

Dean Steele, Associate Deans Crown and Giglierano, distinguished faculty and staff, proud and relieved parents, calm and serene grandparents, distracted but secretly pleased siblings, ladies and gentlemen, graduates, good morning. I am also deeply honored that I was asked here to say a few words at this momentous occasion. I hope that you might find what I have to say worthy of your attention on this most important day.

When I was asked several months ago to speak to you this morning, I promptly conducted an impromptu survey of those people in my life to see what they thought was important to discuss. I received various responses. Some explained that the content should be inspiring – sort of a touchy-feely story of how you’ve made it to the mountain top and how much you can see from your new vantage point. That’s not very me and it shouldn’t be very you. After all, this degree is an accomplishment but it also marks the beginning of your journey, not a destination. Others believed that it should be provocative. That definitely sounded more like me – challenging others is what I do best. My family offered what might have been the most pragmatic advice that I received. My son, who joins us in the audience today, warned me, “Mommy, whatever you do, try not to be boring.”

So, given the dearth of ideas, I turned to the internet. And yes, there is a website on “how to write a convocation address.” I read through many speeches written by rock stars and politicians, wildly famous entrepreneurs and bankers-gone-bad. They all had one thing in common: their authors had all done *one* thing that had catapulted them to international fame – one major success that had made their name a household word. And, oddly enough, many of their speeches focused on how often they had failed in pursuit of that dream or on how random the path to that success had been.

Well, sadly, this morning you don't get a rock star, a politician, a famous entrepreneur or even a crooked banker. You get me. My name isn't and never will be a household word and that is OK by me. What I can and will share with you this morning is my experience and what I have learned from mentors, many of whom have names that in this Valley **are** synonymous with success, in the hopes that you will take **one** piece of information away with you that may, in some way, positively affect your future.

So let's get started...

There are three main points that I would like to discuss this morning: operating with integrity, achieving personal mastery, and continuously developing leadership throughout your career.

I joined Applied Materials in 1995 when the company was small and led by James Morgan. Jim remained our CEO for nearly 30 years and took the company from a start up operating in or near the zone of insolvency through its IPO and to nearly \$10B in annual revenue. He was an incredible role model for living our organization's values. In leading by example, he ensured that the highest standards for ethical behavior were practiced throughout the company. It established a very impressive company culture that continues today as his legacy.

In November 2009, Mr. Morgan sat in our venture fund's portfolio review. He made very few comments but asked many questions. Near the end, the group got into an interesting discussion about integrity and the principles of doing business with consistently high integrity. After all, we, the vulture, I mean venture capitalists, were sitting in the middle of a serious downturn where previously well-funded start ups starving for capital and we had money to spend! After listening to us for some time, Mr. Morgan shared with us his "rules for doing business." The message was that it is perfectly acceptable to be aggressive and focused on the goal; however, it is critical that you do so under boundary conditions

that ensure you operate with integrity. I'd like to share these "rules" with you now.

1. Never expect to make money until your partner has made money first.
2. Long-term relationships have greater payoffs financially and in personal satisfaction than quick reward of advantage.
3. Business relationships require open and honest communication, teamwork and patience.
  - a. I keep my partners apprised of both the success and the failures in my efforts.
4. Goals should be attainable and payoffs realized.
5. I believe my contribution is critical, but that my partners can be successful without me.

At the moment, it may be hard to envision being tempted not to operate in business with consistently high integrity; however, these rules apply at all levels in an organization. The best way to ensure that you will successfully uphold these ideals is to conscientiously and intentionally integrate them into your decision-making criteria. Asking yourself questions about the optics of a situation and answering the questions honestly is key to weaving these standards into the fabric of your life both professionally and personally. Remember, in today's connected world, there is very little that separates your personal from your professional life. So, in continuously questioning yourself, the appropriate behavior will become ingrained and it will underpin how you envision business transactions and partnerships. Therefore, by internalizing the process, you can always be confident about how others will perceive you which will, in turn, build your confidence in attempting bigger and bigger projects/deals/positions.

The second point that I would like to share is on achieving personal mastery. I am not sure that I have phrased this properly. After all, maybe one can never *achieve* personal mastery as it is

more of an on-going process that spans the length of your career if not your life.

The idea of personal mastery is important for both the graduate students and the undergraduates here today; however, somehow I think it may have *special* meaning for those newly minted Master's degrees. After all, you had a degree or two plus work experience but somehow you just weren't satisfied that people appreciated, and maybe compensated, your level of intellectual prowess so you returned to get an MBA. Now, on Tuesday, you will return to work expecting your colleague to view you completely different right? Just like the way people ask you on your birthday how it feels to be one year older...but you're not...your simply one day older.

I know that newly minted MBAs think this way though because each Spring, during the annual new college graduate interview sessions, they march one by one into my office to tell me everything I need to know about everything! I get a kick out of it and honestly, I can't really throw stones because regrettably I am still guilty of this habit. But I digress...

There is a wonderful book by Marshall Goldsmith called "What Got You Here, Won't Get You There." I encourage you to pick up a copy or better yet download it to your e-reader because it is one that you will want to read at various times throughout your career. Goldsmith didn't intend it for the "straight out of university group," but I feel that it works. The book details a proven improvement process plan for professionals at all stages of their careers.

Your degree represents an important step in your life but learning is an on-going process and, while the content that you learn in both graduate and undergraduate classes is important, it is not a box that you check off on your way to "There." Key to personal mastery is self awareness. Do your own SWOT analysis. If you are going to succeed, you must objectively understand your

strengths and weaknesses and then continue to *invest* in personal and professional development. Good news! You are hereby done with grades...now take some classes that are challenging and just be there to learn, mature and push yourself to the next level.

One of the hardest things for us to do as we move through the early stages of our career is objectively accept criticism from our peers, superiors and direct reports. Yet, the input is critical. It is the voice of the customer! It is amazingly difficult for me and not doing so has jeopardized my career numerous times. However, it is a sign of emotional maturity to not only listen to the feedback that we are presented with but to drive the appropriate change as a result of that feedback. This is a key factor in developing the self-confidence required for leadership as we mature as managers.

The final point is more of a challenge to you as you move forward. As you have probably assessed by now, leadership is not something you can earn in a degree. Scholars continue to debate whether leadership can be taught or whether great leaders are born with the quality. Frankly, I wouldn't want to touch that debate. What I can tell you is that leadership is analogous to wisdom and similar to wine, it takes a few years and a good bit of experience to develop the real thing.

A brief story to illustrate my point... Two summers ago, I had a wonderful young MBA intern from UCLA Andersen. For the first half of the summer, I asked him to shadow me and my Associate. He helped with all that we were working on but didn't manage a project of his own. In mid-July we met and I explained that we were going to move into diligence on a prospective investment and that he would be leading that effort. I explained that he should work as we had on other projects and within 6 weeks he should be prepared to bring his results in the form of an investment recommendation.

He did. He worked hard and asked many questions. He spent countless hours with the CEO working through all of the issues that he felt might “kill” the investment. At the beginning of August, he asked for a meeting to discuss his recommendation. I sat quietly and listened intently as slide by slide he moved through the background for his recommendation. He had some very good arguments about the risks and why we should **not** pursue the deal further. At the end of the presentation, I asked three questions. One was on a piece of technical data that he had collected, the second was for clarification on a slide that I didn’t understand and the third was, “Your decision is not to invest because the technology risk remains too high at this stage?” To which he answered yes. I thanked him for the presentation and express gratitude for the wonderful job he had done in putting together a strong case and recommendation. After he left my office, my Associate quietly asked me, “You are still moving forward with this investment aren’t you?” I nodded yes.

Immediately following my presentation to the investment committee, using the intern’s slide deck but changing the recommendation slide, the intern asked me to have a beer and discuss the situation. He felt somehow disappointed that he had come to the wrong conclusion. But of course, he hadn’t come to the wrong conclusion. From what he could see, given the data that could be collected and the facts that were available, **NO** was the only logical answer. What the intern lacked and I could never have offered him in that summer was the experience required to accept and thrive in this environment of ambiguity. In other words, he was missing the experience that was key to recognizing a pattern that often results in some of the greatest early stage successes.

Ultimately, leadership means seeing change, challenges or uncertainty as opportunity rather than as a problem. True leaders encourage their teams to embrace creative solutions and

innovation and to risk failure even after evaluating the options. In fact, great leaders inspire those around them to focus on the future opportunities in addition to the present objectives. This is part of developing the ideas and timely answers that are required for businesses to meet the need of a changing and challenging business environment like the one we are operating in today. I wasn't the least bit surprised when yesterday's Fast Company magazine listed it's 100 most creative people picks for 2009 to see Dr. Mark Pinto, Applied's CTO as number 49.

OK, I said there were three but in fact there are four points for today's discussion. The last is about priorities. I was told that yesterday afternoon 598 of you had rsvp'd to this event but that translated into 4000+ people. That is phenomenal. Look at this support system. Today is your day to honor and appreciate these folks too. It is often tough to manage all of our responsibilities and balance the needs of the family with the rigors of climbing the ladder. There will be sacrifices but choose them wisely.

In closing, I would like to provide you with some very tactical advice for your first year "out of the gate."

1. First impressions mean the world. Hiring decisions and investment decisions are said to be made in the first 2 minutes of meeting someone. The rest of the time is just justification of the decision. Big smile, strong handshake and eye contact are critical. You are at the outset of that long-term relationship that Jim Morgan marked as an underpinning for success.
2. Give back. We get caught up in the work that we do and our family obligations but you must remember that giving is part of your community responsibility. Your time, your presents, your gifts and your service are all welcome and appreciated. Leadership experience and development can be supplemented through serving on local non-profit Boards

and committees. There is no more challenging environment to become a leader than in a place where no one is paid to do what you say.

3. You came into this world with two ends: one to think with and one to sit on. You. Your success depends on which end you use the most.
4. Invest in a book of manners before you start interviewing if you haven't already. The ideas and advice may seem antiquated to you but it will go a LONG way to serve you in your life and career.
5. Write (handwrite) thank you notes for interviews. It makes a difference.
6. You also came in with two ears and one mouth. Future success is probably a function of keeping that ratio strong.

Good luck, enjoy your day, celebrate your supporters and face the new challenges on Tuesday with excitement, enthusiasm, and passion.