

Yielding the Best Teachers, Leaders

KLA-Tencor, a 2004 ASTD BEST Award winner, provides the ultimate executive education—its own.

By Sabrina E. Hicks

NOEL M. TICHY WRITES, in his best-selling book with Nancy Cardwell *The Cycle of Leadership: How Great Leaders Teach Their Companies to Win*, that “Winning leaders are teachers, and winning organizations do encourage and reward teaching. But there is more to it than that. Winning organizations are explicitly designed to be teaching organizations, with business processes, organizational structures, and day-to-day operating mechanisms all built to promote teaching.”

Tichy put the idea of the teaching organization into print; Ken Schroeder, KLA-Tencor’s CEO, is one of a group of astute CEOs who have put that idea into practice.

Where the chips fall

KLA-Tencor is involved in an important business: It provides the analysis, equipment, and software to help chip-makers, such as Intel and Motorola, detect faulty wafers produced on their manufacturing lines and enables those companies to better manage product yields. In other words, if it weren’t for companies like KLA-Tencor, our electronics would cost us a lot more.

With a global workforce of 4,870 and a 2004 revenue of US\$1.5 billion, this is an organization that knows the value of knowledge. It was the pursuit of knowledge that led the company to invest in the continuing education of its executives. One of its major training initiatives was to send select groups of executives to a two-week summer pro-



gram at an illustrious university close to its San Jose, Calif. headquarters.

KLA-Tencor’s corporate learning department would ask participants, upon completion of their coursework, to evaluate the university’s program. Participants noted that interfacing with professionals from other companies was the No. 1 benefit. That was unacceptable to the KLA-Tencor executive team. They expected a better return on their investment than just networking from this expensive training initiative; they expected program participants to return to headquarters with the knowledge and skills to make a huge business impact.

Those evaluations, coupled with the passion for leadership that had inspired top executives to read Tichy’s *The Cycle of Leadership*, moved leaders to ask Lynne Stasi, chief learning officer and vice president of corporate learning, if she felt it was possible to implement Tichy’s concept of leader as teacher at KLA-Tencor. “Absolutely,” was Stasi’s reply.

Inside development

Strategic thinking, operational excellence, sales, marketing, program execution, and competitive workforces:

those six competencies, along with legal issues, are the focus of KLA-Tencor’s in-house executive development program. With modules developed by the executive VPs responsible for each competency area—who also had read Tichy’s book—the pilot EDP used a combination of university professors and KLA-Tencor executives. Class structure was as follows: A professor would lecture and present a case study

for the first half of the day; the second half of the day was directed by a KLA-Tencor executive, who, leveraging the professor’s knowledge, would present an internal case study. What management learned from the pilot feedback was that participants believed the KLA-Tencor-specific case studies delivered by company executives added more value to their learning experiences than the generic topic coverage provided by the professors.

It had taken the executive team eight months, with Stasi’s guidance, to develop the 80-hour, in-house professor program. Now, the directive was to take an additional four months to tweak the program so that each senior VP was solely responsible for the design and delivery of his or her module.

Then, KLA-Tencor was in a downturn.

Never fluctuate in learning

Downturns often herald forthcoming cuts for many workplace learning and performance professionals. But most professionals don’t have Ken Schroeder as their CEO. According to Lynne Stasi, Schroeder’s guidance was, “In a downturn, we never fluctuate in the learning [of the] organization.”

Robert Rubino, chief technology officer, holds a small group session.



Photos: KLA-Tencor

Think of it this way: The top executives were the architects of KLA-Tencor's EDP initiative, but it was Schroeder who put on the hardhat as EDP construction manager. It was Schroeder, and his passion for business and growth, who gave the decree that all 450 director-level and above employees would participate in the executive development program—not just 30 leaders as initially planned.

Schroeder's thinking was that you can't make any type of real impact on an organization if you're sending merely 30 leaders through EDP at a time. If you want to have a huge effect on the business, you've got to put all of your people through—and you've got to back that idea with time and money.

Such outright support for training from the executive team is rare. In a January 2005 interview with *Electronic Business* magazine, Schroeder comments, "There's a lot of lip service about training in Silicon Valley. But I don't think most CEOs understand the power of training and the impact it can have on their com-

panies." Schroeder goes on to explain his training philosophy: "As CEO, I want to control how decisions are made throughout the company. The only way I know how to do that is to take control of training. There is no way to manage a company of this size without common processes and methodologies. And the best way of spreading those throughout the company is through training."

That's music to the ears of a CLO, and Stasi knows that she's lucky to have a CEO like Schroeder. Yet, Stasi has a personal goal that works to the advantage of the business-focused Schroeder. She says, "Ever since I joined the company, [my goal has been] to make sure that the learning is aligned with the business needs of the corporation so that we create a competitive advantage through learning." That alignment of learning to business goals would be obvious in the improved executive development program.

A learning culture

After months of planning with the executive VPs—and a few aha! moments from those same executives who never before realized the amount of work involved in developing a day of training—the revised 80-hour EDP was ready to graduate all senior-level executives and above through the program in a year's time.

For demographic reasons, an offsite location is selected so that groups of 50-100 can gather and learn. Each competency area is given its own day of training, a structure that emphasizes Schroeder's desire to establish common processes throughout the company. The thinking, according to Stasi, is that there's a "real benefit for [all employees] to know everyone else's approach, regardless of function." For example, marketing people already know marketing, but other KLA-Tencor employees might not be aware of the best practices selected by marketing or why. Such cross-functional understanding is a core part of the creative environment at

BEST AWARD PROFILE



Vice president of finance, Maureen Lamb, fields questions during her module.

KLA-Tencor that helps it produce, as Forbes.com reports, at least one new product a month.

No two modules are alike. Usually, the executive VP for that day's module kicks off the program by reviewing the agenda and, in the afternoon, discussing the topics of interest to him or her. The time before and after large group sessions is filled with small group work (10-15 participants discussing an issue), KLA-Tencor-specific case study reviews, and, depending on the topic, simulations. The CEO even takes to the podium to address his passion for growth and strategy during both the innovation and strategy modules.

At the conclusion of each module, participants sign a contract detailing what they plan to do differently back on the job. Sometimes it's a simple declaration to no longer settle for assigning readings or outside seminars when writing an employee development plan; other times it's a commitment to use the new brainstorming technique presented during the EDP (a task harder than it sounds). The corporate learning department synthesizes the participant contracts and then emails those contracts to each participant and his or her superior. For the next step, a corporate learning team member contacts participants in six to nine months and asks what percentage of those signed contracts have been implemented.

A measure of success

KLA-Tencor's fiscal year runs July to June, and August 2003 to July 2004 was the first installment of the fully in-house EDP, so there hasn't been much time for ROI calculations. But, Stasi points to other indicators of the program's success. The increase in brainstorming sessions, for example, is so prevalent that an innovation Web site was created for employees to post the number of usable ideas a session generated. Another success, KLA-Tencor's 5 percent turnover rate. "By developing our leaders internally," says Stasi, "what we derived is that the continuity of leadership contributed to the low turnover. That happens in two ways: Retaining the leader himself, and through [that leader's] added awareness of the variety of processes, one of which is development. Retention has major business impact."

But what about the bottom line? For what it cost to send 20 executives offsite to the two-week university program, KLA-Tencor was able to educate 450 executives through its in-house EDP. Was the program successful? Just this past January, Forbes named KLA-Tencor one of its "Best Managed Companies in America." That seems to be a good sign. **TD**

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For more of Ken Schroeder's thoughts on training, read "How KLA-Tencor Yields Innovation," in the January 2005 issue of Electronic Business magazine.