



Book In the Company of Giants

Candid Conversations with Visionaries of the Digital World

Rama Dev Jager and Rafael Ortiz
McGraw-Hill, 1997

Recommendation

Rama Dev Jager and Rafael Ortiz present an excellent series of 16 interviews with the digital world’s most successful leaders: Bill Gates, Steve Jobs, T.J. Rodgers, Gordon Eubanks, Steve Case, Scott Cook, Sandy Kurtzig, John Warnock, Charles Geschke, Michael Dell, Charles Wang, Andy Grove, Trip Hawkins, Ed McCracken, Ken Olsen, and Bill Hewlett. Each interview begins with a brief history of how each person founded a company and produced groundbreaking change in the digital industry. These pioneers answer many probing questions about their achievements, visions for the future of electronic technology, and tips for success. Their interview responses are highly informative and engaging. The book is thoughtfully written and well edited. Although much of its advice will be familiar to experienced marketers, managers, and executives, *BooksInShort* recommends it to them because of the useful and interesting inside look at the techniques and insights these industry leaders employed to such successful results.

Take-Aways

- Many entrepreneurs built their companies not because they had master plans to build big firms, but because they got frustrated by the ineptitude, politics, or mediocrity of the companies for which they were working.
- To build a great success, you need extraordinary A+ people.
- Create an environment that encourages good people to work together.
- One of your core values should be winning.
- To make a company successful you need people, process, product, and passion.
- You need to have a strong belief in your product or service and persevere until your idea succeeds.
- You need to know your customer cold. Take time to really understand your customers and their behavior.
- People are the key in turning a really good idea into a successful company.
- To succeed, build partnerships with other companies and anticipate the future.
- Give your customers better value.

Summary

The Giants of the Computer Industry

While hundreds of entrepreneurs have had great ideas and started great companies, these computer industry giants not only started with great ideas, but managed the teams that implemented them. Then, they built great organizations and turned companies with one great product into companies with diverse marketplace offerings.

“If winning is not a core value you bumble along with mediocre performance until you get acquired or get fired.” [T.J. Rodgers]

These giants were especially influential because they created an industry known for dynamically changing the way people exist. They produced generational change.

These leaders have talent, as well as good luck. Commonly, they began as entrepreneurs but they did not start out because they had master plans for success. Rather, they each describe being frustrated by the ineptitude, politics, and mediocrity of companies they once worked for and left. Often, the companies that employed them failed to recognize the worth of their innovative ideas.

Steve Jobs: Emphasize Only the Best

Steve Jobs is one of many computer giants who benefited from earlier work that had not been further developed and marketed. Jobs and Steve Wozniack had already brought out the Apple II in 1982, when they saw a demonstration of a prototype computer that featured graphic icons and pull-down menus. They used these ideas to develop the Lisa, the "mother of the Macintosh," which helped transform the digital world. However, beyond ideas alone, Jobs' commitment to quality and his passion for this new product motivated the Macintosh team to work long hours and to achieve in peak performance.

“Ironically, many of the stories of successful entrepreneurs were not born from master plans for world domination, but of sheer frustration with the ineptitude, politics and mediocrity of the companies they abandoned.”

Jobs says that one key to his success is finding "extraordinary people" and creating an environment that makes them feel surrounded by other people who are equally talented. He says it is also important to make people feel that their work is "bigger than they are" and is "part of a strong, clear vision."

“Simply put, the new paradigm for entrepreneurs to grapple with is the notion that computers connected to others - communicating and sharing information amongst them - increases their value tremendously to users.”

Choosing good people is especially vital when you are creating a start up, since a small company is even more dependent on great people than a big company. You need great people to make sure your product is really good and to get it to market as quickly as possible.

To recruit really top people, look at the results applicants have achieved. If they haven't been in a position to influence results, assess their potential - especially their intelligence, ability to learn quickly, drive, and passion. Listen to your gut feelings; as you hire more and more people, your gut feelings will become more and more accurate.

“In order to do things well that can't be done by one person, you must find extraordinary people. A small team of A+ players can run circles around a giant team of B and C players. That's what I've tried to do.” [Steven Jobs]

Be ready to change with the times and be focused on the customer. One of the reasons Apple declined when John Sculley took over was that the top management got very corrupt about their purpose. They became very financially motivated, rather than being concerned with the customer and with making the best computers in the world. Apple's greatest mistake was not - as many believe - that it failed to license its technology in the late 1980s, but that it got intensely greedy.

T. J. Rodgers: A Commitment to Vision

Cypress Semiconductor is an international supplier of integrated circuits (or chips) for high-performance computers, telecommunications devices, and other instruments. Founder T.J. Rodgers is committed to quality. The company began with the goal of making a technically superior product based on expanding computer memory. They ended up making a product that was also faster and less expensive

“It’s not just recruiting. After recruiting, it’s then building an environment that makes people feel they are surrounded by equally talented people and that their work is bigger than they are.” [Steven Jobs]

Rodgers maintains that "knowledge is equal to profit." Focus on what you know and do well. Let other companies do the tasks that they can do better.

A corporate culture is also very influential. You need a commitment to positive core values, such as telling the truth, a central core value at Cypress. Other key values include a commitment to winning and to hiring only the best people. Otherwise, Rodgers says, you will "bumble along with mediocre performance" until you either fail or get taken over by someone else who is better. You should do what’s right for the company and make your numbers by setting aggressive quantitative goals in all areas.

Gordon Eubanks: Provide Customer Value

Gordon Eubanks built Symantec after becoming dissatisfied with the management at Digital Research, where he was a Vice-President. He pursued a strategy of purchasing other companies to gain access to top quality people and a diversified product line.

“Knowledge is equal to profit. It’s very simple. When you can’t justify something by being confident and knowledgeable and when somebody else can perform the same task more cheaply and efficiently, you’ll let them do it and focus on what you know and do well.” [T.J. Rodgers]

In Eubanks’ view, you have a good basis for starting a company when new technology allows you to do something cheaper than was previously possible. Then, as happened with the fax machine, you can broaden the market. As an alternative, you can take over an already existing customer base. This happened when the minicomputer industry made computing power cheaper than mainframes.

“Most companies get started on incremental value-added ideas. What you are trying to do is give value to the customer.” [Gordon Eubanks]

You can make products increasingly functional by adding value to them. This is the motivation behind integrating two products. At some point, it doesn’t work to make products incrementally better, such as when Microsoft Excel put Lotus 1-2-3 out of business, after Lotus did the same to VisiCalc. The market is no longer seeking an incrementally better spreadsheet. Instead, you need an idea that adds value to the customer, an innovation that is worthwhile to the consumer. Four qualities create success in the long run: people, process, product, and passion. A certain amount of good luck is necessary, too, like being in the right place at the right time. While talented people do well, how well they do is up to chance as well.

Steve Case and Scott Cook: Paying Attention to the Customer

Before he started America Online, Steve Case was a marketing manager for shampoo and toothpaste at Procter & Gamble. He began AOL because he believed strongly in providing a new kind of service for customers. He persevered until his idea succeeded. His idea was to make the AOL interface much simpler for users and to promote it heavily to create brand recognition. He created a partnership with many PC manufacturers to make his service more widely known, even while his company was still small. Case’s keys for success include having a better product, very strong consumer acceptance, and word-of-mouth.

“What makes a company successful from a big-picture point of view is people, process, product, and passion...Everyone believes in passion. But as you begin to build a company, you have to balance passion with process or the company will implode.” [Gordon Eubanks]

The better product was especially important, because you can only get a customer to try a subscription service. Then, the customer has to like it enough to come back. This requires a high-quality product that is relevant to your customer’s interests.

Scott Cook, the founder of Intuit, known for its Quicken personal-finance software, also found that his businesses hinged on paying attention to the customer. Unable to attract initial venture capital, he got about \$200,000 from family and friends. Because he had done his market research, he was confident he had a good product. In his view, "knowing your customer cold" was pivotal to his success. This requires spending time learning to understand your customers and their behavior. You have to determine how your product or solution is better than others. For example, look at how customers react in a usability lab. Customers may not be able to tell you what they want, but you can study their habits and practices. Don't just rely on outside marketing research firms or statistics. Talk to customers. Call them on the phone, spend time with them, and watch them in usability tests.

Sandy Kurtzig, John Warnock and Charles Geschke: Build Partnerships

Sandy Kurtzig started ASK as a part-time venture to create specialty software that manufacturers could use to manage inventory and other operations. Then, as she worked for more and more manufacturers, she was able to create a standardized program that could be customized for particular customers. In building a big company, she found having "the best people" especially important. You need good people, because there are plenty of opportunities and good ideas. But it's the people who are able to take the really good ideas and make a company that makes a difference. In the beginning, because this is hard to do, people are more willing to take risks, because they have little to lose.

“In retrospect, having little capital was probably the best thing that happened to us, because it forced us to be a little bit nimbler and think more like guerilla marketers and provide a service that people really liked. Had somebody given us more capital early on, it probably would have been a bad thing.” [Steve Case]

John Warnock and Charles Geschke created Adobe Systems. While working for someone else, they found that the top managers at Xerox didn't see any commercial value in their technology for linking printers and computers to print any kind of text and images. So, they built Adobe, which is well known for its Acrobat reader and related products. They grew by developing partnerships with other companies. They started with a partnership with Apple, and then went on to create partnerships with IBM, HP, and other firms. With this approach, they didn't have to do any manufacturing or build a big sales force. They earned a royalty for their software. For them, some of the keys to success include building synergies with other companies and recognizing when you hit a plateau as a top executive, so you can delegate effectively to other people. Do not develop only for what the market is today. Build an infrastructure for your company that allows you to anticipate the future.

Other Success Secrets

Other successful CEOs of digital companies - Michael Dell, Michael Wang, Bill Gates, Andy Grove, Trip Hawkins, and Ed McCracken - similarly gained success. They each discuss having the best products, being concerned about customers, providing customer value, taking advantage of opportunities, developing partnerships and alliances, finding the best people, and otherwise applying well-known success principles.

Michael Dell, who founded Dell Computers, found the secret of success in selling computers directly to the customer. This enabled him to gain higher margins through reduced overhead, so he could give the customer better value. Michael Wang pursued an aggressive "cookie monster" strategy of acquiring more than sixty other companies and focusing on business-to-business applications. Bill Gates gained his tremendous success by being quick to respond to new technologies and to pursue new opportunities aggressively. His philosophy was not to win, but to have "better products," bring in "great people," and pursue a long-term strategy for success.

For Andy Grove at Intel, known for its semiconductor chips, the key has been continual improvement and hard work in navigating change. Other executives, such as Ken Olsen of Digital Equipment Corporation and Bill Hewlett of Hewlett Packard, found similar strategies for success in coming up with good products to provide customer value and having good people in their companies to market them.

About the Authors

Rama Dev Jager, who holds a BS in Biomedical Engineering from Northwestern and an MBA from Stanford University, is the co-founder of EMCard, a healthcare information technology startup that developed the first comprehensive portable medical record.

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