

# Strategic implementation: the intel case

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Information technology world leader Intel Corporation seems bent on diversifying more into promising new market segments in a bid to widen its market share and toppling competition. Fueling the new verve and fresh impetus at Intel are the forward-thinking thrusts of Chief Executive Officer Paul Otellini, who assumed the post back in 2005. While Intel's formidable brand strength is something it has always relied on and which it may continually count on as a coalescing force in serving existing as well as new target markets, Otellini finds himself faced with complex challenges in the increasingly diverse global marketplace.

Visionary thinking, it must be noted, has been inculcated in the very fabric of business at Intel. Otellini's predecessors may be credited much for this.

Under the new leadership set-up which has been working with a new brand identity for close to three years now. Key marketing activities and corporate thrusts have revolved around the new tagline, as expressed by one of Intel's key officers for sales and marketing: Intel. Leap ahead... a simple expression that declares who we are and what we do... This is part of our heritage.

Our mission at Intel has always been to find and drive the next leap ahead - in technology, in education, social responsibility, manufacturing and more - to continuously challenge the status quo (" Intel unveils new brand identity," 2006, para. 6). Intel also opted for organizational restructuring to let major decisions emanate from a few focused minds in order to help maintain its competitive edge, enhance efficiency, and breathe new life into both existing operations and new ventures.

Apart from discharging some key positions, by the start of 2007, Intel's CEO made some decisive moves: Otellini also had the courage to slash more than 10, 000 employees from a work force that had ballooned to more than 100, 000 under his predecessor. What's more, the price cuts Otellini authorized did what they were intended to do by stoking more demand... Intel rolled out a slew of new chips... sophisticated enough to allow the company to once again charge a premium for them (Shinal, 2007, para. 5-26).

Much earlier, Otellini " created business units for each product area, including mobility and digital health, and scattered the processor experts among them" (Edwards, 2006, para. 8). While there seems to be much logic in some of the key decisions implemented by the Intel CEO, many quarters tend to think that he is remiss in other important vital aspects of running the global business, like deciphering what customers may be hankering for.

For instance, when Intel's China operations sought to develop a system that it deemed useful in cutting maintenance costs and reducing software upgrade times for internet cafe owners, the idea did not catch on with most cafe owners who were averse to investing on expensive machines as they are " working on thin margins" and " can spend less on cheaper PCs" (Einhorn, 2006, p. 52). For many other cultures, though, Otellini has been able to successfully reach new avenues for growth. From space exploration to global climate forecasting systems, and " more ` mainstream industries, such as financial services and health care" (" Intel Inside," 2008).

And the fast growing consumer electronics and digital entertainment industry, Intel processors continue to hold much sway. Indeed, Intel is proving that it stands by its tagline to leap ahead and enhance the customer experience through products and services which Intel's enhanced chips and software can help come into fruition. " Intel expects to play an important role in promoting motion technology in the entertainment arena. And just as its processors helped fuel the PC revolution, Intel's next-generation chips and software could lower costs and jump-start a mass market for VR 2. 0" (McConnon, 2007, p. 46).

As Paul Otellini sets out to sustain the momentum of the company's new pursuits it continues to bank on the company's overarching mission and vision, the essence of which has remained the same, notably to delight customers and other stakeholders by " using Intel technology to make life better, richer and more convenient for everyone (and) to continually advance how people work and live (" Intel unveils new brand identity," 2006, para. 6-7). Otellini's decisive personality, the swift implementation of his strategies, and human-centered approach to running Intel are expected to contribute to propelling the firm back to its strong market foothold.

To a large extent, there is a good fit between the company's mission and strategies and the ways which Otellini seeks to implement them. Greatly working to Otellini's favor in motivating the Intel workforce to strive to attain organizational goals is his diplomatic and subtle leadership style and personnel-friendly management mantra: " Praise in public, criticize in private" (Edwards, 2006, para. 10). Indeed, one cannot underestimate the

power of effectively dealing with one of the most important assets of an organization - its people.

After all, among the hallmarks of a successful company is the ability of its leaders not only to make key decisions but to unite people to support overall goals and targets. Moreover, companies like Intel, which happen to be “ tied to their essence... command more commitment from employees and can get more done in a changing environment” (Scott, Jaffe, and Tobe, 1995, p. 6). Intel’s 180-degree-turn in early 2006, as may be gleaned from company operations reports, reflected a key strategy to counteract slow revenue growth in recent years.

What Otellini did was to veer away from personal computers which have long been the source of Intel’s key strength, and reinvent the company. “ It's a race for Intel and other companies to figure out how fast is revenue going to come from emerging areas before PC margins begin to come down sharply” (Edwards, 2007, para. 7). Brimming with confidence and bravura, Intel CEO Paul Otellini, for the most part, seems to be ushering Intel into a transformation it is cut out for. While the company is acutely aware of competition, Intel is out to prove, under a visionary management, that by capitalizing on its strengths, it can still blaze new trails.

Interestingly, one indication of the good alignment of Intel’s new strategies with the revamped organizational design and strategic controls set up under Otellini is its resilience and ability to hold up amidst a tough business climate pummeled by the economic slump. A announced: First-quarter revenue of \$9. 7 billion, operating income of \$2. 1 billion, net income of \$1. 4 billion and

earnings per share (EPS) of 25 cents... margins were up 4 percent YOY to a whopping 57 percent for the full 2008 fiscal reporting period (Horowitz, 2008).

Intel's second quarter revenues were just as encouraging. Driving up sales are the continuous clamor for notebook PCs, which are the new tools of the new generation. Incidentally, Intel CEO Paul Otellini has also expressed interest on other emerging new trends of the digital age, including high-speed wireless connections developed for the mobile net. It is another illustration of how Intel has been actualizing its mission statement to leap ahead and devise ways to make life better, easier and more convenient for people.

#### Reference

[http://www. marketwatch. com/story/intels-otelini-may-be-captive-to-history](http://www.marketwatch.com/story/intels-otelini-may-be-captive-to-history)