

Culture of Success

Build it, and they will come.



by J. Robert Beyster

WHEN I FOUNDED Science Applications Intl. Corp.

(SAIC) in 1969 with a handful of scientists and administrative staff, we had no business plan or blueprint for success. Instead, we took an approach very familiar to scientists and engineers—we experimented. During our early years, we tried several innovations, most of them homebrewed. While none of our ideas taken in isolation was truly new, each helped build a culture of success that resulted in an \$8 billion company with 44,000 employees worldwide.

I'm often asked: What was the secret sauce? We tried many different innovations. Some worked well; many didn't. However, if something did not work, we quickly tried another approach.

Nine Keys

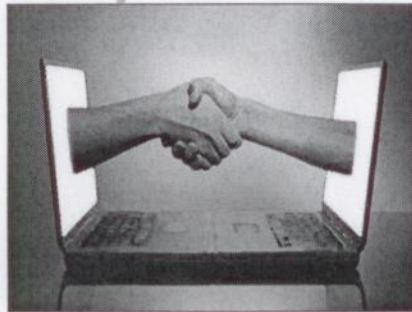
Nine concepts contribute to building a culture of success:

1. Share your equity. When I started SAIC, I owned 100 percent of the company. However, I saw the challenge of convincing scientists and engineers to leave the security of their government and aerospace employers to join me. I knew I'd have to do something dramatic to attract talented and highly motivated people. That something was enabling employees to become owners of SAIC through stock purchase programs. The more equity I shared, the more talented people we attracted, and the faster we grew. We built a culture rooted in the idea that those who contribute to the company should own it, and ownership should be commensurate with contribution and performance. My ownership share soon dropped to 10 percent; and when I retired, it was less than 2 percent. Today, 80 percent of the employees own company stock.

2. Encourage widespread participation in decision-making. For years, a poster hung over my desk: *None of us is as smart as all of us.* I had no illusion that the answer to the problems we faced could only be found in the executive suite. I expected everyone in the company to contribute their ideas to

improving SAIC products and services and to make decisions and solve problems to put their ideas into action at the lowest level possible, thus cutting red tape and providing customers with more responsive service. Our customers appreciated our responsiveness, sending more business our way.

3. Let freedom ring (with strings attached). One reason I founded SAIC was to have a good place to work. My dream was to be an open organization where people would be free to pursue work they were passionate about—to start, operate, control, and grow their business units and unleash their energy and creativity. This is exactly what happened. By allowing employees to pursue their passions, SAIC grew quickly. However, while we gave peo-



ple a high degree of freedom, we also expected them to be accountable for their own performance, and for the performance of their business units. Their stock ownership awards were dependent on that performance.

4. Don't overplan the future. I have never been a fan of long-term, strategic plans. These tend to constrain the actions of leaders rather than enable them. So, instead of taking time to create plans that directed initiatives years into the future, we encouraged SAIC to grow organically, following the interests and instincts of our entrepreneurial program managers. While we had an annual planning and budgeting process to ensure efficient use of resources, I always considered flexibility and initiative to be more important than slavish adherence to "the plan."

5. Experiment constantly. SAIC remains a company of scientists and engineers. Hence, one hallmark of the company was the willingness of our

people to constantly experiment with new entities, structures, and staff. To encourage experiments, managers were annually given control over pockets of money (*guidelines*) that they could use to pursue new contracts and invest in growth. The degree to which discretionary money and decision-making were delegated to managers was unprecedented in the defense industry and rare for any business.

6. Organize for growth. We bucked the traditional hierarchy, creating a decentralized model that was fast and flexible. Our central organization provided essential policy guidance to business units and exercised oversight and financial control, but otherwise kept out of the way. This approach allowed our motivated managers to build their businesses free of restraints that would have fettered their efforts, and enabled us to respond to customer needs and market shifts in near real time.

7. Put your people first. Few managers really put their people first. To me, the company existed to provide the resources needed to serve people and, if it wasn't doing this task, then every effort should be made to quickly correct this situation. During my years at the helm, I found that this basic formula worked very well: Hire smart people, encourage their entrepreneurial spirit, let them focus on customers, and reward them for their contributions.

8. Make every employee a salesperson. I knew that we needed people who could both do the work and sell the work. I shared equity with those who brought in new business. By enlisting the people who did the work in the selling process, we detected emerging customer needs, developed close relationships with customers, and minimized marketing expenses.

9. Seek constant feedback. We used different "lessons learned" processes to gather feedback from employees involved in new initiatives or complex programs. The result was our uncanny ability to bring important insights to light and record and distribute them widely for others to learn from. We used different formats and held frequent meetings to obtain feedback and learning lessons, and they became essential components in our culture of success.

So, engage the hearts and minds of every employee in addressing the needs of customers and finding new and better ways of doing business. LE

J. Robert Beyster is founder of SAIC and author of *The SAIC Solution* (Wiley) with Peter Economy. Visit www.beyster.com.

ACTION: Cultivate a culture of success.