

Synthesis

Semiconductor Talent Leaders

2018 Summer Dinner Discussion Highlights

EgonZehnder

For the first in what promises to be an ongoing annual series, Egon Zehnder's Global Semiconductor Practice Group recently assembled a group of human resources executives from some of the world's leading semiconductor companies for a dinner conversation focused on the trends and challenges facing the industry. The guests brought diverse perspectives and varied and impressive experiences. It was an engaging and informative exchange focused around four major themes: Talent and Engagement, Succession Planning, Governance and Globalization. A summary of the trends, insights and implications we heard are highlighted below.

Culture

Many described culture as a major priority. Given the industry consolidation, some felt there is insufficient attention paid to cultural integration. Most successful leaders recognize the importance of the tone they set and impact it can have on culture. Many stressed that the right leadership creates employee buy-in, drives employee adoption of company values and ultimately, enhances performance.

HR Operations and Governance

There was overall agreement that HR leaders were ill-equipped to serve the company's long-term objectives when much of their time is spent on more tactical issues such as attempting to fix outdated HR systems. With broader industry consolidation and the complexity that comes with merged companies as they reorganize and venture into new markets, it is imperative that their systems keep up with the transformation. Nowhere is this more critical than in human resources.

Talent Development

Identifying new executives quickly is the key to maintaining a competitive advantage. However, building up that 'talent bank' is especially difficult given the specialization necessary as semiconductor companies go deeper into emerging technologies like AI, ML and IoT. Adding another layer of

complication to the search for talent is the continued awareness of gender imbalance in the industry and the heightened sense of urgency around attracting female talent and then growing said talent from entry level into female leaders in senior roles, including a presence in the boardroom. Companies invest considerable resources in identifying and attracting talent; however, retention is often overlooked. Everyone recognized the importance of having CEOs and HR leaders create and drive development plans in line with executives' ambitions and to build in accountability to truly succeed in improving diversity at all levels.

Globalization

Maintaining a global mindset in the face of global growth and competition was on the mind of many. Ensuring their future leaders got exposure through expatriate assignments was highlighted as critical to their individual development. On a related note, ensuring a clear plan is in place for re-integration once these executives return is also key, otherwise the pool and quality of volunteers will be much diluted. Additionally, some felt the threat of the rapidly growing indigenous Chinese semiconductor industry more than others with regard to competition for talent.

CEO Succession

All acknowledged that their Boards are very interested in CEO and C-suite succession but some admitted that more could be done in terms of coaching and development of internal candidates. Sometimes the Board is too willing to delegate succession planning to the CEO. The Board and the CHRO need to lay the groundwork for new CEOs and internal succession candidates to succeed. All agreed that it is a unique role and insufficient thought is given to preparation for success.

HR in the Boardroom

The lack of HR representation at the board level is somewhat surprising when you consider all of the issues that are discussed in the boardroom that are pertinent to the HR role. The topics of succession planning, executive compensation, diversity and culture frequently arise in the boardroom, and there was agreement amongst the group that HR professionals should be more involved on Boards.

Egon Zehnder's Take

After several years of industry consolidation and a perceived trend in slowing innovation, the semiconductor sector is once again a dynamic place to be. With the rise of applications such as AI, IoT, and personalized electronics; major state-backed semiconductor investments in China; and the trend among large internet and consumer companies to build up semiconductor development capabilities in-house, complex new challenges to semiconductor CHRO's abound. As a leadership advisor to the world's top companies, we see an increasing need among semiconductor companies to promote HR leaders who have depth of understanding in the core business and a keen sense of market drivers. Today's semiconductor CHRO must not only be skilled in the traditional HR functional crafts, but also be technology savvy business leaders, often with actual business line experience and the stature to engage across business functions as peers to strategically contribute to shaping the companies values, culture, and direction.

We would like to thank all of the attendees for their contributions to the dialogue, and we look forward to continuing to exchange ideas with you and others through future events.

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