

# How To Create a Customer-Driven Culture the Microsoft Way



JD Meier  
[In/jdmeier](#)

# About This Guide

I've seen what works and doesn't work over 25 years of Microsoft experience.

Culture isn't what you say your values are—it's what gets punished and rewarded.

Every organization has to establish and nurture their own culture (you can't just adopt a Microsoft culture).

You can draw insight, inspiration, and ideas from examples to help you forge your culture.

“Model the Way” is one of the deepest and most profound leadership practices you can embrace.

This guide is my simple attempt to share some of the best ways I've seen to help leaders “Model the Way”...

# What is Culture?

Here are some common ways culture is defined:

- **Shared Values and Beliefs:** The underlying values, beliefs, and attitudes that shape how people behave within an organization.
- **Norms and Behaviors:** The unwritten rules, behaviors, and expectations that guide employee interactions.
- **Work Environment:** The overall atmosphere and energy of the workplace.

# Kathleen Hogan on Culture

Kathleen Hogan is Microsoft's Chief People Officer.

Here is a summary of her view based on interviews and articles:

*“Culture is seen as the collective mindset and behaviors of an organization.*

*It's the shared values, principles, and practices that shape the work environment and define how employees interact with each other and with customers.”*

For Hogan at Microsoft, culture is about bringing out the best in people, fostering a growth mindset, and encouraging an environment where employees feel included and empowered to contribute to the company's mission and success.

# **What Can a Well-Defined Company Culture Change for You?**

From my experience, a strong and well-articulated culture can drive engagement, innovation, and growth.

It creates a sense of belonging and motivates everyone to contribute their best.

# Job #1 of the CEO: Curate Your Culture



*“I have come to understand that my primary job is to curate our culture so that one hundred thousand inspired minds—Microsoft’s employees—can better shape our future.”*

-- **Satya Nadella**

# How Satya Framed the Future for Microsoft

*"In order to accelerate our innovation, we must rediscover our soul -- our unique core.*

*We must all understand and embrace what only Microsoft can contribute to the world and how we can once again change the world.*

*I consider the job before us to be bolder and more ambitious than anything we've ever done.*

*Microsoft is the productivity and platform company for the mobile-first, cloud-first world.*

*We will reinvent productivity to empower every person and every organization on the planet to achieve more."*

-- **Satya Nadella**, Microsoft CEO

# Your Customer's Outcomes are Your Business Incomes

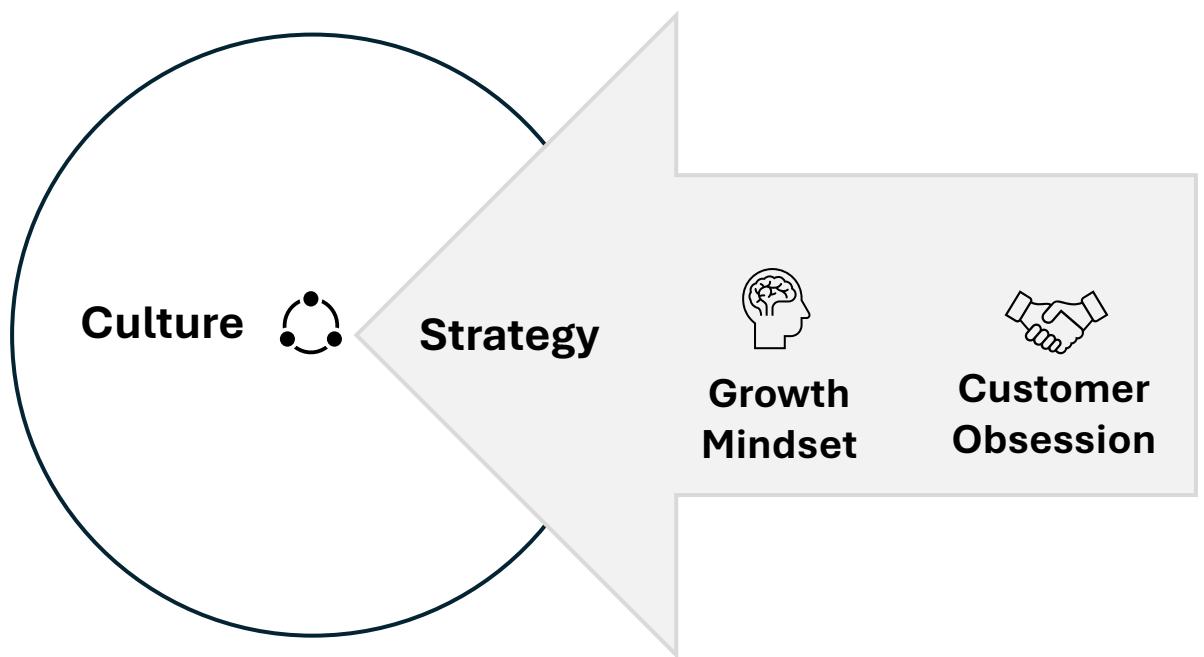
Notice how Satya made the shift in focus from what Microsoft needed to do to win to how Microsoft could help its customers win.

Drew Gude, former leader of Microsoft Digital Advisory Services, is famous for the following mantra:

*“Your customer’s outcomes, are your business incomes!”*

This changed the focus from internal swim lanes, scorecards, and steering committees, to relentless and fierce customer obsession and empathy.

# *How Did Satya Nadella Grow the Microsoft Stock Price?*



1. **Customer Obsession:** Created a culture of customer focus and empathy.
2. **Growth Mindset:** Created a culture of continuous learning and growth.

If you just focus on customers but don't create a culture of learning & growth, then you don't embrace change and you don't innovate.

# Create a Culture of Customer Obsession



*"We needed to build deeper empathy for our customers and their unarticulated and unmet needs.  
It was time to hit refresh."*

— **Satya Nadella**

# Create a “Learn It All” Culture



*“As a culture, we are moving from a group of people who know it all to a group of people who want to learn it all.”*

-- **Satya Nadella**

# Create a Culture of Empowerment



*"The key to the culture change was individual empowerment."*  
– **Satya Nadella**

# Everyone is a Leader



*"We express that core identity, being the company that allows every individual to be more empowered and get more out of every moment of their lives as things get more digital.*

*I want each of us to give ourselves permission to be able to move things forward.*

*Each of us sometimes overestimate the power others have to do things vs. our own ability to make things happen.*

*Everyone in the company has to be a leader."*

-- **Satya Nadella**

# Create a Culture of Innovation



*“Longevity in this business is about being able to reinvent yourself or invent the future.”*

— **Satya Nadella**

# Kathleen Hogan on How Did Microsoft Transform Its Culture?

*"A culture is not an end. It is a bridge to our aspirations."*

- **Satya Nadella**, CEO of Microsoft

## Crafting a Successful Company Culture:

Microsoft's journey to redefine their company culture was a nine-month process that involved a multitude of viewpoints, extensive research, and insightful discussions.

They didn't rush it. Instead, they took the time to define a culture that would resonate with everyone in the company, not just a select few.

## Techniques for Cultivating a Thriving Company Culture :

- **1 Empower your CEO:** Having a CEO who embodies the culture is a huge force multiplier. It's critical that they practice what they preach.
- **2 Invest in your managers:** They play a crucial role in reinforcing the culture. If there's a disconnect between what the CEO says and what the managers implement, it can breed cynicism.
- **3 Implement symbolic changes:** These can be big or small but should clearly signal that you're trying to change the culture. For instance, Microsoft switched from a four-hour company meeting to a one-week hackathon, empowering teams worldwide to come together and let their best ideas bubble up.

## Examples of Culture Change in Action:

- Microsoft's shift to a growth mindset has encouraged employees to become "learn-it-all" rather than "know-it-all," seeing failure as a steppingstone to mastery.
- This approach has unlocked potential in the business world but also proved effective in personal life and parenting, too.



# Microsoft Leadership Principles

1. Create clarity.
2. Generate energy.
3. Deliver success.

Where most companies' leadership models are exhaustive, Microsoft's leadership principles contain just six words, split into three phrases.

*“Quite frankly, this has exploded like wildfire across the company.”*

-- **Joe Whittinghill**

Microsoft's General Manager of Talent,  
Learning, and Development.



# Microsoft Mission and Values

## Mission:

*Our mission is to empower every person and every organization on the planet to achieve more.*

## Values:

1. Innovation
2. Diversity and Inclusion
3. Corporate social responsibility
4. Philanthropies
5. Environment
6. Trustworthy Computing
7. AI

Source:

<https://www.microsoft.com/en-us/about/values>



# Microsoft's Corp Values

## **Corp Values:**

*Our values align to our mission, support our culture, and serve as a declaration of how we treat each other, our customers, and our partners.*

### **Respect**

We recognize that the thoughts, feelings, and backgrounds of others are as important as our own.

### **Integrity**

We are honest, ethical, and trustworthy.

### **Accountability**

We accept full responsibility for our decisions, actions, and results.

Source:

<https://www.microsoft.com/about/corporate-values>

# How a Customer-Driven Culture Transformed Microsoft Developer Division

DevDiv's primary product, Visual Studio, had been in market for more than two decades.

In technology circles, a product division with that kind of legacy could easily be dismissed as a dinosaur.

Through customer-driven transformation, grew from 1.5 million monthly active users to nearly 14 million active users with Visual Studio and Visual Studio Code.

And the Net Promoter score (NPS) grew beyond 55.

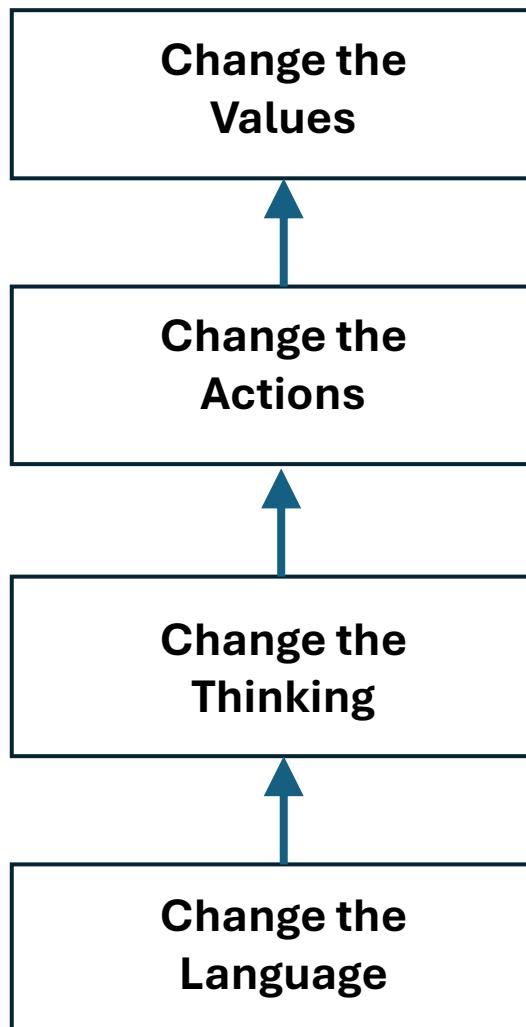
Based on NPS standards around the world, a score above 50 for a product is considered excellent.

*An old dog can learn new tricks!*

Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# Changing Your Language, Change Your Culture

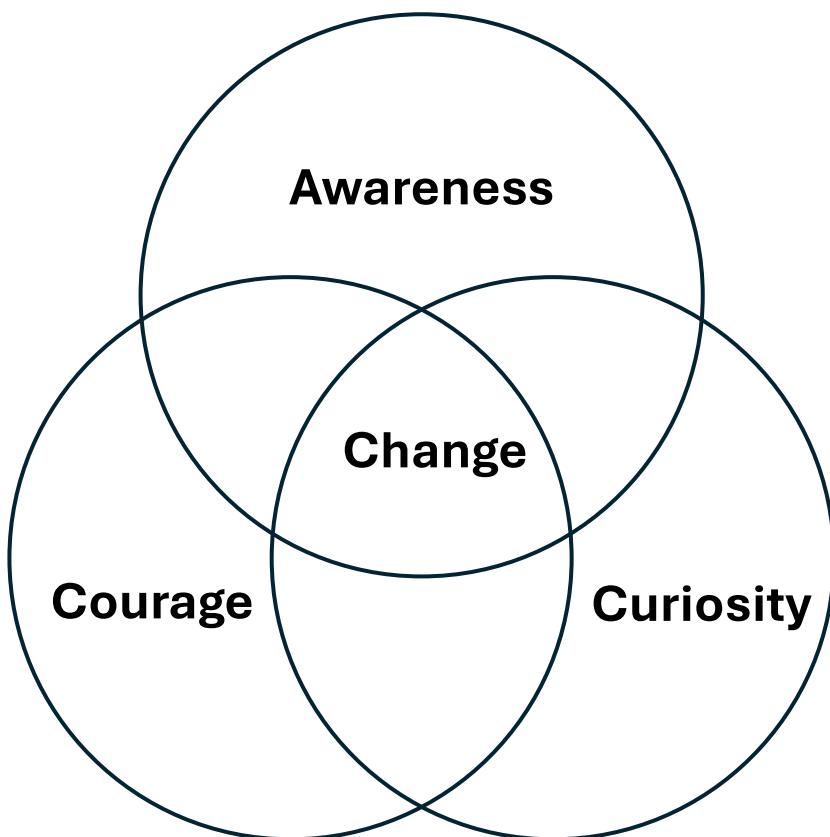


Changing your language ultimately changes  
your values and your culture.

Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

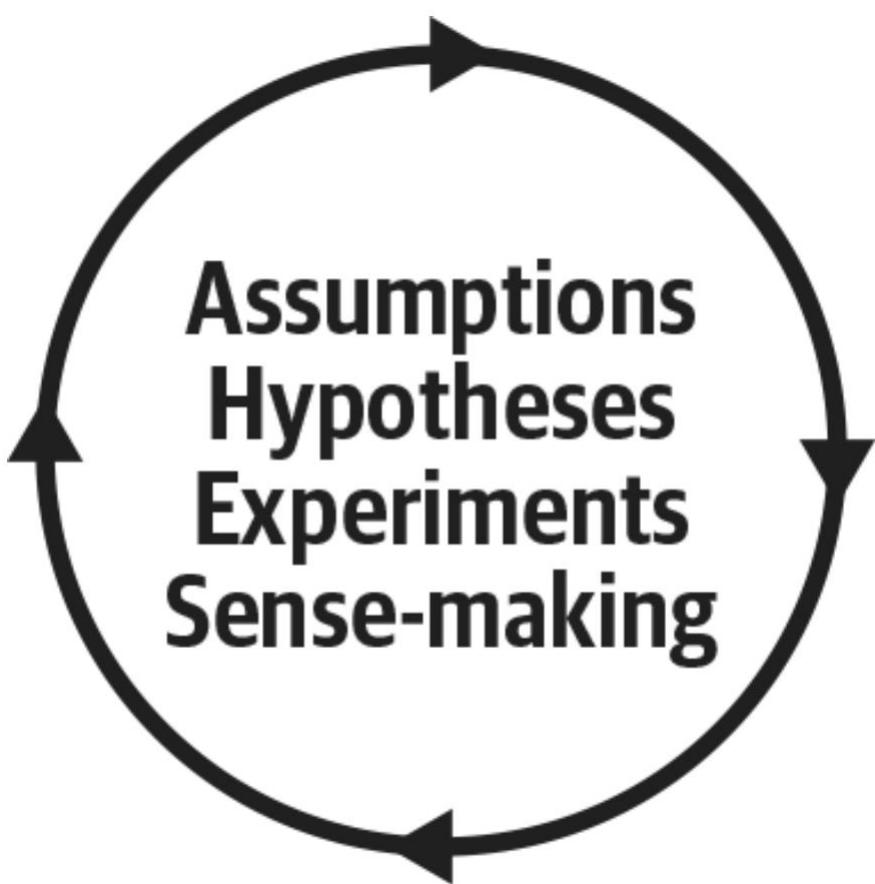
# 3 Vital Behaviors of Culture Change



Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# Customer-Driven Cadence and Language of Learning



Microsoft DevDiv's customer-driven cadence and language of learning: assumptions, hypotheses, experiments, and sense-making.

Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# From Assertions to Assumptions

One of the easiest ways to change your language, is to stop making assertions and start calling out your assumptions:

**From:** “Customers want XYZ...”

**To:** “I have an assumption that customers want XYZ...”, or “I have a hypothesis that customers want XYZ...”

Untested assumptions turn into false facts.

When you call out your assumptions, you make it OK to be wrong.

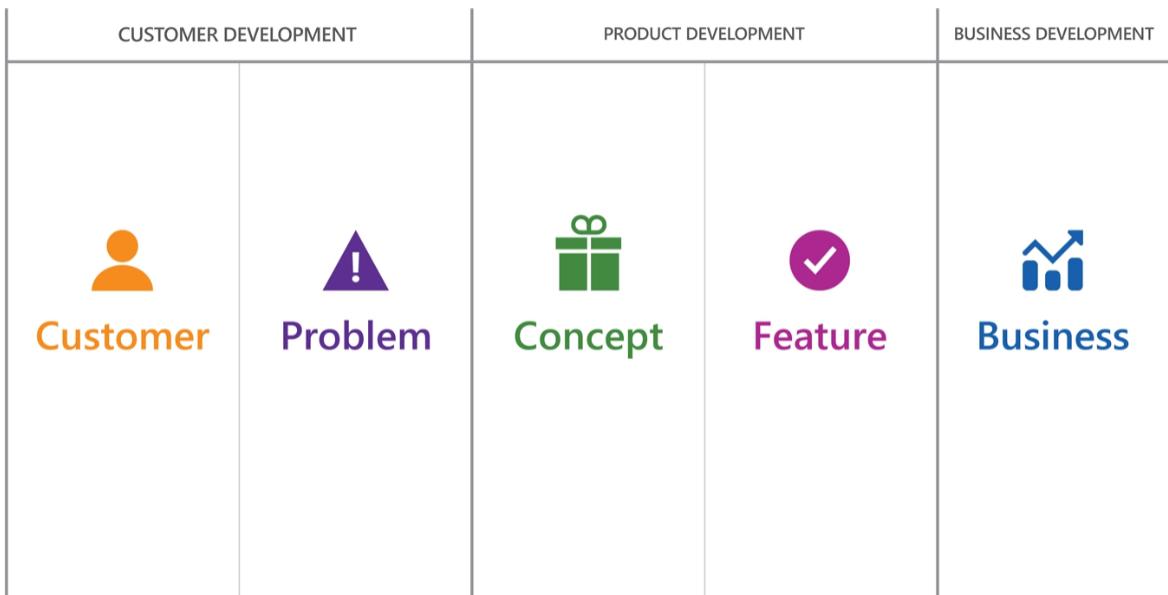
You invite experimentation.

You learn with each other vs. trying to defend your opinion.

You create a culture of learning and experimentation.

# Hypothesis Progression Framework (HPF)

At Microsoft, Monty Hammontree, Dr. Jessica Rich, and Travis Lowdermilk created the HPF to help product teams quickly connect with and learn from customers.



Source:  
The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# Templates for the Customer and Problem

Hypothesis templates for the first two stages of the HPF (Customer and Problem stages):

## Customer Development

### Customer

We believe [type of customers] are motivated to [motivation] when doing [job-to-be-done]

### Problem

We believe [type of customers] are frustrated by [job-to-be-done] because of [problem]

Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# Example of the Customer and Problem

## Customer Development

### Customer

We believe [senior-level employees] are motivated to [learn if people management is right for them] when [exploring career advancement opportunities]

### Problem

We believe [senior-level employees] are frustrated when [exploring career advancement opportunities] because of [the lack of information around people management]

Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# Example Concept

Example of the Concept stage using the Hypothesis Progression Framework:

## Product Development

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### Concept

We believe a [manager panel discussion] will solve [the lack of information around people management] when [exploring career advancement opportunities]

Source:

The Customer-Driven Culture: A Microsoft Story,  
by Travis Lowdermilk and Monty Hammontree

# The Books that Share the Story of Microsoft's Culture Transformation

O'REILLY®

## The Customer-Driven Culture

### A Microsoft Story

Six Proven Strategies to Hack Your Culture & Develop a Learning-Focused Organization

By Travis Lowdermilk & Monty Hammontree

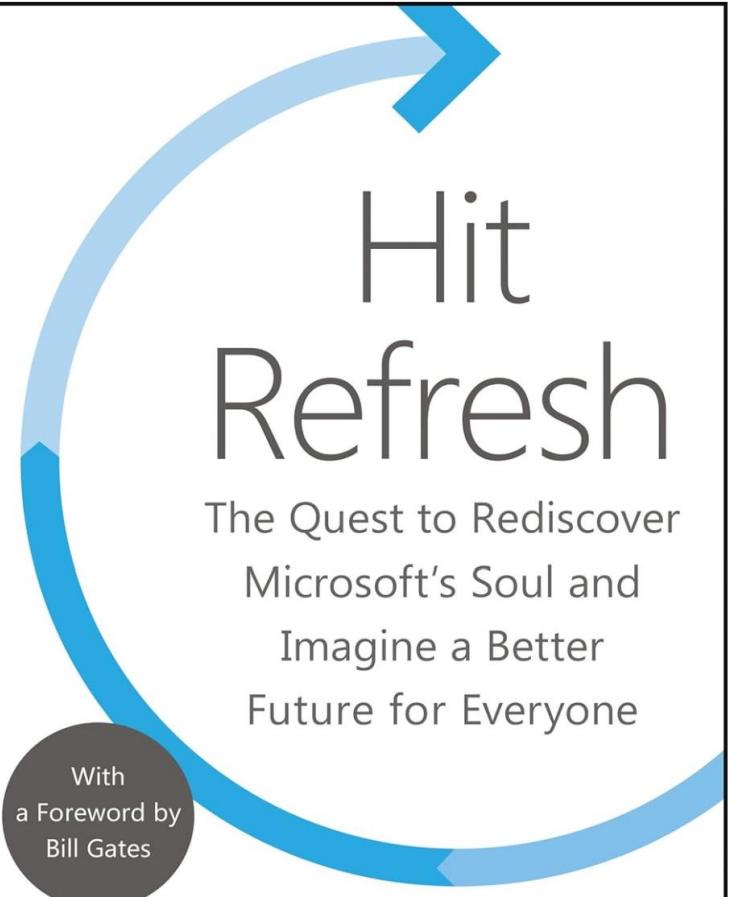
O'REILLY®

## The Customer-Driven Playbook

### Converting Customer Feedback into Successful Products

Travis Lowdermilk & Jessica Rich

# Hit Refresh



# Hit Refresh

The Quest to Rediscover  
Microsoft's Soul and  
Imagine a Better  
Future for Everyone

With  
a Foreword by  
Bill Gates

# Satya Nadella

Microsoft's CEO, with Greg Shaw and Jill Tracie Nichols