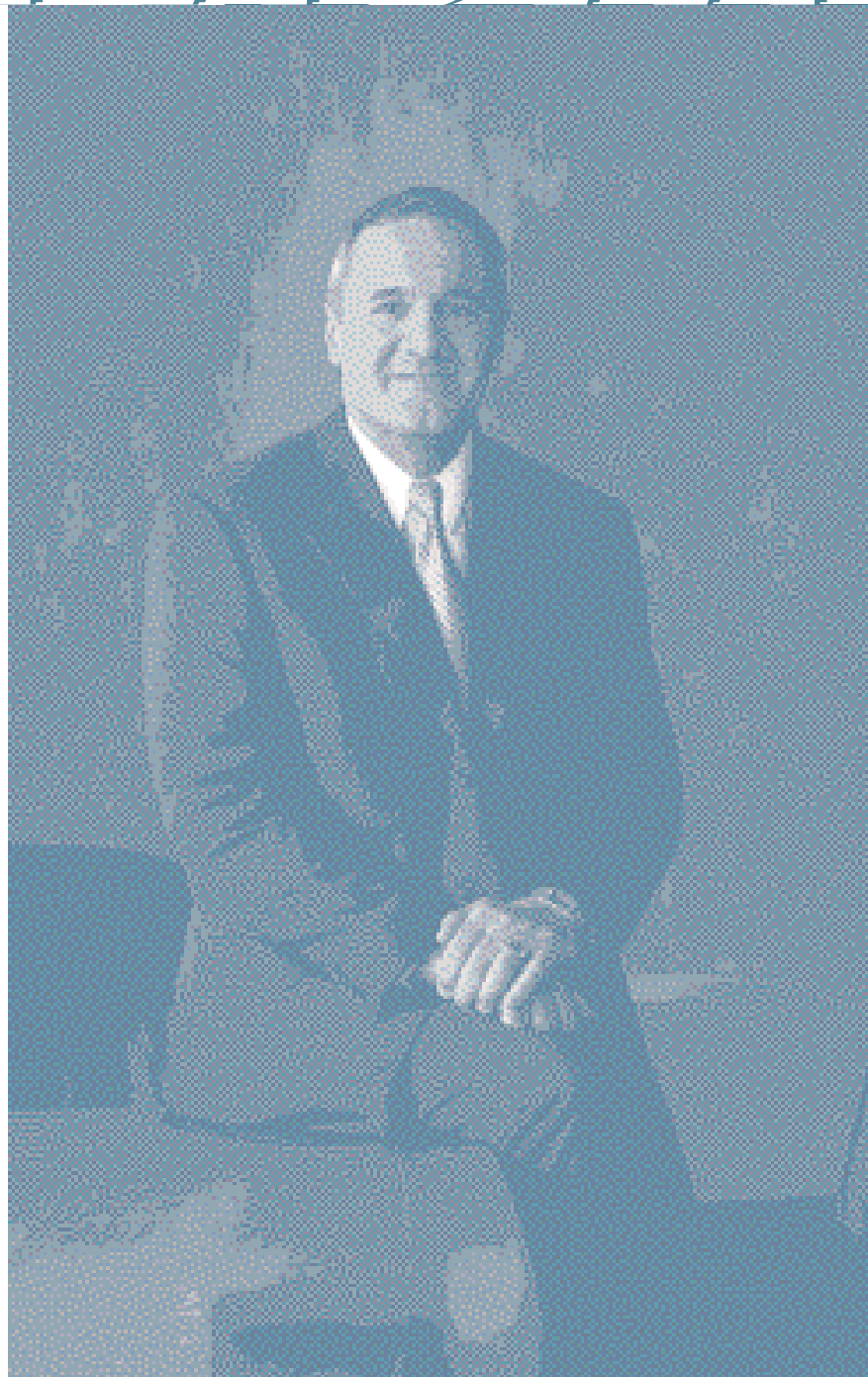


AT C-LEVEL Interviews

An interview
with Bill Swanson,
chairman and CEO,
Raytheon.

*Interviewed by
Pat Galagan and Tony Bingham*

*The second in a series
of talks with top-level
executives on the
importance of learning
and its relevance to a
company's success.*



Bill Swanson

It's hard to imagine the responsibility that rests on the shoulders of the CEO of a leading U.S. defense contractor. Raytheon's products save the lives of soldiers, sailors, and pilots. They protect the United States from attack. They're used in the war on drugs and in homeland security. Raytheon's work is serious on a scale most companies never approach. And if your company generates an estimated US\$20 billion in sales in 2004, you cannot afford to blink.

So, why would the CEO of this kind of powerhouse spend so much of his time and energy supporting learning?

William H. Swanson began his career with Raytheon in 1972, as an engineer. Some three decades and many jobs later, he is now chairman and CEO. Even in a brief conversation with Swanson, certain themes stand out. He is passionate about learning—describing himself as a “learning nut”—and passionate about leading sessions for up-and-coming executives. He hammers on good communication, his own included, reading all of his emails by bedtime and answering 99 percent of them himself. He sees employees' capabilities as the key to meeting customers' needs. But most of all, he believes that learning is what takes a company like Raytheon from point A to point B. As he would say, “I get it.”

Swanson holds his chief learning officer, Don Ronchi, to the same standards as other top leaders in the company, and urges aspiring CLOs to make their business cases for learning rather than complain when budgets are cut because they failed to make the case.

Ronchi says, “I consider myself the luckiest CLO in the country. Sometimes, I think Bill is the real CLO; he just lets me have the title.”



Bill, although you've been with Raytheon for three decades, you are

relatively new in the role of CEO. In this context, what is your learning philosophy for the enterprise? How are Raytheon's senior leaders involved in leadership and employee development? How are you involved?

A. I'll start with some personal thoughts. I'm a lifelong learner. I've set a personal goal to learn something new every day—something brand-new about the business, the customer, or life in general. Wanting to learn is part of my DNA.

My number one priority with the Raytheon board of directors is the leadership pipeline. I want to make sure that the board has the ability to select two-deep for my job and I have the ability to select two-deep from the people who report to me, and that the next level is two-deep. I also want to make sure we're diverse—in color, in background, in gender, and in thought. I want to make sure this company has an inclusive culture, that ideas from the production floor see the light of day and are valued as much as mine. It's a very difficult goal, but I'll know we've made it when we get to that point.

So one might ask me, “Bill, how does learning tie into the leadership pipeline?” My answer is that you want to make sure you understand the core competencies of each of the

jobs in the pipeline—mine and the jobs of my direct reports and their direct reports—and that you're able to fill gaps. Raytheon Six Sigma [Raytheon has developed a unique approach to the philosophy and practice of Six Sigma] helps us understand the current and "to be" states of the competencies in the pipeline. When there's a gap, how do you fill it? Guess what? You have to learn. That's why learning is such an integral part of what we do. It's the only way to get from point A to point B.

How am I directly involved in learning at Raytheon? I spend quality time with each of our top leadership classes. On my first visit, we do a Q&A, and participants can ask whatever is on their minds and we'll discuss it. Students form project teams and take on some aspect of the business. On my second visit to each class, I spend a full day reviewing their solutions. They get the rigor and vigor of a normal review. I treat them just the way I would treat a business president or a project manager. It's a great learning experience.

Because I value communication and feel it's part of learning, I also read 100 percent of my email and answer 99 percent of it myself. I realize that our operations in California are different from [those in] Arizona, different from Texas, different from Virginia, or Kentucky, or Massachusetts, or Rhode Island. It's all local, and you had better have a feel for what that is.

Q. *Could you be more specific about how learning supports particular initiatives, such as customer-focused marketing?*

A. We know that people learn in at least three different ways. You can read about something and you might remember 30 or 40 percent of it. You can hear something and you might remember half of it. But if you feel something, if you experience it, you're going

to remember 100 percent. So, how do we help people understand something like our strategy of customer-focused marketing that is all about performance, relationships, and solutions? How do we make them feel it? How do we roll it out and talk about it so that people get it? One way is to keep it simple and tie it to stories people can relate to from their personal experiences.

I'll give you a real example. Customer relationships are built on trust. One way I try to convey that is to remind people that our customers depend on us because their lives depend on our equipment. If you're depending on one of our long-range radars, or one of our early-warning radar systems, it better work.

Once, on a tour of a flight line, I met an F-15 pilot who didn't know my role but knew I was from Raytheon. He told me, "I want you to thank everybody at Raytheon for me." I wasn't prepared for that, and I asked him what he meant. He said, "I was in the wrong place at the wrong time, and the bad guys fired a missile at me but it hit your decoy." We make a decoy called the ALE-50. It's towed behind an aircraft, and it emits a signal like the aircraft. He said, "That decoy lost all its chips for me. It didn't come home, but I did. And my family and I are very grateful, and I just want to thank all of the people in Raytheon for what they do." When I tell that story, people feel it, and they understand what trust means and why it's important in the company's relationship with customers.

Q. *What do you look for in aspiring leaders?*

A. I believe there are four qualities of leadership. The first one is confidence. I think all good leaders have confidence in what they do. They have confidence because they understand their strengths

and their weaknesses, and they surround themselves with people who can help them in their areas of weakness. If you have to take a hill, have to do the impossible, you want leaders who have that confidence.

The second leadership quality that I look for is what I call dedication. True leaders do the menial and the complicated to the same degree. If a boss asks them to do a trivial task, the boss knows it will be done with the same panache and excellence as a very difficult task. That's a level of dedication that I look for in my entire leadership team.

The third quality is integrity, which is having the fortitude to do what you know is right even though it might be painful or harmful to your career. It's all about what you do when no one is watching you: That's what integrity is. When your supervisor isn't looking over your shoulder, what do you do? Do you get so close to the foul line that you go over it? No. People who have integrity don't go close to the foul line.

The fourth quality I call love, though that's not a term used in corporate America. My program managers will tell you they've never heard me use it. I'm talking about love as self-sacrifice. It's giving of yourself for the team. If you watch true leaders, they're willing to do unbelievable things for the success of their teams or their organizations. They have a passion that people just sense.

Those four leadership qualities can also apply to a parent, a teacher, or any individual who leads in a particular field. I spend a lot of time talking to former CEOs to learn how they felt about their jobs and the attributes they look for. In those conversations, the four qualities I just mentioned are starting to ring truer and truer to me. My expectations of leaders will probably change over time, but currently those are the qualities I'm looking for.

Q. *When you look at someone, how do you know he or she has those four attributes?*

A. You talk to people about their life experiences, not necessarily about the job. If they've reached me, someone has already screened them for the job, and you can assume they have intelligence and a good education. You talk to them about their families. You talk to them about their personal interests. If they play golf, I talk to them about how they play. The rules are self-imposed: You turn yourself in. How you behave in the game is very telling.

What you're looking for is character. You ask them what things have been important in their careers? Who mentored them? I worry about people who don't have mentors. That could mean they aren't able to learn from somebody else or that they don't have respect for someone else's knowledge.

Q. *Training professionals have a strong interest in the position of chief learning officer—a leadership position in the profession and a relatively new one. What makes a good chief learning officer, and what do CEOs expect of that leader?*

A. What I think is required are the leadership behavioral traits that I would like in any officer of this company. But in the chief learning officer, the first thing I [ask] is, Do they have passion for the job? Do they truly want to help others learn?

The other aspect I'm looking for are the metrics. If we look at Raytheon Six Sigma, for example, are we going to make 1 percent of our population into experts? Is 50 percent of the population going to be Raytheon Six Sigma Specialist qualified? Are our Raytheon Six Sigma programs contemporary? Have they kept up with the company as it has matured and moved in new directions? Are we developing experts at a quicker

pace than we were a couple of years ago?

I also look to see how a learning officer thrives on change. I would tell you that our CLO Don Ronchi would be out of his job if he didn't thrive on change, because that's a reality of this business. I also think chief learning officers should survey their customers. What are the customers looking for? What are their wants? What are their needs?

I'm looking for my learning officer to be linked with my business presidents. If they're not, a bell goes off. Don works closely with our program management leadership council. He and Dan Smith, who runs our Integrated Defense Systems business and heads up that council, are closely linked. They both have a passion for learning, and Dan is Don's best advertisement.

And, by the way, Don is an expense to the company. He generates no profit on the work he does inside Raytheon. So, he had better have a passion, and he had better have a product to sell, and that product had better have a business case associated with it. I look at how he measures his work with the businesses, and how those businesses want to spend their money on learning—how much they'll allocate to fund Don and his efforts. That's important to me. If you look at Don's achievements, they include metrics. He signs up for them at the beginning of the year, and we track them. He gets measured on them.

Q. *Raytheon provides training outsourcing services through Raytheon Professional Services LLC, one of the largest global training businesses in existence. Why would a major defense contractor be in the training outsourcing business? And how does that fit with your strategy to grow the overall business?*

A. Part of the outsourcing business came into the company through merg-

ers and acquisitions, and we had a chance to divest it. [In 1997, Raytheon merged with Hughes Defense and acquired the defense electronics business of Texas Instruments.] With all the other pieces of the business, we believed we were able to provide total capability to our customers. So, if you think of the solutions we provide, you see that now we cannot only design, develop, produce, and maintain products and services, but we can also train. Our ability to do that not only serves us well internally in training our own teammates, but it also gives us the ability to offer training to even more of our customers.

I think the outsourcing services that Don and his team provide are world-class. We have a chance to grow and expand that market. It gives us some flexibility in different cycles of the business. We see a bright future for it because we do it well, and I think more and more people will see that. As our customers start outsourcing things, I think it's an area where we can help them.

Q. *No CEO will ever say human capital is not important. But when times get tough, money to develop human capital is often cut. Tell us about your perspective on training investments during financial difficulties, for example, when your board says, "You're missing your numbers; you have to cut training."*

A. As I told you, my number one priority is the leadership pipeline. Because it's at the top of my priority list, it's not going to fall by the wayside. Look at McDonald's. The CEO died suddenly of a heart attack at 60, but the company was ready.

I'm in this job because I was blessed to have 14 or 15 other jobs in the company and I learned in every one of them. I've felt what it's like to be in quality, systems engineering, industrial engi-

neering, product engineering, systems integration, project management, and supply chain. You realize that if you're blessed enough to do that, you don't want to deny somebody else the capability. If we're not training and we're not learning, then we've missed the boat.

This is where a chief learning officer comes in. The CEO can help defend a training budget to a board, but the CLO has to make the business leaders understand the importance of learning. He or she has to make the business case. You're lucky if you work for a CEO who gets it, but you also have to make the business case to every business president who's trying to make a bottom line. If you can't make the business case, don't complain about your budget being cut. It's your problem.

It's like the way I work diversity. Morally, I get it. But I make the business case for why it's so important for companies in the 21st century to maximize diversity. If you don't, you're not going to be around. That's a pretty good business case. If you make the business case, you get the nonbelievers. Morally, you'll get some percentage. But with the business case, you'll get them all: heart, mind, body, and soul.

Q. *Our vision for the profession is that there would be more CEOs like you—that one day, no CEO would question the value of learning. If you could talk to people in the profession, what would you say to them, in addition to the advice about making the business case, to make that day happen?*

A. I would tell them to find examples to help leaders feel what they're trying to do. CEOs live in a competitive world. If they see that some other company has an advantage, it will fire them up. Show them examples of what other companies have done, and maybe you will generate a spark. Then if you get that spark, add a

little kindling, fan it a little bit, and see if you can't get a flame going. As an educator or a learning professional, you have to figure out what button to push to get people excited. I think learning professionals—the real good ones—make you feel the passion and the love they have for their profession.

Every single person I've ever met who's in a tough job remembers the instructor who got him or her fired up about something. I remember the teacher who told me I was always going to be a C student. Well, I graduated magna cum laude, number one in my class, because he ticked me off. He hit my competitive button and got me fired up. It worked, and I'm grateful. **TD**

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