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Peacetime CEO/Wartime CEO

8-10 minutes

You're lucky that I ain't the president
Cause I'll push the f*#king button and get it over with
F&\$k all that waiting and procrastinating
And all that goddamn negotiating
—Bushwick Bill, [Fuck a War](#)

Geto boys - Fuck a war



TOM HAGEN Mike, why am I out?

MICHAEL CORLEONE You're not a wartime consigliere. Things may get tough with the move we're trying.

—Scene from *The Godfather*

Recently, Eric Schmidt stepped down as CEO of Google and founder Larry Page took over. Much of the news coverage focused on Page's ability to be the "face of Google" as Page is far more shy and introverted than the gregarious and articulate Schmidt. While an interesting issue, this analysis misses the main point. Eric Schmidt was much more than Google's front man; as Google's *peacetime* Chief Executive, he led the greatest technology business expansion in the last ten years. Larry Page, in contrast, seems to have determined that Google is moving into war and he clearly intends to be a *wartime* CEO. This will be a profound change for Google and the entire high-tech industry.

Definitions and Examples

Peacetime in business means those times when a company has a large advantage vs. the competition in its core market, and its market is growing. In times of peace, the company can focus on expanding the market and reinforcing the company's strengths.

In wartime, a company is fending off an imminent existential threat. Such a threat can come from a wide range of sources including competition, dramatic macro economic change, market change, supply chain

change, and so forth. The great wartime CEO Andy Grove marvelously describes the forces that can take a company from peacetime to wartime in his book *Only The Paranoid Survive*.

A classic peacetime mission is Google's effort to make the Internet faster. Google's position in the search market is so dominant that they determined that anything that makes the Internet faster accrues to their benefit as it enables users to do more searches. As the clear market leader, they focus more on expanding the market than dealing with their search competitors. In contrast, a classic wartime mission was Andy Grove's drive to get out of the memory business in the mid 1980s due to an irrepressible threat from the Japanese semiconductor companies. In this mission, the competitive threat—which could have bankrupted the company—was so great that Intel had to exit its core business, which employed 80% of its staff.

In my personal experience, I was a peacetime CEO for about 9 months, then a wartime CEO for the next 7 years. My greatest management discovery through that transition was that peacetime and wartime require radically different management styles. Interestingly, most management books describe peacetime CEO techniques while very few describe wartime. For example, a basic principle in most management books is that you should never embarrass an employee in a public setting. On the other hand, in a room filled with people, Andy Grove once said to an employee who entered the meeting late: "All I have in this world is time, and you are wasting my time." Why such different approaches to management?

In peacetime, leaders must maximize and broaden the current opportunity. As a result, peacetime leaders employ techniques to encourage broad-based creativity and contribution across a diverse set of possible objectives. In wartime, by contrast, the company typically has a single bullet in the chamber and must, at all costs, hit the target. The company's survival in wartime depends upon strict adherence and alignment to the mission.

When Steve Jobs returned to Apple, the company was weeks away from bankruptcy—a classic wartime scenario. He needed everyone to move with precision and follow his exact plan; there was no room for individual creativity outside of the core mission. In stark contrast, as Google achieved dominance in the search market, Google's management fostered peacetime innovation by enabling and even requiring every employee to spend 20% of their time on their own new projects.

Peacetime and Wartime management techniques can both be highly effective when employed in the right situations, but they are very different. The Peacetime CEO does not resemble the Wartime CEO.

Peacetime CEO/Wartime CEO

Peacetime CEO knows that proper protocol leads to winning. **Wartime CEO violates protocol in order to win.**

Peacetime CEO focuses on the big picture and empowers her people to make detailed decisions. **Wartime CEO cares about a speck of dust on a gnat's ass if it interferes with the prime directive.**

Peacetime CEO builds scalable, high volume recruiting machines. Wartime CEO does that, but also builds HR organizations that can execute layoffs.

Peacetime CEO spends time defining the culture. **Wartime CEO lets the war define the culture.**

Peacetime CEO always has a contingency plan. Wartime CEO knows that sometimes you gotta roll a hard six.

Peacetime CEO knows what to do with a big advantage. Wartime CEO is paranoid.

Peacetime CEO strives not to use profanity. Wartime CEO sometimes uses profanity purposefully.

Peacetime CEO thinks of the competition as other ships in a big ocean that may never engage. **Wartime CEO thinks the competition is sneaking into her house and trying to kidnap her children.**

Peacetime CEO aims to expand the market. Wartime CEO aims to win the market.

Peacetime CEO strives to tolerate deviations from the plan when coupled with effort and creativity. Wartime CEO is completely intolerant.

Peacetime CEO does not raise her voice. Wartime CEO rarely speaks in a normal tone.

Peacetime CEO works to minimize conflict. Wartime CEO heightens the contradictions.

Peacetime CEO strives for broad based buy in. Wartime CEO neither indulges consensus-building nor tolerates disagreements.

Peacetime CEO sets big, hairy audacious goals. **Wartime CEO is too busy fighting the enemy to read management books written by consultants who have never managed a fruit stand.**

Peacetime CEO trains her employees to ensure satisfaction and career development. Wartime CEO trains her employees so they don't get their ass shot off in the battle.

Peacetime CEO has rules like "we're going to exit all businesses where we're not number 1 or 2." Wartime CEO often has no businesses that are number 1 or 2 and therefore does not have the luxury of following that rule.

Can a CEO Be Both?

Can a CEO build the skill sets to lead in both peacetime and wartime?

One could easily argue that I failed as a peacetime CEO, but succeeded as a wartime one. John Chambers had a great run as peacetime CEO of Cisco, but has struggled as Cisco has moved into war with Juniper, HP, and a range of new competitors. **Steve Jobs, who employs a classical wartime management style, removed himself as CEO of Apple in the 1980s during their longest period of peace before coming back to Apple for a spectacular run more than a decade later during their most intense war period.**

I believe that the answer is yes, but it's hard. Mastering both wartime and peacetime skill sets means understanding the many rules of management and knowing when to follow them and when to violate them.

Be aware that management books tend to be written by management consultants who study successful companies during their times of peace. As a result, the resulting books describe the methods of peacetime CEOs. In fact, other than the books written by Andy Grove, I don't know of any management books that teach you how to manage in wartime like Steve Jobs or Andy Grove.

Back to the Beginning

In the Search Market, Google remains dominant, but in social networking Google must come from behind. Will Google soar or struggle under Page? That depends on how effective a wartime CEO he turns out to be. It may depend even more on whether the most characteristically peacetime company in the industry can make the cultural transition into war.