



Cypress Semiconductor Corporation

Teaching Note

Purpose of Case Study

1. To help students understand how important effective communication is both internally and publicly.
2. To give students an appreciation for the importance of continuing effective communication, particularly during crisis management.
3. To help students understand how writing and speaking, and the management messages they carry, are the products of a process that begins with critical thinking.
4. To provide students with some understanding of the ethical implications of professional communication, particularly where potential legal/minority issues are involved.

Identify the Business Problem

Cypress Semiconductor Company has come under scrutiny regarding the lack of racial and gender diversity on the board of directors.

Forecast the Most Desirable Outcome

Assess whether minority discrimination issues exist within the corporate culture, develop a strategy to deal with any issues that do exist, and communicate these activities to interested stakeholders.

This teaching note was prepared by Bronwyn Clee under the direction of James O'Rourke, Concurrent Associate Professor of Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Identify the Critical Issues

These issues are at the heart of the case:

1. Corporate culture
2. Company diversity

Stakeholder perspectives include:

Cypress Management and employees
Corporate Social Responsibility Advocates

List Possible Solutions to the Problem

Write a response letter that addresses concerns concisely for the Director of Corporate Social Responsibility at The Sisters of St. Francis of Philadelphia. This written communication needs to come from the President so that the message has credibility and the importance of the issue is recognized.

Address the Semiconductor Industry Association and the San Jose Silicon Valley Chamber of Commerce. The purpose of these addresses will include opening a dialogue regarding the challenge of finding qualified minority directors, highlighting the many ways in which semiconductor companies support their employees and communities, and discussing the issues surrounding CEO pay. Once again, this should be undertaken by the President to underscore the importance of the issue to all involved.

Distribute a news release to shareholders, analysts, and selected media. Distribution of the release will coincide with the above addresses. Contents of the release will need to include a financial report and an overview of environmental programs. Secondary information will include Cypress' commitment to employees. This action shows that Cypress are serious about being a socially responsible company and do so where it is possible without compromising the purpose of the organization.

Become a member of the Semiconductor Industry Association's Communications Committee. This colleague group would be an excellent place to formulate industry-wide strategies in corporate responsibility inquires and communication strategies.

Create a long-term communication strategy. This strategy will include articles written in trade journals, specific messages integrated into annual reports, and other types of media coverage. Speeches and presentations by the President and others to trade groups, university business schools, and other general business settings should also be planned. In addition, a task force can be convened to review the current director recruitment efforts and recommend appropriate changes.

Explaining How to Communicate the Solution

Sound public relations communication strategies will help address issues. In particular, Cypress management will need to develop strategies that ensure clear communication with concerned stakeholders. For example being available, answering letters and ensuring open, truthful statements about their efforts to ensure they are a socially responsible corporation.

Teaching the Case

One week prior

Distribute the case at least one lesson before you intend to discuss it in class. Tell the students that you intend to focus on several matters during the discussion, including:

- The importance of effective communication both internally and publicly;
- The importance of continuing effective communication, particularly during crisis management;
- How management messages influence the outcome of a scenario;
- The ethical implications of professional communication, particularly where potential legal/minority issues are involved.

First 30 minutes of the class

Spend the first 5-10 minutes of the class session briefly recapping the facts of the case.

Then for the next 20 minutes, have the students identify the following:

- The critical issues involved in Cypress management decision;
- The stakeholders in this case and their separate interests; review the pertinent assumptions made by each of the stakeholder groups;
- The decision options available to Cypress Corporation.

Use the Questions for Discussion to aid student discussion, if needed.

Some points for student consideration may include:

Cypress Semiconductor Corporation has been receiving communications from stockholders and concerned groups regarding “corporate responsibility” issues. The letter from the Director of Corporate Social Responsibility at The Sisters of St. Francis of Philadelphia letter is representative of the type of letters the company has been receiving.

Cypress would like to identify women and minorities who could fill director positions. However, the need to have directors with specific experience severely limits the company's ability to find qualified, willing individuals from these groups.

Cypress believes it cannot be judged "corporately irresponsible" on this one factor. Cypress argues that quality of work life, compensation and benefits package, and charitable work offer a holistic approach to creating a meaningful, value-oriented work environment. Cypress has also taken a progressive approach to environmental issues and has been recognized for these efforts.

The letter to Sister Doris Gormley includes some noteworthy arguments regarding Cypress Semiconductor's overall corporate responsibility. It also points to an industry-wide concern regarding finding qualified directors who represent nontraditional groups within the technological community.

While the Sister Gormley's letter requires a response, the key is that the company needs to implement a strategic approach to initiate dialogue within the semiconductor community as well as to reinforce its corporate values and social commitments to shareholders and analysts. Simply placing ideas in a response to a form letter will not give Cypress the quality coverage needed for these important issues.

Next, identify the stakeholders in this case and their separate interests; review the pertinent assumptions made by each of the stakeholder groups;

Cypress Management and employees: Employees and management must be clear about the messages that are being sent to the public regarding corporate responsibility and selecting the best person for the job.

Corporate Social Responsibility Advocates: Must be communicated clearly, honestly, and regularly to build rapport. Importantly, the advocate groups must understand the difficulties that are entrenched due to lack of minority individuals with the skills required. The corporation needs to clearly indicate that it understands times are changing and that there is equal opportunity for those in minority groups to be employed as the best person for the job.

Summarize their response

Ask students for their communication plan. What would they have done if they had been in Cypress management shoes?

Issues to consider include:

Strategic Communication Objectives. What are Cypress strategic business objectives, particularly in relation to minorities. How can we link them directly to our communication objectives?

Audience Analysis. Who are we most concerned about reaching? Why do we want to communicate with them? What outcome do we hope for when we reach them?

Message Construction. What do we want to say to each of these audiences? Will our messages differ from one set of stakeholders to another? How simple or complex should the message be?

Medium Selection. How should we try to reach these stakeholders? Should we consider electronic means? How about print means? Should we telemediate our message through the press? Should we try to communicate directly with one or more of the stakeholder groups?

Measurement of Outcomes. How will we know if we have succeeded? What criteria should we use to determine success? If we're not successful, what should we consider changing first: medium, message, audience, or objectives?

Last 5 minutes of class

Conclude the discussion.

The key to this case, as with nearly all other management communication cases, is to let students speak freely, but guide their comments toward the problem facing Cypress and the situation faced in the case.

A list of suggested Questions for Discussion follow for your teaching reference.

Questions for Discussion

The questions are for use in class and should provide a deeper level of questioning – useful after the case study has been digested by the students and some initial revision of the case has taken place. The Questions for Discussion should build and relate to communication.

1. Re-write the letter from the President of Cypress to the Director of Corporate Social Responsibility of The Sisters of St. Francis of Philadelphia. Indicate what you would change and how it affects the communication message.
2. What strategies should the company implement to prevent negative publicity over this issue? Give examples.
3. What other strategies could be implemented industry-wide to overcome the issues surrounding lack of minority groups in senior management positions.

