

TOUGH THINGS FIRST

Leadership Lessons from Silicon Valley's
Longest-Serving CEO

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To my life partner, DeLona, the most wonderful wife a man could have, whose undying support allowed me to push through 37 years with Micrel, through the trauma of going blind, and yet always enjoying each day.

And to Warren H. Muller, my partner and Micrel's cofounder, who I have missed every day since he passed in 2008. Without Warren, Micrel might never have gotten off the ground.

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PREFACE

Running the high hurdles isn't easy when you are vertically challenged.

Yet despite being only 5 feet, 8 inches (173 cm)—markedly shorter than the other boys in starting blocks on my high school's running track—I was about to sprint past them, bounding over 42-inch (107 cm) hurdles and finishing first. This came as a surprise to our track and field coach, who a few months earlier had said to me, “You're too short. This is not something that somebody your size should be doing.”

My friends and I were track and field runners who decided to jump a few hurdles for fun. Hurdling was not our sport, and we inexpertly knocked most of the barricades down. I managed to topple all of them, snapping one on impact. The coach was sensibly upset with me for breaking the gear his hurdle runners needed, but his words stung for other reasons. I wasn't sore that he tried to embarrass me in front of my friends and the other track athletes despite the fact that I was a little sensitive about my height.

What bothered me was his assumption that I could not do something.

My father—an Imperial Valley rancher keenly aware of changes in the environment—noticed that I was oddly quiet that evening. He folded his evening newspaper, got up from his favorite chair, and asked what might be troubling me. I gave him the whole story, and with only a short pause afterward he asked, “What are you going to do?”

The answer was already on my lips: “I’d like to learn to run the hurdles.” I knew it would require a lot of learning. Striding over hurdles depends on technique learned through days and months of repetitive practice. For me it would be tougher still because nobody my height ran the high hurdles, and I would need to invent an entirely new style.

“Why?” my father wanted to know. What drove me to do what other kids my age would have written off as an impractical pursuit?

“Because the coach said I can’t do it. I’d like to show him that I can.”

So began a few months of the self-discipline I carry to this day, in life, in founding a Silicon Valley microchip company without venture capital, in 37 years of business with only one unprofitable year.

My father and I built a pair of high hurdles. Every afternoon I was behind our house, practicing for hours. Dad would put a bottle cap on each hurdle, and my goal was to knock the cap off the bar without touching the homemade hurdle itself. That’s quite a stunt since the bottle caps of that era measured perhaps a quarter of an inch thick. But mastering this taught me how to get the right lift in my jump without expending all my energy.

That last bit was important because my short-legged strides made running between hurdles impossible using the typical method. Hurdlers always launch with the same foot forward. They take three long strides between hurdles and then put the same foot up into the air each time. I had to take four shorter strides, forcing me to alternate my lead foot with each hurdle. Whereas everyone else running down the same 70 yards of track strengthened and stretched half of his body for peak performance, I had to double that effort. I also had to take advantage of my center of gravity and experience in sprinting to get ahead of the other runners at the start of the race. Sprinting, bilateral leaping, adding 25 percent more steps for the same distance—no wonder shorter fellows don’t try this.

After months of drilling myself at home, I went to the track and told the coach I'd like to run the hurdles. It was time for the district finals, and tryouts were open to everybody. The coach—having seen me assault his hurdles before but not having seen my months of private preparation—flatly said no while making some excuse about interfering with the other runners, the ones he presumed had a chance to win without smashing his gear. I wasn't going to accept that answer because I knew I could do it. I bargained, suggesting that I run in the farthest lane. Separated from the other runners, if I flipped a hurdle, nobody would be harmed or even have his concentration thrown off. He relented, and I stepped into the blocks in the most remote lane, a fair distance from much taller boys with their long, reaching legs.

I beat every one of them.

This is the essence of the entrepreneurial spirit. If it looks like an impossible task—and running the high hurdles faster than the tall boys looked impossible—with determination, with practice you can do the impossible. You simply must find the discipline to do it.

When I founded Micrel—a Silicon Valley semiconductor devices company—in 1978, we did the supposedly impossible. Silicon Valley thrives on venture capital, yet we launched Micrel without any. Chip industry revenues and profits fluctuate wildly with technology adoption cycles, yet Micrel has been profitable from the very first year with only one exception: the year 2002, in the echo of the dot-com implosion. I never believed that we had to follow industry and Silicon Valley norms, many of which people said were essential. As with a shorter man running the high hurdles, nothing was impossible to me once I saw the objective, understood the barriers, and employed the discipline necessary to make it happen.

Discipline defines successful entrepreneurs. Their vision, their disbelief in failure, their love of doing things—even things they don't

love—drives them to adopt discipline. Entrepreneurial discipline turns hurdles into exciting challenges, and no hurdle appears too high. Building a business comes with instilling the organization with the disciplines that are the foundation of corporate culture. Often an entrepreneur doesn't even understand that he is disciplined, and as a leader he transfers that discipline to everyone around him. Yet it is discipline that builds the business and fulfills the vision he has. In every entrepreneur, we see the following:

- **Focus:** Distractions are antithetic to entrepreneurs. They know in their hearts and minds what they want to create, and they find a way to create it. Stopping a focused entrepreneur is like trying to halt plate tectonics.
- **Short time frames:** Entrepreneurs are impatient by nature, but they also understand the value of timely innovation: what they fail to bring to market today will be brought to market by someone else tomorrow. Entrepreneurs move quickly to excite their customers while hamstringing their competitors.
- **Frugality:** Excesses of the dot-com era aside, great entrepreneurs build frugal organizations. Cash is king, and spending their own cash is less expensive than using investor money or bank loans. “Making do” is an entrepreneur’s creed.
- **Being the best:** Second place is never where entrepreneurs envision themselves. For them, doing their personal best is a natural mode of operation, and they encourage everyone in the organization to live for the same standard of quality.

This last element may be the most important for entrepreneurs. Being the best at what one does—what makes an entrepreneur and her company different in the marketplace—becomes the source of corporate missions as well as operations. Someone in a commodity business may focus intently on cost minimization, and by being

the best at cost controls she becomes the most profitable commodity vendor in that industry. Producing the most intuitive consumer electronics cemented Apple and Steven Jobs's fame. Being the best creates value, and businesspeople who are not willing to be their best never become true entrepreneurs.

Admiral Hyman Rickover knew this, and he stunned Jimmy Carter into believing it as well. Carter was an ensign at the U.S. Naval Academy at Annapolis. As graduation approached, he met with Rickover. Carter came into Rickover's office and, doing what any ensign would, stood while Rickover was focused on his work.

"Ensign Carter is reporting, sir," was how Carter's telling began. Rickover, sitting in his chair, left the young Carter standing. According to Carter, Rickover asked only one simple question: "Did you do your best?" Being a humble southern man, Carter demurred, saying, "No sir, I didn't always do my best."

Rickover spun around and said to Ensign Carter. "If not your best, why not?"

That story has stuck with me, and I have seen other entrepreneurs who act as if they had heard the story as well. Why not your best? Why not be *the* best? Why be satisfied with "I think I did okay" or "We're doing fine"? If not your best, why not?

Doing your best takes you outside the envelope called "average." It is what allowed Microsoft to take market from Ashton-Tate, Lotus 1-2-3, and WordPerfect. It wasn't necessarily that Microsoft was great but that those other companies were not the best. It wasn't that Ashton-Tate did not innovate with the dBase personal database product—once the best in the business—but that it did not strive to continue being the best. The same story can be told of thousands of Silicon Valley companies, once famous and now forgotten.

When stripped of overanalysis, discipline is simply overcoming the "natural man." Humans, like many other animals, are shaped by

their environment, prone to limit risk and conserve energy. In nature this means looking for the low-hanging fruit and resting whenever possible. Humans advanced mainly because our brains evolved to the point where we could see beyond our villages and wonder what was over the horizon. We learned to suppress the urge to eat seeds because planting them produced greater abundance. Our intellect overcame the natural man, driving the start of civilization and planting the seeds of commerce.

Part of growing beyond the natural man involved doing things we didn't like to do. Napping away each afternoon sounds better than sweating in the fields while hoeing row after row and dropping tasty seeds into the dirt. But our ancestors did what they disliked to achieve their long-term vision of a full larder during long winters. This took our species one more step away from the natural man. We learned to love doing the things we did not love. We did the tough things first.

I kept this in mind when I went legally blind on the eve of Micrel's IPO.

We filed for an initial public offering (IPO) in October 1994, after 16 years of straight profitability and 4 recent years of steady high growth. The next month, while we were presenting to potential investors in London, my eyesight faded, making me legally blind. At first we hoped it was a transient condition, but it persisted. I traveled back to the United States, to the San Francisco Bay Area and the best specialists the University of California at San Francisco provided. The verdict was the same. My eyesight was failing, and it was not reversible.

Conventional wisdom—a by-product of consensus thinking by natural man—would have been to stall the IPO or for me to resign from my own company. Even if the IPO was allowed to proceed, many suggested I could not run Micrel afterward: the board

of directors would insist on a fully sighted person commanding a newly public enterprise. Such in-the-box thinking is not a trait among entrepreneurs, certainly not with me. Yet I remained the CEO and chairman of the board 20 years later. To me the inconvenience of limited sight was the same as high hurdles: a challenge that could be overcome with the right discipline.

I thought about the daily activities of a CEO and recruited technology—as old as magnifying glasses and as modern as iPads—to facilitate work, interaction, communications, and leadership. Micrel did not slow or change course. Starting without venture capital, growing on our own cash flow, staying profitable every year but one, exceeding the quality that our engineer buyers demanded—they were all merely hurdles jumped by a company that knew it could do that by applying the necessary discipline.

An entrepreneur-led organization is like a gymnast, another pursuit of my youth. Gymnasts train every muscle of the body since they must compete in all events: steel rings, pommel horse, vaulting, parallel bars, horizontal (high) bars, and floor exercises. But without an alert mind and a healthy central nervous system, a physically trained body cannot walk—much less grab the rings, swinging toward the heavens and landing effortlessly. It could never dance across the mat, gyrate over a horse, or perform a Diamidov on the parallel bars. The body and mind of a gymnast or an enterprise must be trained, and it begins with the organization's mind . . . the entrepreneurial mind. Only then can the body be conditioned to perform at its best and perform consistently over time.

I still do handstands around the office, half blind and in my seventies. A disciplined body remembers how to do what it has been trained to do.

Doing the tough things first, knowing the challenges that are in the path of your mission, and tackling the large, complex, and

boring ones first—having the discipline of taking care of your most significant roadblocks—is what separates those who achieve from those who do not. Nobody can be a successful entrepreneur without being willing and excited to find the biggest boulder and make it the first one you hammer into pebbles.

Your company is the body of your vision, and you, the entrepreneur, are the mind, eyes, and heart. In Section 1 of *Tough Things First*, you will learn about the mind, eyes, heart, and body of any company and how they are interrelated. In Section 2, you will learn how applying organization discipline through culture, people processes, finances, and more trains a disciplined company body. If you have a vision for things that should be created and markets to conquer, your mind is ready to be disciplined for success. Once you own your vision and have the discipline to lead yourself, you will be ready to train the body: your organization.