Run silent, run deep: The life of Brian Krzanich at Intel
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By Noel Randewich

SAN FRANCISCO (Reuters) - It took him 30 years, but Brian Krzanich - the understated, analytical engineer who started his career at an Intel chip factory in New Mexico - quietly worked his way up to the top. Now, the man who once prided himself on halving production times will have to act swiftly to move the company into new areas of growth.

Krzanich will take over as chief executive beginning on May 16 at the annual shareholder meeting, replacing Paul Otellini, who in November unexpectedly announced his plan to retire. Under Otellini, Intel has been sidelined in smartphones and tablets while demand for its PC processors is on the wane.

To turn around the $53 billion-a-year empire, Krzanich will have to depend on trusted lieutenants, something he shouldn't have a problem doing, say former employees, analysts and industry executives who have worked with him.

In 2010, Krzanich was on the brink of a weighty decision: whether to break with tradition and open up Intel's top-secret manufacturing facilities and make chips for other companies. He called a teleconference of 8-10 key people - executives from marketing, investor relations and sales among them - and began firing off questions.

He wanted to know if going ahead with the manufacturing deal could create any potential problems for other areas within Intel, like upsetting major customers or creating misunderstandings on Wall Street about Intel's core strategies.

"His job was to say, Can we do it economically and make money in our factory? But he was really good about making sure the supply-chain guys, the marketing guys, everyone kind of understood the impact of (the potential deal)," one of the people on the conference call told Reuters.

In less than an hour, he took a decision that would pave the way toward a new business for Intel: Achronix became its first foundry customer. This past February, Altera Corp became its first major client for the business, and industry insiders believe it could eventually reach a similar deal with Apple.

At a company known in Silicon Valley for its insular culture, Krzanich went largely unnoticed by investors and media even as he rose through the ranks to senior positions. Two former longtime employees said that when they left Intel less than a decade ago, they had never even heard of Krzanich, though he was then in charge of the company's assembly and test facilities.

The new CEO is a mystery even to some of the best-connected of the chip industry elite. Paul Jacobs, CEO of No. 2 U.S. chipmaker Qualcomm Inc, said on Thursday he looked forward to meeting Krzanich.

The San Jose State University graduate, who declined to comment for this story, has an engaged but quiet management style, although an employee said engineers who miss their deadlines or targets tend not to stay in positions of responsibility.

When Krzanich was promoted to chief operating officer last year, Intel pushed him into the public spotlight, exposing him a little more to the media. Given a choice between speaking to an investor or a reporter, Krzanich will choose the investor every time, another Intel employee who knows him well said.

As recently as a few years ago he was known to drive just an ordinary car, and in January arrived at an investor meeting in Las Vegas wearing work boots. One of the former Intel employees described Krzanich as the worst-dressed guy in a meeting, "but in a good way."

"He doesn't worry too much about the impression he leaves with you. But you pay attention to what he has to say," said RBC analyst Doug Freedman.

FACTORIES STILL THE FOCUS

Intel's strength has traditionally come from its manufacturing prowess, and Krzanich's promotion is seen as confirmation by the board that the company's multibillion-dollar network of cutting-edge factories still holds the key to success.
People who have dealt with "B.K.," his handle inside the company, describe him as well aware of own limitations outside of manufacturing, like dealing with customers, but willing to consult with trusted others and make quick decisions based on their recommendations.

Perhaps for that reason, Intel Chairman Andy Bryant on Thursday stressed that the new CEO will work closely with new president and former software honcho, Renee James, and team up to push new markets, including smartphones and tablets.

After becoming COO, Krzanich told Reuters in a March 2012 interview that he had devoted a couple of years to learning to manage the product-design engineers outside of Intel's factories. "Managing them like the factory would be one of the worst things I could do for Intel. They need creativity. It's very different from the factory role."

Krzanich seems to play well with others. He stood out at an offsite executive-training course he attended for several days around a decade ago, according to two consultants who helped organize it.

"When you observed him on the team working with his peers he was a leader, but not because he was a dominating, hard-ass guy. He was a good team player," said Noel Tichy, who is also a business professor at the University of Michigan.

"What Brian brought was a level of depth. He went deep on the data. I remember conversations with him about his analysis, and moving the team through the analytic phase of the work. He had an opportunity to really help shape some of the team's thinking," said consultant Chris DeRose.

Krzanich began his Intel career soon after college at a chip factory in New Mexico in 1982. He acquired responsibility for his first factory, in Chandler, Arizona, in 1996. After running the company's assembly and testing facilities, in 2007 he was put in charge of the global network of factories as well as the chipmaker's supply chain. His promotion to COO in January last year added human resources and IT to his responsibilities.

CEOs Mark Durcan of Micron Technology and Mike Splinter of Applied Materials on Thursday lauded Krzanich for his profound knowledge of the industry.

One reservation was voiced by Henri Richard, senior vice president of commercial sales at SanDisk and a former executive of Intel rival AMD. Making changes to long-held Intel practices, he said, may be one of Krzanich's biggest challenges because of loyalty to the old guard.

"He's going to fall in the category of 'not a bad choice,'" said Richard, who has never met Krzanich. "But I think the market had appetite for the implied bigger change that would have come with an external CEO."

(Reporting by Noel Randewich, additional reporting by Alexei Oreskovic; editing by Prudence Crowther)