

What makes a winner?

By Ed Sperling

Who wins and who loses in the global electronics industry is no longer just a matter of hard work, good timing and luck. It's also a question of picking the right partners, making tough choices—ones that may not be intuitive at any moment—and being willing to defend those choices to a board of directors that may be clamoring for short-term gain instead of long-term growth.

Investors and analysts can be a very persuasive bunch, particularly when they're hurling threats at a CEO and CFO and filing class-action lawsuits directly against the executives. Sometimes these outsiders are right.

Sometimes they're not. These, after all, are the same people who called for the breakup of IBM in the early 1990s. It was only by ignoring the high-volume and plentiful advice that Lou Gerstner was able to execute one of the greatest turnarounds in business.

This year's choices for *Movers and Shakers* reflect that same kind of intelligent grit—the willingness to stand up for what's right for a company, and damn the torpedoes. Not all of the companies are at the top of their game at the moment, but all of the executives selected by the top editors of *Electronic News*, *Electronic Business* and *EDN* are showing the right kind of spirit and making the right kinds of moves that are necessary to navigate a complex and cyclical business.

We have brought back the roundtable discussion this year, after a two-year hiatus, because we wanted to hear what the leaders had to say not only to us, but to each other. One point that deserves note is the distinction between research and development. While R&D may be a single line item in

financial statements, research and development are very distinct departments with different missions and mindsets. The benefits of true research can be measured in years, sometimes decades. The benefits of development show up in less than two years.

Those who make the tough choices to invest at times when their directors and investors are clamoring for profits are true leaders. Those governments that make those choices possible are true leaders, as well. In this year's issue, we also look at the places that are making these kinds of choices easier—places where stock options are not dirty words, immigration for qualified workers is encouraged, and tax laws are written to attract businesses rather than push them away.

Getting this equation right is more than just giveaways, though. The recent abandonment of the Crolles Alliance by NXP (formerly Philips Semiconductor) and Freescale Semiconductor is a case in point. On the flip side, the explosion of manufacturing in Eastern Europe and the massive building underway in the United Arab Emirates warrant a serious look, given the amount of business heading there.

We also have taken a serious look at the technologies that have made it big, or which will make it big, driving markets of their own after years of deep research and continuous development. Batteries will change the cars we drive. Communications will alter medicine. Standards will change communications. All of these, taken together, will alter the world we live in and products that consumers buy.

In the electronics industry, people, places, technology and ideas are the four core elements. Check out our assessment of who and what are really driving the industry.

Finally, we encourage you to log onto our Web site, www.edn.com/moversandshakers, to check out all of this information and more. This is your industry. The more you know, the better prepared you are to face the future.



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