

## “ IT IS NOT ABOUT TRANSISTORS”

Steve Sharp  
TRIQUINT, USA  
2300 N.E. Brookwood Parkway, Hillsboro, Oregon 97124, USA  
e-mail: ssharp@tqs.com

I have had a wonderful opportunity to be a part of the semiconductor industry for the last 37 years. During this time, we have seen a great many marvelous inventions and product developments in the semiconductor business, we have seen the creation of a tremendous number of electronic systems that have benefited everyone on earth. We have seen the creation of more jobs than any other industry can claim in this time frame, and of course we have also seen the creation of tremendous wealth on the part of the investors in these enterprises.

After realizing that the GaAs industry and TriQuint in particular was probably going to survive more than a few more months. (This took some degree of time and effort), we began to examine the reason for existence as a company and ask a few fundamental questions. What is it that TriQuint is really all about? What is TriQuint going to do for society? What will be our legacy? And what actions should we take to develop and protect that legacy?

Our first thought was to look at the wonderful products that were enabled by our superior GaAs technology. High performance Internet, cell phones and satellite communications contain TriQuint GaAs circuits. These systems have improved the world's standard of living and truly enriched the lives of millions on earth. Then we realized that if TriQuint had not provided these products surely someone else would have; maybe not as high performance as with TriQuint parts, maybe not as inexpensively as with TriQuint parts, but the products would have happened without TriQuint.

We looked at our employees and investigated how much money we paid in wages and tried to gauge the benefits they and their families derived from their employment. This at first looks like a tremendous benefit to society. Of course we soon recognized that if TriQuint were not to employ these people, there were certainly plenty of other people in the neighborhood that would be very happy to have these smart, hard working people in their company.

Similarly, we knew it was not just about how high the stock price was on a given day, the investors had many other alternatives to invest in besides TriQuint. We eventually came up with the idea that somehow what TriQuint was about was creating Value. I will define Value as ..... The amount of money a customer is willing to pay you for your product above what it cost you to produce. Here was our logic.

If a company can create products and sell them to a customer, that customer must believe that they are receiving more economic value than they are paying you; and your product provides them more value than your competitor as well. You are paying fair wages to employees (and hopefully sharing the profits), you are paying your suppliers well and your investors are also benefiting. For that moment in time, you

have created Value added. You have made a profit. The whole is greater than the sum of the parts (the labor material and other costs). Not only does this have a short-term real value, but the ability to make a profit also has the implication of long term value. Because it is embedded in the tooling the company owns as well as in the minds of the people that it employees, this is an intangible, intellectual value. We might call this intellectual property, not in the exact same sense as controllable patents but in the sense that it is a measure of how good we are at adding Value. This has very high value, just ask any investor why some companies have so much more market cap compared to others. Yes, intellectual property or Value is embedded in a company's product, but the only way to measure it is whether or not it is making a profit. This must sound like crude capitalism, but to me it now appears as an undeniable truth.

After realizing this, We started to examine how within TriQuint to create Value. The first step was to have the company understand the external and internal factors critical to success. We call this a SWOT analysis. This stands for Strengths, Weaknesses, Opportunities, and Threats. Opportunities and Threats are external to the company, Strengths and Weaknesses are internal to the company. This step is to understand the value chain so as to create products that have high system and value of ownership for your customers. This requires understanding your customers and your markets...what is important to the design engineer of your customer and how big is the opportunity for your customers. This is measured in dollars per application and absolute dollars per opportunity. The next step is to understand your strengths and weaknesses. This includes the technology (here it is about transistors and a lot of other things). But fundamentally it is not about understanding the transistor, IT IS ABOUT UNDERSTANDING THE VALUE CHAIN

The next is to design the mechanisms to create value. You need a business model, a leadership team, and a critical resource allocation. This needs to be centered around a Value Chain, IT IS ABOUT FOCUSING ON AN OPPORTUNITY

The next challenge is to mobilize your team. A Company must make sure they understand the SWOT; Empower the Employees, Agree on Goals; Communicate, communicate, Communicate; Measure; Reward; IT IS ABOUT PEOPLE

Next you discover that you have more responsibilities. You must manage the change; make mechanisms that track and reward performance and facilitate growth; reinforce values; set high expectations; be an architect of the corporation. IT IS ABOUT LEADERSHIP

And finally, we have found one more fundamental requirement. You must love what you do; Everyone must do their best... physical, mental, emotional. Work is challenging, do what you like, like what you do. Mentor others; Reinforce others to be proactive; challenge yourself to higher levels; Hire the best brains; learn every way you can and expect others to as well. IT IS ABOUT CREATIVITY. THE COLLECTIVE CREATIVE INTELLIGENCE OF THE ORGANIZATION AND ITS USE IS THE INTELLECTUAL POWER THAT DIFFERENTIATES ONE COMPANY FROM ANOTHER AND IS WHAT IS CREATED BY A COMPANY AND WILL ENDURE.