

IS3103 Information Systems Leadership and Communication
Mini Case: Google (for Lecture 6 Discussion)

Box 4.3 Case Study
Innovation: The Soul of Google³²

Ask people to name the world's most innovative companies and chances are Google will appear near or at the top of the list. And for good reason. Google has revolutionized the way most of us gather information. The company's servers handle billions of searches every day. Even our language reflects the impact the company has had on our lives. We don't search for information anymore, we "Google" it.

Google was founded in 1998 when Stanford students Larry Page and Sergey Brin developed a mathematical formula to simplify online searches based on ranking websites. Prior to Google, searches were chaotic, with some companies unable to find themselves on the Web. Google's second important innovation, and the one that made the firm extremely profitable, was developing a way to make money off the service in 2001. (A number of dot.com firms went broke because they didn't generate a profit.) Advertisers, who bid on search terms, pay only for each person who clicks on an ad.

Given the firm's history, it's no wonder that innovation continues to be the "soul" of Google.³³ Company leaders realize that Google could fall victim to the next big technological advance. They hire talented, risk-taking engineers (many of them PhDs) who are more focused on problem solving rather than on generating profits. Researchers work with projects all the way to fruition instead of passing them off to other groups to perfect. According to the director of search quality, "We don't want to create different classes of engineers where the researchers get to do the really fun stuff and someone else gets to do the grunt work."³⁴ And creative ideas can come from anywhere in the company. A staff medical doctor successfully argued that Google had an ethical obligation to help those searching with the phrase "how to commit suicide." The top of the screen now shows the toll free number of the National Suicide Prevention Hotline. Call volume to the hotline went up nine percent soon after.

Instead of waiting to see if all the "bugs" have been worked out before launching products, engineers go "public," releasing programs and then modifying them based on input from users. They realize that not every idea will work and are on the lookout for "good failures." Good failures are those that (1) provide insights that can be applied to future projects and (2) fail rapidly, before they become too costly. Ideas are embraced based on the philosophy that if users come, then the company can figure out how to make money on the new services later. Engineers can spend 20% of their time on their own projects. In the past they could pursue any idea they wanted but executives now limit projects to those that are directly related to company strategy.

Page and Brin encourage employees to have fun. The atmosphere at company headquarters (the GooglePlex) is casual, featuring lava lamps, foosball, beanbag chairs, and massage chairs. The company founders also want information to "cross-pollinate." One way they encourage cross-pollination is by providing free meals to employees so they interact over lunch. In addition, the corporate culture is one that fosters public communication or "living out loud." According to a VP of engineering, "Everything that's done privately is done publicly here. We make decisions in public. We expect people to debate. You're supposed to engage. You're supposed to disagree."³⁵

Fostering innovation has resulted in a host of new products including Gmail, Google News, Google Games, Google Scholar, Google Earth, Google+, Google Desktop, Google Spreadsheets, Instant (which displays search results while the user is still typing), and self-driving cars. Some services are more successful than others, of course. Google Video failed to unseat YouTube. (Google later bought YouTube.) Google Answers no longer takes new questions because users can go directly to websites that provide specific information. However, if the past is any indication, Google's passion for innovation will enable it to continue to play an important role in the lives of millions of users around the world.