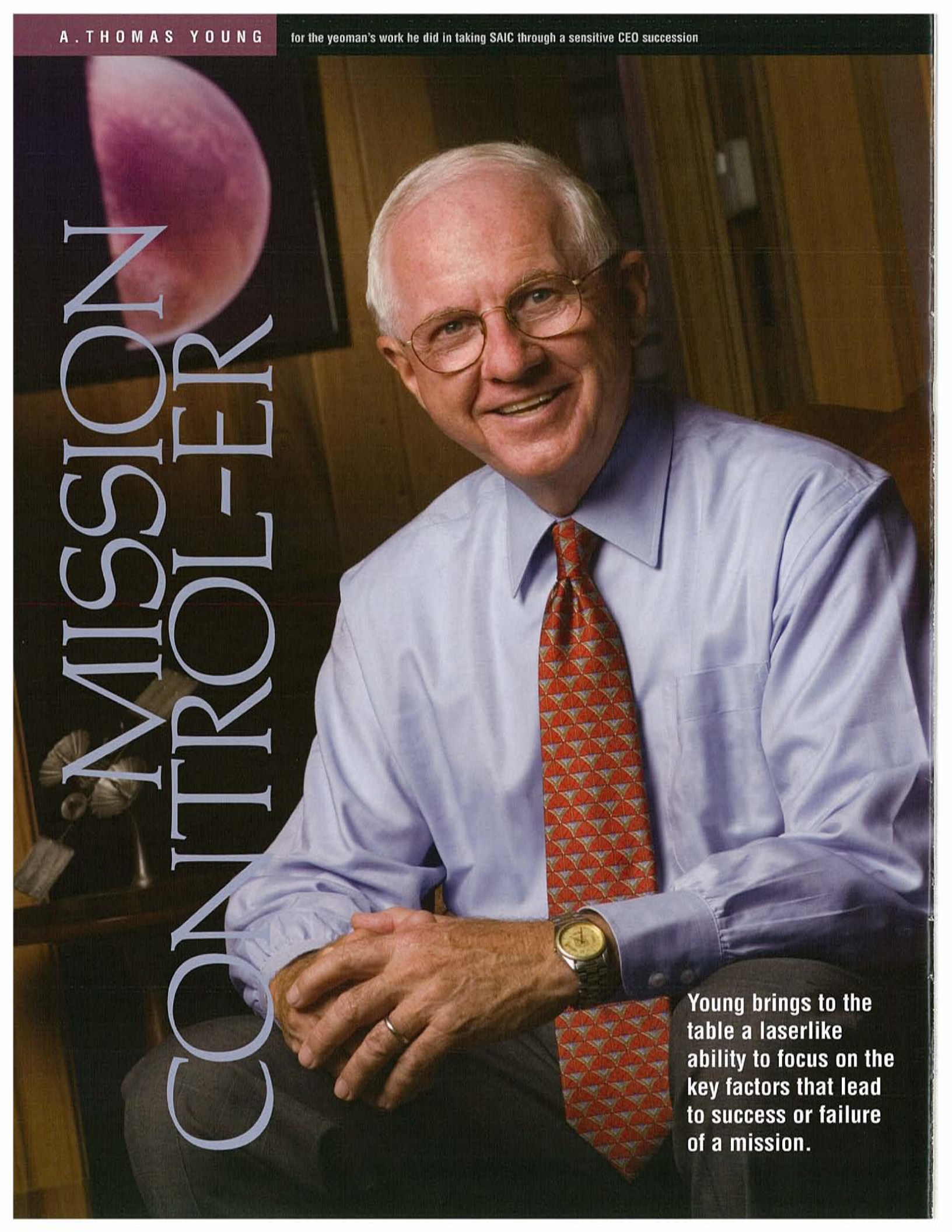


A . T H O M A S   Y O U N G

for the yeoman's work he did in taking SAIC through a sensitive CEO succession

# MISSION CONTROLLER



Young brings to the table a laserlike ability to focus on the key factors that lead to success or failure of a mission.

**T**he 1960s and '70s were heady days at NASA, and A. Thomas Young was in the thick of it. He joined the space agency in 1961, the same year astronaut Alan Shepard became the first American launched into space and President John F. Kennedy vowed to take us to the moon.

While at NASA Young served as director for Project Viking. The mission's goal was to land and operate a science lab on Mars. Leading up to the 1975 launch, Young oversaw the selection of landing sites—a task that required assimilating a stream of new information coming in about the planet's surface and balancing the competing demands of geologists, biologists and meteorologists whose experiments required different conditions. Throughout, Young kept the large and unwieldy site selection team focused on a single critical issue: finding a spot where Viking could land safely. There would be no experiments if the craft were destroyed upon landing.

Then, as now, the aeronautical engineer turned aerospace executive had a laserlike ability to focus on the key factors that contribute to the success or failure of a mission, combined with a country wit that diffused tensions. Friend and fellow director Louis Simpson, investment guru at Warren Buffett's Geico, recalls that he once asked Young his thoughts about his first compensation committee meeting at what was then the independent investment house Salomon Inc. "He said, 'Lou, it's like every other compensation committee I ever served on, except you have to add a bunch of zeros.'"

As a director of Science Applications International Corp. (SAIC), Young deployed this mission-control know-how in an equally difficult and complex endeavor: choosing a successor to Dr. J. Robert Beyster, the firm's legendary founder.

"We were hiring only the second CEO for a company that has had extraordinary growth over more than 35 years under the leadership of the founder," says Anita Jones, a University of Virginia engineering

professor who sat on the search committee. "Inside the company, Bob is deeply revered, and that reverence had almost a mythic proportion to it."

"It was a very tough fight," says Simpson, who had resigned from the SAIC board in 2002, in part due to the board's lack of success in getting succession planning off the back burner. "I don't think anyone else on the board could have accomplished what Tom has."

Starting with nothing but two consulting contracts in 1969, nuclear physicist Beyster built SAIC into the largest employee-owned research and engineering company. With \$7.2 billion in revenues and more than 42,000 employees, the La Jolla, Calif.-based company is No. 276 on the Fortune 500 and ranks among the

board with advice from an appraisal firm. Over 10 years the stock experienced annualized growth of 26.3%, and it consistently outperforms both the Standard & Poor's 500 Composite Index and the Goldman Sachs Technology Services Index. (The company buys back shares to maintain the stock price when sellers outnumber buyers, something that is increasingly common as employees seek to diversify their nest eggs in a post-Enron economy.)

While Young recognized the circumstances that set SAIC apart from publicly traded companies, he also knew the board had a duty to all of the shareholders to choose a new leader.

"We were really not doing what was the No. 1 job of a board, and that is assuring quality leadership and quality

## I DON'T THINK ANYONE ELSE ON THE BOARD COULD HAVE ACCOMPLISHED WHAT TOM HAS.

LOUIS SIMPSON • FORMER SAIC DIRECTOR

largest contractors of information technology services to the U.S. government. In November 2003, General Dynamics executive vice president Ken Dahlberg became chief executive officer and president of SAIC, and in July 2004, he succeeded Beyster as chairman.

Beyster was 78 when the search process began in early 2003, and though he had not tapped an inside successor, many insiders believed that no outsider could sustain the company's remarkable results without destroying the carefully built culture. "Many people in the company believed it was so unique that no one outside could understand it," Jones said.

SAIC is unique. Beyster ran the company with an entrepreneurial gusto and spread-the-wealth philosophy, keeping less than 2% of the company's stock for himself. Unlike other private companies that are the only buyer for employee stock, SAIC maintains an internal stock market through a wholly owned broker-dealer. Employees buy and sell from each other at a price set quarterly by a committee of the

succession planning," says Young. "You can't rationalize this by saying that as an employee-owned company we don't have to live by what we know as best practices for corporate America. We all recognized that this is a responsibility that really can't be dodged."

Each time the outside directors had broached the subject in the past, they met resistance. "We obviously felt there should be a succession plan," says Claudine Malone, a fellow SAIC director. "The board had been working on it without any success for about four years. And there was no agreed-upon inside successor."

Since retiring as executive vice president of Lockheed Martin in 1995, Young has been a member of six corporate boards besides SAIC, including Goodrich Corp., on which he still serves. He knew this CEO search would have to be different from anything he had previously experienced.

"My inclination, having done things like this before for public companies, is that speed is of the essence, but we con-

**BORN:** April 19, 1938, Nassawadox, Va.

**EDUCATION:** Bachelor's degrees in mechanical and aeronautical engineering, University of Virginia; Master's degree in management as a Sloan Fellow at M.I.T.

**CAREER HIGHLIGHTS:** Executive vice president, Lockheed Martin; president and COO, Martin Marietta; at NASA: mission director/Project Viking Mars Landing, director/Planetary Program, deputy director/Ames Research Center, director/Goddard Space Flight Center.

**FAMILY:** Married Page, June 24, 1961; one daughter, one son, one grandson

**HOME TOWNS:** Onancock, Va.; Potomac, Md.; and Boca Grande, Fla.

**MOST MEMORABLE SUMMER JOB:** Mate on uncle's fishing boat

**BEST VACATION IN PAST FIVE YEARS:** Trip to the Netherlands to celebrate 40th wedding anniversary.

**FAVORITE ARTISTS:** William and David Turner, father and son, who create bronze wildlife sculptures inspired by the beauty of the Eastern Shore of Virginia

**SOMETHING MOST PEOPLE WOULD BE SURPRISED TO KNOW ABOUT ME:** "I raced hydroplanes and was inducted into the Gulf Marine Racing Hall of Fame."

**CURRENT CORPORATE BOARDS:** Goodrich Corp., Science Applications International Corp.



cluded that wasn't true here," Young says. "Not only did we have to find an outstanding person to do the job, but we had to lay the groundwork for acceptance of that individual."

In his early years, Young's greatest value to SAIC was probably his defense industry contacts and expertise. But in handling a range of assignments at SAIC—including an analysis of its struggling telecommunications subsidiary—Young demonstrated a keen understanding of social contexts and people issues, says search team member Joseph Walkush, an SAIC executive vice president who has been with the company since 1976.

And those qualities proved crucial in the succession process.

In a compromise with the wishes of Dr. Beyster, the six-member search committee was evenly divided between inside and outside directors. Through Young's leadership, the group—large by most standards—coalesced into an effective

team. "It was like a launch, and that's the way he ran it," says Walkush.

The search committee met 14 times over six months, spending so much time at a Dallas hotel that someone joked they should just buy the place.

To Young, the search process had to be beyond reproach. That meant developing rigorous criteria with input from many quarters. Among other things, they sought someone with a technical background, experience in management of a major division with profit-and-loss responsibility, and deep knowledge of government business, which represents 85% of SAIC's revenues. "We had no specific criteria that the person had to be acceptable to Dr. Beyster, but we recognized that was important, too," Young said.

The committee circulated its ideas widely, incorporating feedback from Beyster and SAIC's various employee committees. Once set, the criteria and progress were posted on SAIC's internal website.

"The due care for process, the open and transparent conduct of that process and the frequent communication with employees, with senior management, with Dr. Beyster and with the board were crucial, and of course Tom carried much of that weight," Jones said.

One of the most contentious points was the decision to consider outside candidates. "There were some in the company who talked to the selection committee expressing the view that no one outside the company could possibly succeed Dr. Beyster and that the search committee should only look inside," Jones said.

Young was not rattled, and the committee members evaluated inside and outside candidates on parallel tracks. They closely considered qualifications of more than 100 external candidates and several SAIC insiders. As the field narrowed, the team asked Dr. Beyster to evaluate the leading candidates from both the inside and outside pools. "He is the founder, he was the chairman, and people look up to him," Young explained. "His views were important."

After the search committee recommended Dahlberg to the board, several inside directors remained apprehensive, so Young arranged for them to fly to Washington, D.C., to meet the candidate. "Acceptance of this decision was critical because rebellion was the last thing we could tolerate at a company like SAIC," Young said. "There was a strong appreciation that there was one chance to do this and one chance only and that we'd better not blow it."

Since Dahlberg took the helm in November 2003, the senior management team has remained largely intact, although he has consolidated the decentralized federation of competing business units into a more integrated structure. SAIC has embarked on an ambitious plan to double revenues in five years and is considering a public stock offering to finance acquisitions. The distinctive SAIC culture remains strong under Dahlberg. "The big story is that there hasn't been some big brouhaha, which is a big deal when you think about it," said Walkush. ○