would forever change the computer industry and the world. The new company – called Intel Corporation (which stood for "integrated electronics") – focused on the design and production of large-scale integrated (LSI) memory. Gordon and Bob were soon joined by Andy Grove, who would go on to become Intel's President and CEO. Intel began in a single room office in Mountain View, CA with a staff of 12 people. First year revenues were $2,672.

The company's focus was on making semiconductor memory practical. At the time magnetic core memory was 100 times cheaper than semiconductor memory, but that didn't last long. Talented people flocked to Intel – drawn by the founders' reputations (Bob was the co-inventor of the integrated circuit and Gordon ran the R&D team that produced them commercially) and the shirtsleeves, achievement-oriented atmosphere that valued hard work and good ideas.

A key part of the vision that the founders had for Intel were some very specific values and operating philosophies which became Intel's culture. The egalitarian, open culture that characterizes Intel was built into the company from the beginning. Noyce talked about wanting to get away from the "East Coast, old-fashioned, hierarchical business structure" that he had known at Fairchild. In a 1988 interview he said: "I never wanted to be part of a company like that. When we started Intel, I saw it as a community of common interests. It was much more a cooperative venture than an authoritarian structure – a community rather than an army. People came here because of their abilities and we knew we would prosper or fail together... People get respect or get ahead because of their abilities, not their positions. You can always tell the boss he (or she!) is wrong."

From the beginning, Intel's future depended on its ability to innovate – and we looked to our employees to bring their different approaches and ideas to the table to fuel the process of change and creativity that was necessary to drive the company forward. Race, gender, age, disability, country of origin didn't matter; what mattered was the idea, the commitment to keeping Intel on the cutting edge of technology, the drive to do it better. This was an engineering culture, remember. So what mattered at Intel was discipline, speaking with data and solving problems. This could not be a "check your brain at the door" kind of authoritarian culture if

innovation was to flourish. So Intel sought to tap the talent of all of its employees by creating an environment where the creative process of disagreements, differing views, challenging the status quo, and learning through failures and success were part of the culture. At the same time, Intel was growing its business around the world...and that meant looking for top talent wherever we could find it. In quick succession, facilities were opened in Switzerland and Brussels (1969), Japan (1970), France and Denmark (1971), Germany (1972), Malaysia (1973), Israel and the Philippines (1974)...and the list goes on.

This growth was a key part of our efforts to bring the "best and the brightest" from around the world into Intel. One of Intel's earliest and most significant technical breakthroughs (and a significant revenue producer for the small company) was the EPROM (Electrically Programmable Read Only Memory) -- developed by an Israeli, Dov Frohmann, with a global team comprised of employees from Intel facilities around the world, all with diverse views and approaches but focused on the same business goal: success . Today all of our major innovations are still developed by diverse teams of employees from the four corners of the world. Because the global team is so important to Intel, and because we wanted to understand what the elements of a successful team were, we did a study a several years ago on how those teams function best. We wanted to ensure the success of future teams by providing tools and training on how to set up successful teams.

We went to the members of these teams and asked them to tell us what had made them successful. What we learned is that for those teams to be successful they had to:

- Be well integrated and balanced with respect to each member's particular expertise and that they needed a process to successfully accommodate all views while driving to a mutually supported decision
- Use their <u>differences as a strength</u> - which naturally meant acknowledging those differences
- Use the inevitable conflict that arises in all teams as a <u>positive</u>
- Respect each other
- Have clear and explicit communication, planning, and meeting processes to keep on track

From the beginning our culture was based on what we still call "constructive confrontation." This means that the old "command and control" notion of following orders is anathema. Employees are expected to speak up and to confront issues. One of the worst cultural mistakes at Intel is to hide problems or to shirk responsibility. To make good decisions, all views need to be heard and considered, all data needs to be on the table, all opinions need to be considered. Far from being a negative, disagreement is positively valued at Intel. It's how things moved ahead.

In the early stages of a company it is easy for all members to pitch in and do whatever work needs doing to get those first few successes that establish the company. As the company grows, it changes, as it should, and sometimes loses the early drive and commitment that served to unite everyone in a common purpose. As Intel grew, its leaders understood that the key to its

success was staying true to Intel's culture and values, as we grew, the key elements of our culture were built into our management and business processes – the "architecture" of the organization. If our values were to be real – not just pious wishes on a mission statement – then we needed to make them part of the way we did business every day, and that meant holding employees and management accountable for how they lived those values. So what we call "Performance to Values" became a cultural norm --- a way we measure our performance at all levels of the Corporation. That "architecture" is how we do business internally and externally. More importantly, it is how we hold ourselves accountable as a company and as individual employees for performing to Intel's values. Intel's values are posted in every conference room in the company; they are in employee cubicles and badges. We are evaluated annually on how we do against those values: The Six Intel values are: Discipline, Results Orientation, Risk Taking, Great Place to Work, Customer Orientation, and Quality.

THE NEED FOR DIVERSITY

Diversity (small d) for Intel means success because diversity of views and innovation are linked. We sell our products into a global and highly diverse market and in order to succeed we need to approach these markets differently. We also need to continually renew our approaches, strategies and directions to keep ahead of our competition. Our employees' diverse experiences add to the quality of our decisions, products and processes. Our goal as a Corporation is to "do a great job for our customers, employees and shareholders." Our goal as an employer is focused on making Intel a Workplace of Choice for current and future employees that cross a broad spectrum of cultures. To that end our values and the operating architecture we have in place challenges all members of our workforce to:

- Treat each other with respect and trust
- Be open and direct on our communications and dealings
- Work collaboratively on teams and do whatever it takes to get the job done with uncompromising integrity and professionalism
- Set high and challenging goals
- Support risk taking
- Assume responsibility for driving results
- Confront and solve problems, and strive to execute flawlessly
- Continuously learn and take pride in our work

WHAT WE'VE DONE

Our intent as a key part of our culture has been, and still is, to ensure that all Intel employees have an equal opportunity to succeed by being challenged in their work, providing an open environment, ensuring fair treatment, rewarding and promoting based on merit and providing all employees access to a variety of developmental and growth options (education, training, job rotation, etc.).

Consistent with other major corporations and consistent with what the U.S. law requires, Intel has an Affirmative Action plan for each of its U.S. locations. In addition to compliance with the law, Intel supports the INTENT of Affirmative Action to provide for equal opportunity, and

for fair treatment for all of its employees globally because we already hold these tenets in high value as part of our culture as the right thing to do.

Our external efforts in the arena of Affirmative Action are aimed at (but not limited to) a vigorous K-12 program in the math and sciences areas, community development activities, College and University programs aimed at supporting technical minority and technical women's scholarship programs, curriculum and equipment support to various colleges and universities and a very strong Recent College Graduate hiring program. Our support and contribution activities are guided by the following objectives:

- To advance education in math, science and engineering
- To promote the entrance of women and underrepresented minorities into careers in science and engineering
- To promote public understanding of technology and its impact on contemporary life
- To improve the quality of life in communities where Intel has a major facility

Our internal efforts are aimed at heavy investment in employee training and development, a strong meritocracy culture, a proactive redeployment process, ensuring a strong "open door" issue resolution process, support of employee groups for networking and mutual support and providing challenging work opportunities. In addition to various "Diversity" training activities (Non-Harassment, Respect and Trust in the Workplace, Managing Diversity Valuing Differences) we have also had very strong training and development efforts corporate wide aimed at understanding different cultures, how to do business in other cultures, how to successfully integrate cultural differences into the work environment, how to deal with differences in peoples' "styles", how to start up a work team and leverage the differences of its members for increased productivity and how to start up a site in a new geography/culture successfully. We have a vigorous program of Inpatriates and Expatriates as a way to develop business expertise, skills and cultural awareness.

Our internal support activities are driven by the understanding that we need to continually invest in our employees in order for the business to stay ahead of the competition. Additionally we need to remove "barriers" in the environment to our ability to retain our employees. At Intel keeping pace with the rate of change is a critical priority along with flawless execution and providing innovative technology and product. To have environmental barriers such as discrimination, harassment, or exclusionary practices for ANY reason impairs our ability to do business.

We do not limit the external and internal support mentioned above to our U.S. locations. The efforts listed above occur at all Intel locations worldwide. We hold all of our employees accountable for treating each other with respect and trust, performing to Intel's values and for adhering to our Corporate Business Principles which include non-discrimination, non-harassment, and demonstration of ethical behavior. Our employees expect that Intel treats them fairly, compensates them fairly, provides a safe workplace, acts ethically and provides challenge and opportunities. So when we are asked the question "would you still comply with the INTENT of Affirmative Action if it were not the law?" we are somewhat stunned by the question because

our values are so strongly stated along similar lines AND we apply them globally, not just in the U.S.

Although the U.S. Affirmative Action law and compliance is primarily focused on race, gender, age and disability, we support a broader effort internally that is aimed at ensuring fair and equitable treatment, non-harassing or non-hostile work environment and equal opportunity for ALL of our employees regardless of visible or non-visible differences. This forms the underlying tenet of our multi-cultural focus for all employees.

In addition to the focused programs listed above, Intel has invested in a structure that provides feedback on our various systems: issue resolution, performance management, promotions, hiring, recognition, employee training and development, etc. Programs alone do not make the difference. How the system and the environment work together is the key. The operational architecture we have in place measures and monitors our management and people systems to ensure that we are held accountable for performing to our values. To us, THIS is the differentiator between words and actions in how we demonstrate our commitment to our employees. Developing special programs is an easy thing to do, keeping them alive outside the mainstream processes is also easy. What is very difficult is to integrate our "intentions" into the way we do our business and then hold everyone accountable.

OUR MULTI-CULTURAL FOCUS

We do not have a "Diversity" Department, a "Diversity" manager or a "Diversity" strategy as separate entities for the Corporation as such. We have integrated those key elements into the existing operational structure globally. We have a global Multicultural strategy aimed at Assessment (of our systems and environment), Development (of our programs) and Sustaining and Improving (of systems and programs). Elements of the Corporate Multicultural strategy are also part of the Operation's Human Resources Roadmaps, i.e., the business managers own implementation based on their specific business. Our overall Multicultural position/direction states that our approach:

- Is global in scope, inclusive of all Intel employees
- Is focused on inclusion and all differences visible and invisible..diversity of personal "culture" (background, experience, opinion, ideas, approach) as well as race or gender or nationality
- Assumes that everyone has a positive impact on Intel's overall success due to these various differences (creative mix)
- Assumes that our values and culture as stated and intended support and encourage the full inclusion, utilization and participation of the diverse talent we have
- Assumes the need for continuous improvement of the systems and management practices at work in a globally diverse business environment and workforce.

WHAT'S BEEN DIFFICULT

The need to be very clear on what the company actually means when it says it is committed to "diversity" is extremely important. There are and will continue to be expectations held by employees, shareholders and the communities where we are located that the Corporation cannot or simply chooses not to meet.

We can not meet the expectation that we change people's attitudes or beliefs around Diversity issues (gay/lesbian, gender-based, race, nationality), but we can hold people accountable for their behaviors toward others in the workplace. We cannot "make it stop forever" (discrimination, bias), but we can set clear policies on what is or is not acceptable behavior and address issues immediately; we can audit our systems to ensure that the SYSTEM isn't creating the issue; we can educate our employees on these issues. We cannot "contribute and support" to all worthy causes, we can choose where we invest our time, donations and support and determine what will mutually benefit the community and Intel. We cannot create "special programs" for all the various constituencies or issues relating to Diversity, we can focus key programs on high impact areas and we can integrate the accountability for managing and working in a diverse environment into our existing systems rather than making it a stand alone effort.

Our Multicultural direction encompasses our activities and programs that are U.S. Affirmative Action based, but also sets the broader and more difficult expectation to approach the health of the environment and how we treat our people systemically. In order for the Corporation to succeed, it needs its employees to meet the business' expectations. Employees, in turn, have expectations that must be met by the corporation; respect and trust, fair treatment, investment in development, and a non-hostile work environment. In addition to our investment in the various development and outreach programs globally, we have to invest in the system that supports the work environment. Otherwise, there is little lasting change.

Understanding, addressing and managing all the various expectations around this "topic" have been difficult. The line between what's needed/wanted and what's doable needs to continually be evaluated. What has worked for Intel in this arena is the focus we have on performance to values, and in driving technology innovations. The area where these two lines cross is always the "right" direction to take...its not always "easy".