

IR's Lidow: back to the basics

Alex Lidow has brought International Rectifier back to the basics.

By Colleen Taylor



Alex Lidow
Chief Executive Officer
International Rectifier

At the helm of a company that had secured a reputation for power-efficient-semiconductor technology decades before “low power” was a buzz term, International Rectifier Chief Executive Officer Alex Lidow has continued to keep a steady focus on core priorities since his appointment to the post in 1995. Over the past year, IR posted a series of strong financial quarters and streamlined its business model to zero in on what Lidow considers core principles.

“Several years ago, we decided we would focus our company on what I call the two grand challenges,” Lidow says. “The first one is delivering extreme power density. That’s a very important thing for allowing density to progress along Moore’s Law. The second grand challenge is energy savings. There are three great areas where we can save nearly 30% of the world’s energy: electric motors, lighting, and transportation.”

The company made a further step to refocus the company last November when it inked a deal to sell its power-control-systems business unit to Vishay Intertechnology for \$290 million in cash, cutting the company’s scope by 25%. “Those two grand challenges drive all of our technology development and basically drive this company,” Lidow says. “With the divestiture, we carved out all the elements of our company that do not directly contribute to those two grand challenges.”

From a management perspective, despite the gains IR has reaped from

its newly narrowed scope, the decision to sell the unit was nevertheless a difficult one for Lidow. “A lot of what we sold was the very ‘traditional’ part of IR, and it is hard to part with that,” Lidow says. “It’s stuff that we understand ... friends that we’ve had for about 30 years.” Ultimately, however, the decision to sell was a no-brainer for the continued success of the company. “From a business point of view, it’s important that your business strategy tells you what

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—Alex Lidow

not to do,” Lidow says. “A strategy that allows you to do everything is not much of a strategy. To be consistent with our strategy, we needed to do this sale.”

The sale was the top order of business for IR in 2006 and likely will continue as such into the near future. “The big thing for [2007] is we want to complete the divestiture and make sure that the new company operates as an independent element,” Lidow says. “We need to show that with fast growth and high profitability. The first order of business is to make sure that the company that remains is clean, doesn’t have a lot of excess overheads, and knows how to operate.”

Nevertheless, Lidow, whose expe-

rience with the company dates back nearly 40 years to a summer job at age 16, is looking forward to getting back to IR’s basics. Lidow keeps his perspective clear by continually assessing IR’s performance, measuring the company’s success by simple but all-encompassing guidelines. “We ask ourselves” Are we affecting energy savings in this world? If so, how much and why? And, are we at the leading edge of these IT applications that require the highest power density? If not, why not?”

And, although the buzz about low power has in recent years picked up steam in the semiconductor industry, the idea of keeping in mind the world’s energy savings when making individual business decisions is nothing new for Lidow. He says that, more than 30 years ago, as a graduate student at Stanford University, he learned about the critical nature of power management not just to the semiconductor industry, but also to the global population’s standard of living. “Now, I view this power management as my life, and my life’s mission.”

Discussing his father, Eric, who won a lifetime-achievement award from Reed Business Information in November, Lidow says, “my father and grandfather both have one basic principle in life, which is that the quality of a person is measured by his contribution to society.”

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