

FW: Message from Hassane El-Khoury Regarding Reductions in Force

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From: Internal Communications <intr.comm@onsemi.com>

Sent: Thursday, March 4, 2021 10:00 PM

To: Patrice Delpy <Patrice.Delpy@onsemi.com>

Subject: Message from Hassane El-Khoury Regarding Reductions in Force

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Message from Hassane El-Khoury: Reductions in Force

Message for All Employees



To our worldwide team,

As discussed in our most recent [earnings call](#) and [all hands meeting](#), to be successful, we have to realign our investments with our growth drivers and in our focus markets. Those investments need to be self-funded. This means shifting investments to our high growth product lines, while streamlining the way we run our daily operations. This is a difficult decision that impacts many of our fellow employees worldwide, but it is a critical one for our success moving forward.

This reduction in force will affect approximately 740 employees globally and eliminate some organizational complexity. This will help us achieve our goals more efficiently and drive accountability throughout the organization. Notifications for all impacted employees began today and I have asked my staff to communicate to their respective organizations once they are complete so we can focus on our execution in the new organization.

For the past two months, the executive team and I have been laser-focused on putting together a plan that is achievable and drives the company forward, with clearly stated goals for 2021 while we work on our five-year plan. This realignment to achieve our goals, including revenue growth and gross margin expansion, is not going to come without some major changes. Today's announcement is one part of this change. In

parallel, I am tasking all of my direct staff to work with their organizations to understand how each of you can help us achieve our goals. For example, gross margin expansion can be achieved in many ways: by controlling manufacturing costs, minimizing overhead or highlighting value in our products through marketing. All of these items directly affect gross margin and are well within our respective circle of influence. The same applies to our operating expenses – I ask all of you to treat our expenses as though they are your own. Just because we have always done things one way, does not mean we should keep doing them that same way.

While I realize that change is not easy for the majority of us, my approach is to implement major changes as quickly as possible so we can focus on moving forward as a stronger, more competitive and unified company. We all make an impact on the success of our company, no matter the role we play. We are going to play to win and hold each other accountable along the way. We will only reach our goals if we are in this together.

I greatly appreciate all of your efforts and look forward to our successes.

Sincerely,

Hassane El-Khoury
President and CEO

Questions and Answers

Will there be any additional reductions in force this year?

This is a difficult question to answer as we continuously evaluate and optimize our business based on company strategy, market conditions and customer demand. We will continually align our company and workforce to our corporate strategy and strive to make sure we communicate in a timely and fully transparent way.

Why does the reduction span more than one business day?

When we go through a reduction in force, we aim to complete it as quickly as possible to eliminate anxiety within the company. However, due to various laws, regulations and specific country needs, it is not possible to get through all notifications in one day.

One of my colleagues/manager was part of the reduction. Do my work objectives/job change?

We do not expect this reduction in force to impact your objectives. Please keep focusing on your goals and if there is any change in responsibilities or reporting structure, senior leaders will be communicating to those affected.

As part of streamlining the organization, will we be closing any of our locations?

As stated in our last all hands meeting, we will be optimizing our global footprint to align with our corporate strategy. The leadership team has already begun work on our product portfolio assessment. Any changes will be communicated to employees as soon as practicable as our portfolio becomes more defined. Any closures or consolidation plans will be communicated once the assessment and decision phase has been completed.

Will we be exiting any parts of our business as part of our gross margin goal? Will this impact our customers?

Our strategic end markets remain focused on automotive, industrial and the cloud. We remain committed to providing solutions for our customers worldwide.

It seems like there is a lot changing. When can we expect the change to conclude?

Change is part of business. Change has allowed our company to get to its current state. Some changes may seem more impactful than others. We understand the effect it has on the organization and we are committed to making the large-scale impact on employees as minimal as possible. It is important to stay focused, meet with your manager and team frequently and understand if modifications need to be made to your objectives in order to support our company strategy. Do not wait for change to be driven from the executive teams. We can start now by making changes within our own groups so that they run more efficiently. Focus on working together to drive those changes forward within your own circle of influence.

Questions/Comments?

This message was sent to all employees.
Please print, post or distribute to employees who do not have access to email.
Questions? Comments? Contact employee.questions@onsemi.com.

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