

Nortel Leadership Panel Discussion
Nortel Campus, Richardson, Texas
March 4th, 2003

By

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I am truly honored to have this opportunity to come to UTD's close neighbor, Nortel Networks, to meet and network with its leadership. I was told that the title of this panel discussion is "how to turn around the business", a subject clearly of fundamental importance for many industries here in the Telecom Corridor®, especially this day and age, and especially for the telecom industry in general, which has experienced a severe downturn in the past 24 months.

In a recent meeting with several industry leaders in the region, I was given the faint indication that maybe, just maybe, the bottom has been reached, and the telecom business is working its way up the economic ladder. With this as background, I believe this panel discussion is particularly timely.

I was given the following three bullets as a guide to what I should address:

- Are all corporate turnarounds the same (technology, financial, etc)? And if not, what are the most common types of corporate turnarounds?
- How can companies better manage for turnarounds, to ensure more proactive measures as opposed to reactive responses?
- What are the most common catalysts for companies that are in need of turnaround?

The Vice President candidate for Ross Perot, the former Navy Vice Admiral James Stockdale, made the following time honored statement in a debate in 1992 with his counterparts: “who am I and what am I doing here?” This is an occasion which I know how he felt. Indeed, I am not a telecom engineer, I have never worked in a telecom company, and my knowledge of telecommunication is strictly at the user end. I know I can tell you “who I am” but after what I have to say, you can decide whether I should be here. I will try to address the above bullets by giving you some of my personal views, extracted from my professional experience, about corporate turnarounds.

It is important to let you know from the outset that I have never started a company, and have never written any business plans in my life. I have an unconventional professional life, and maybe it is the high degree of unconventionalism that has led me to be here today. For sure, and hopefully, I do possess some common sense to guide me through my professional life, and to say something which you will not regard it as a waste of your time!

A mentor once informed me: “every job one has is job-training for the next job.” I think I am exemplary in this motto!

Until fairly recently (six years ago), I was a pure academic, a “cocoon” professor, for the first 19 years of my career. My life revolved around my next publication, research in nuclear structure physics and quantum chaos, and later nuclear astrophysics (none of these subjects one can IPO any day soon), my next NSF grant, my next Ph.D. student (and not necessarily in that order), and so on. It was a good and tranquil life.

However, in 1995, my career made a 180 degree turn: I first became interested in, and later involved with the promotion and propagation of regional information technology, a project called HUBS (Hospitals, Universities, Businesses and Schools). If I had any foresight at all, I would have called the project Businesses, Universities, Schools and Hospitals, or BUSH!!

The underlining political reality of this project was a vision to bind four states (Maryland, New Jersey, Delaware and Pennsylvania) congressional leaders, led by Congressman Curt Weldon (now Vice Chair of the House Armed Services Committee), since these States were losing political power in Washington DC due to the shift in the United States population. In fact, I recall that Weldon was very concerned about the rise in political strengths of Texas due to its population explosion! And I believe that his concern has proven to be valid!

After two years of effort in HUBS, my life made the enormous transition from academic to Vice President for Science Applications International Corporation (or SAIC). Nowadays I always tell people that do not be too impressed with my Vice Presidency in SAIC. After all, there are more than 400 VP's in SAIC!

SAIC is an absolutely “bottom-line” driven (some would even say a brutal bottom-line driven) and highly successful employee-owned company. It has 168 offices worldwide (the last count that I know of), 42,000 employees, and nearly \$6 billion of annual revenue. It also now has a telecom component

called Telcordia, what used to be called Bellcore. In SAIC, I was immediately and totally submerged in the corporate world, where “P&L” (and hopefully more “P” than “L”), “ROI’s,” “IPO’s,” “corporate mergers and acquisitions,” “products market,” and “venture fundings” are the norm. Within SAIC, with such a large company, I have seen the transformation of some of its verticals. I have seen how SAIC dealt with slow revenue, sometimes successfully, sometimes not. I have seen decisiveness, and I have seen procrastination. The former is always linked with success, and the latter less so, and even often linked with failure.

For me, by working closely with the four states congressional members, their staff members, and connections to a multitude of corporate and academic leaderships, it was the “best of times.” I found myself growing and learning rapidly in ways that I never envisioned or expected to, nor could I, in my cocoon state.

After three years in SAIC, with more than the normal professional experiences under my belt, from academic to government to corporate, I felt that I had some of the ingredients to work in an academic settings to promote research, and through promoting research, promote economic development of a region. If anything I have acquired in the past seven years, it is that I am now a firm believer that a research university should and must be an “economic engine” for the region, for the nation and for the world (or maybe it is in reverse order)!

What can I summarize from my professional experiences for the audience today? Let me give you the following bullets. I hope that I can stimulate your thinking about them.

Vision without funding is hallucination. Funding without vision is chaos. In business, as in all human activities, these two mottos are fundamental. As all senior managers, I am a firm believer of sound financial policy and practice. I am also a firm believer of vision. Therefore, a

leadership team must consist of both types of individuals. For example, can you imagine a company turnaround (or better still, reinvention) without a visionary CEO, who knows how to select and attract truly outstanding people around him/her, and has the propensity towards sound finance and a careful CFO with a propensity towards great vision? I am confident that all successful corporations and universities, at any stage of operation, and especially at the turnaround stage, to have such an unbeatable combination. Without it, disaster could be in the making.

Humility is sacred. I have once heard the statement by an athlete that “it’s hard to be humble when you are as good as I am.” This is a dangerous statement for an athlete or for a corporation for that matter. The reason is simple. “Good” for an athlete or for a corporation is measured in time. An athlete can be “good” or even “great” only for a period which is short compare to his/her entire professional life. Even for someone as great as Michael Jordan, it is 15 years. If we assume that he will have 40 years of professional career, this is slightly more than one-third of that. So, if he did not prepare for his post-basketball life, he would have a miserable life, as I am sure many basketball stars who are not as intelligent as Jordan, are having or will have. The same thing is true with corporations and research universities. We have seen in the past decade the rise and fall of the Roman Empire, where the Roman Empire is the dot.com world. I have seen companies that rose from nothing to a billion dollar market cap in less than a year and collapse just as fast. When it was at their heights, I have seen supreme arrogance. And at their collapse state, total despair. What does humility bring you? First, it allows you to have always a clear mind, a mind which will allow you to think strategically, short and long term. After all, humility will enable your ears to be close to ground level, thus providing you with a large amount of information for your strategic thinking. Second, humility can maintain a bond with your clients, now and potential ones. Without that bond, there is no business.

A supreme business ethic is sacred. As a firm believer of capitalism, I am also a firm believer of business ethics. This is true, past, present and future. If one is unethical in business, it will come back to destroy you. There is an old Chinese saying, “fire cannot be wrapped by paper”. Actually you can, if you remove all the oxygen. Of course, the result of not having oxygen is

just as devastating: it kills you. There were examples in the past, there are examples at present and I am sure there will be examples in the future where you will find the destruction of organizations without business ethnics.

Place high value on brains. Our new faculty member at UTD, the 2000 Nobel laureate in chemistry and James Von Ehr Distinguished Chair in Science and Technology, Alan MacDiarmid, said that “science is people”. I think what he really meant (sorry Alan for reinterpreting your famous quotation) is that the best science is done by the best people. Since humans are thinking beings, and thinking, which include creativity and innovations, is linked to the way the brain functions, I am forced to paraphrase Alan, it will be “science is brains!” I do not think that it is rocket science that for any human organizations, the best brains will do the best job. The best job for a corporation means maintaining leadership, means moving faster than competition, and means anticipating of the market and technology landscape, and yes, making money!

Research universities are stealth marketers. All corporations have marketing departments and strong corporations are always coupled with strong marketing departments. In this direction, I like to make a proposal which will link research universities with industries. The only aim of a corporation is to make money. Period. The product (or products) it produces is a means to make money. To sell the product needs marketers. The aim of a research university is far less well defined. It aims to educate the next generation intellectuals (in whatever field the student may eventually end up with). It aims to push the knowledge envelope. And, yes, it aims to be an economic engine. What it does not aim to do, at least not outwardly, is make money. This is why I believe that research universities are the very best stealth marketers for corporations. A year ago, when I was walking the halls of one of China’s best technological universities, the Shanghai Jiao Tong University (SJTU), I saw a great model for corporation – university collaboration. I saw a center by Rockwell International on automation, a Microsoft laboratory for software development. I just learned that there is also a TI center for DSP research and development. I think there is also a Motorola laboratory. Maybe Nortel has a lab there too? I was deeply impressed with how the administrators of both the universities and industries (mixed in with a lot of lawyers, I am sure) ironed out the

intellectual property issues. However, what is truly remarkable is that SJTU can now serve as the training ground and the information distribution center for these companies. Why is this such a successful model? Well, it is because there are incredibly smart students and faculty in the university, that among many things they can do, can innovate and give products the best shakedown. They can initiate and when it is absolutely necessary, force, changes. Their job is to think out of the box. This is just the tip of the iceberg of the interactions between universities and industries. It is this that drove me to become a firm believer that research universities are, or can be, the best stealth marketers for a technological company.

There are many other areas which I can talk about. For example one needs to know your market, past, present, and most important, the future. The future part is especially important because no company (or any entities, such as a research university) can be successful by not being “proactive”.

However, I think I have said enough already, so I will stop here. Perhaps some of these and other topics will arise during the discussion phase of this panel discussion.

Again, thank you so much for the opportunity.