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Angry Mail

CEO Takes On a Nun In a Crusade Against 'Political Correctness'

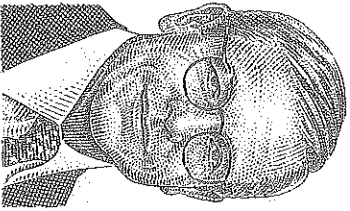
Cypress Chief Blasts Sister Who Asks for Women, Minorities on His Board Lots of Men Write: 'Amen'

By ELLEN JOAN POLLOCK

Staff Reporter of THE WALL STREET JOURNAL

It isn't every day that the CEO of a major high-tech company calls a nun's views "immoral."

And it seems just as unlikely that his slap would result in an outpouring of support from executives and investors nationwide — for him. But that's exactly what happened when Cypress Semiconductor Corp. Chief Executive Officer T.J. Rodgers took a Catholic nun to task for suggesting he put qualified women and minorities on his company's board of directors.



T.J. Rodgers

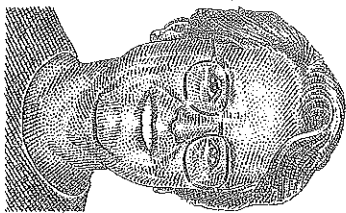
Mr. Rodgers's missive to the nun, who had sent him a politely worded form letter on the issue in April, is a blistering assault on political correctness. "Bluntly stated, a 'woman's view' on how to run our semiconductor company does not help us, unless that woman has an advanced technical degree and experience as a CEO," Mr. Rodgers says in his May response to her. And, he says, few women or minorities fit that bill. A search for a director with the right qualifications "usually yields a male who is 50-plus years old . . ."

"You ought to get down from your moral high horse," he continues in the letter to Sister Doris Gormley of the Sisters of St. Francis of Philadelphia.

"Your views seem more accurately described as 'politically correct,' than 'Christian,'" he writes. "Choosing a Board of Directors based on race and gender is a lousy way to run a company. Cypress will never do it." He adds for good measure that "bowing" to "special-interest groups is an immoral way to run a company."

Mr. Rodgers's six-page letter, which he distributed to Cypress shareholders, has clearly hit home with his readers, who are passing it along an underground network of disgruntled veterans of the affir-

ative-action debate. Once dubbed the "bad boy of Silicon Valley," Mr. Rodgers, 48 years old, makes a habit of publishing provocative editorial-style articles on everything from proposed immigration restrictions to federal support of the high-tech industry — he is against both. But his attack on Sister Doris has yielded a greater response than all his other articles combined, he says.



Sister Doris Gormley

So far he has received roughly 200 letters, and each day the postman lugs more to the Silicon Valley campus of Cypress, an international distributor of semiconductors with about \$600 million in annual sales. Only about 15 letters have been critical of his views. The chairmen of Hewlett-Packard Co. and Advanced Micro Devices Inc., as well as many other top corporate executives, have written to congratulate him. "Splendid letter," chimed in Nobel Prize-winning economist Milton Friedman. "Amen," was the complete text of another letter, although the word made an appearance in many others.

"This letter is 'wonderful' and right on!" wrote Ken Collin, president of CWP Display Systems Inc. "We all need to be more aggressive and active getting the word out or we're going to lose it." Dozens of investors promised to increase their holdings of Cypress stock and many encouraged Mr. Rodgers to run for public office. The majority of supportive letter writers have been men.

'Get On With Prayer'

Sister Doris has received her share of letters too — and most of them also support Mr. Rodgers. Some chastise her for wasting his time, and bristle with resentment and anger. Mr. Rodgers wrote a holder of one million Cypress shares, "doesn't need your advice or comment. I say, sell your stock and get on with prayer or some other less costly project."

Dashed off another investor on a postcard: "Glad you're a sister 'cause otherwise you would have henpecked some poor soul to death."

The fervor of Mr. Rodgers's response has left Sister Doris feeling that her correspondent has gone into unwarranted overdrive. She says her letter had nothing to do with "political correctness," but simply reflected "concern for the social integrity of business." She says his letter distorts her views.

"I'm fascinated by the depth of emotion with which he responded," says the gray-haired 59-year-old in a summery flowered skirt and sandals, sitting in a reception room of her order's Gothic-style mother house. She speculates that her letter ar-

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A CEO Crusades Against a Nun

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rived when Mr. Rodgers was "feeling extremely vulnerable around these issues."

As her congregation's director of corporate social responsibility, it is Sister Doris's job to make sure the sisters' investments — chosen and supervised by professional managers — don't violate the order's tenets of social responsibility. Among other things, she scrutinizes proxy statements and, when she sees no women or minorities on the boards, sends out the form letter that launched Mr. Rodgers on his crusade. It is a simple, three-paragraph letter that makes no demands, but explains the order's policy to withhold its votes for boards that don't include qualified women and minorities.

"We believe that a company is best represented by a Board of qualified Directors reflecting the equality of the sexes, races and ethnic groups," the letter says in part. "As women, and minorities continue to move into upper level management positions of economic, educational and cultural institutions, the number of qualified Board candidates also increases." The almost 1,000-woman order sends the letter to about 200 companies "each peak proxy season," says Sister Doris, who explains that the portfolio is used primarily to support aging and retired nuns.

But never in the 12 years the nuns have been sending the letter has it received a response like that from Mr. Rodgers. Some companies politely say they aren't actively pursuing board diversity, says Sister Doris, and others say they will keep it in mind as vacancies occur. But the "overwhelming majority don't ever question" the "appropriateness" or "benefit of that diversity," she says.

'Shot Himself in the Foot'

That isn't surprising. A growing number of large institutional investors and mutual funds are quietly encouraging companies to diversify their boards.

"The issue which he attacked has a lot more currency today than it did 10 years ago," says Timothy Smith, executive director of the Interfaith Center of Corporate Responsibility, an organization of 275 religious investors, including Sister Doris's order. "I think Mr. Rodgers, by taking this unprecedented action of sending this to all shareholders, has shot himself in the foot. He implied that this is about quotas, which it's not. He implied that it was about political correctness. We think it's straight business sense." Wal-Mart Stores Inc. and W.R. Grace & Co. and other companies have adopted policies in support of board diversification, he says.

That Sister Doris struck a nerve is perhaps the only point on which she and Mr. Rodgers agree. "She did hit something. I'm emotionally attached to, and it's freedom," he says. He says he is reacting to "social utopians" who use "coercive" tactics to enforce their own "high moral

standards." Sister Doris, he says, "is using her moral authority to espouse what I have labeled a politically correct view which I don't agree with and I think is morally wrong."

"The list of things you can and cannot do!" he exclaims. "The assumption is that CEOs are bad guys and in acting on their own, without prodding from morally correct types, they wouldn't make the right decision. And that assumption is just flat-a— wrong." Sister Doris's methods may be mild, he concludes, but others — including Washington politicians — stand behind her with "baseball bats" and represent "a fatal threat to companies that are our size or smaller, particularly in fast-moving industries."

A Growing Backlash

Mr. Rodgers's response represents a growing backlash behind the scenes of corporate America, as evidenced by the many letters thanking him for going public with his rebuttal. "I simply wanted to thank you for unknowingly encouraging a fellow CEO that is constantly being pressured by groups such as those you describe in your letter," wrote Peter Fontaine, CEO of Discount Auto Parts Inc., a \$200 million public company in Lakeland, Florida. "Thank you for taking a stand."

To say that T.J. Rodgers and Sister Doris have different styles would be quite an understatement. Mr. Rodgers decided he wanted to run his own company when he was only 21, and started working toward that goal while he was still at Stanford University. As a graduate student in electrical engineering, he invented and patented a chip technology. He started Cypress when he was 35, developing a gruff management style that earned him a place in Fortune magazine's list of the country's toughest bosses. In his office, he displays a license-plate holder reading, "Cypress—we eat nails." He occasionally communicates with staffers using memo paper stamped with the words, "From the desk of God," a gift from his mother. Divorced, he works most days from 7 a.m. to midnight, interrupted only by brief jogging breaks. He runs a mile in under seven minutes.

Sister Doris, his unlikely nemesis, has a casual, self-confident manner and is as comfortable talking about shareholders' rights — she feels Mr. Rodgers has trampled on hers — as she is about her congregation's Franciscan roots and emphasis on inclusivity. She also is a businesswoman; before becoming a nun relatively late in life, she was a senior administrator at a health-care system run by her order, a career she continued for several years after taking her vows. "I would like to know all the positives, all the good things about Mr. Rodgers, which are many," she says, citing his "strong personal sense of social justice." Her goal, she says, isn't to force Mr. Rodgers to set quotas, but only to spark a dialogue.

That's "terribly inept if her idea of

starting a dialogue is to send a stamped signature form letter to a chief executive officer," Mr. Rodgers fumes, calling Sister Doris a "dyed-in-the-wool political correctian." As for quotas, he says, that's exactly what she's asking me to do when she points out that I don't have diversity on my board."

Mr. Rodgers long had been planning to write an article on what he believes to be misguided notions of corporate responsibility when he happened to receive Sister Doris's letter. The "arrangement" of the letter, he says, spurred him to action.

"It was Friday night and I got it and I said, 'It's time,'" he recalls. "Then I looked down and said, 'and she didn't even sign the g—d— thing' — the "final p—off factor," as he calls it. He ran downstairs from his office to a Cypress laboratory and threw the letter under a microscope to double-check that it wasn't personally signed. Then, armed with a microcassette recorder, he jumped into his Honda and composed a response as he dodged Palo Alto, Calif., traffic on his way to dinner. Every time he had to shift gears, he shoved the recorder into his mouth, clamping down on it with his teeth. He holds up his Sony recorder. There are teeth marks on it.

"I was kind of pumped," he says. "So I really let her have it." The resulting letter was so vituperative that Mr. Rodgers's executive staff advised him to tone it down. Ultimately, he rewrote the letter 14 times, he says.

In the interview at his office, just back from a four-mile run, he says an unqualified woman's point of view just isn't needed at Cypress. "That may not be true elsewhere," he says. "I can name different industries and different companies where a woman manager would add insights, but not when you're making static RAMs in our business."

No Use For 'Intuition'

Part of a Cypress board member's responsibility, Mr. Rodgers feels, is to tell him when he's wrong. And that means they have to have the clout — and the personal and professional strength — to deal with T.J. Rodgers, not always an easy task. "I'm strong-headed. When I go to the board of directors I'm fairly well locked in," he says. "I'm not going to have someone come up and flick me with one of their fingers and make me turn around 180 degrees."

"I'm not going to have someone who doesn't know anything about my business, someone who doesn't know anything about chips or the customers who use chips, come in and cause me not to make a mistake because of their intuition," he adds. "It's just not in the cards. . . ."

In his letter to Sister Doris, he says Cypress board members must have experience as a CEO of an important technology company, direct expertise in the semiconductor business, and experience in the management of an industry customer.

That, counters Sister Doris, is "an extremely narrow perspective." Mr. Rodgers might benefit from the point of

view of other kinds of competent business people, she says. Besides, "I would think that in 1996, even in the semiconductor industry, there are beginning to be qualified women and people of color." Sister Doris says. "At least since the '70s, minorities and women have been moving through the levels of business and acquiring the experience where they're now in an age range and expertise range of a qualified director. I mean, we're talking about 25 years."

That 25 years just isn't enough, Mr. Rodgers retorts. He doesn't recall ever seeing a woman in any of his graduate school classes at Stanford, where he earned a doctorate in 1975. "It's just not what women were interested in at that time," he explains. "It just so happens that in my business, in this valley, that's the way the demographics work out." According to Stanford, five women got master's degrees in electrical engineering in 1975 and one got a Ph.D.

The controversy ignited by Mr. Rodgers's letter isn't likely to die down anytime soon. News of his reaction is being circulated among members of the Interfaith Center, and Mr. Smith, its executive director, predicts that some may take action. Members of the organization have filed shareholders resolutions pushing for board diversity with American International Group Inc. and Archer-Daniels-Midland Co. and other companies.

Mr. Rodgers, says Mr. Smith, has "made his company a target, and he's not just insulted one Roman Catholic sister. He's insulted every religious investor and every concerned investor who believes that good corporate governance requires a diverse board."

And despite the outpouring of gratitude, not all Cypress investors are entirely happy about Mr. Rodgers's letter. One woman wrote Sister Doris of her decision to sell her shares. Another informed Mr. Rodgers that while his first reaction was "one of muted applause . . . I began to feel that you were perhaps a person who enjoys finding spiders on a sidewalk so that he can squish them. You were using a sledge hammer to put a thumbtack in place. Restated in words that a graduate engineer can understand — I think you acted like a bully."

But for Sister Doris, the debate with Mr. Rodgers may be over. Thumbing through a report from her order's investment manager shortly after receiving Mr. Rodgers's letter, she learned that the order's 7,000 shares of Cypress stock had been sold. The decision had nothing to do with her correspondence with the CEO. "I had a chuckle. It was so ironic," she says. She sat down and drafted yet another letter to Mr. Rodgers, which she signed herself.

"Since we no longer have even a financial relationship there will be no incentive for you to continue this correspondence," she wrote. "Diversity, whether in board composition or in our opinions, can be stimulating and growth-filled. May I suggest that we both take the time to consider and reflect non-judgmentally on each other's position and try to learn from this