How Google Works
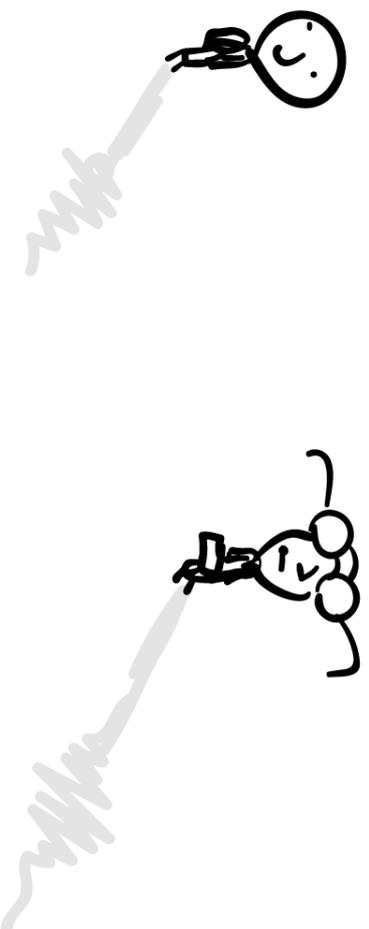
By Eric Schmidt & Jonathan Rosenberg with Alan Eagle
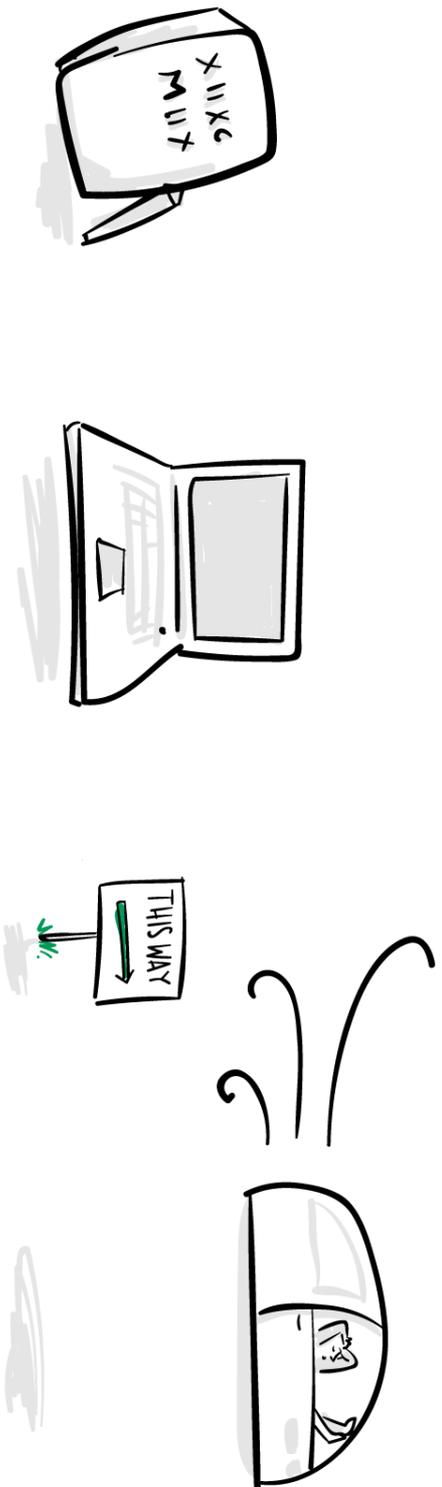
www.howgoogleworks.net | #howGoogleworks

When Jonathan and Eric arrived at Google, we thought we knew all there was to know about running successful businesses.
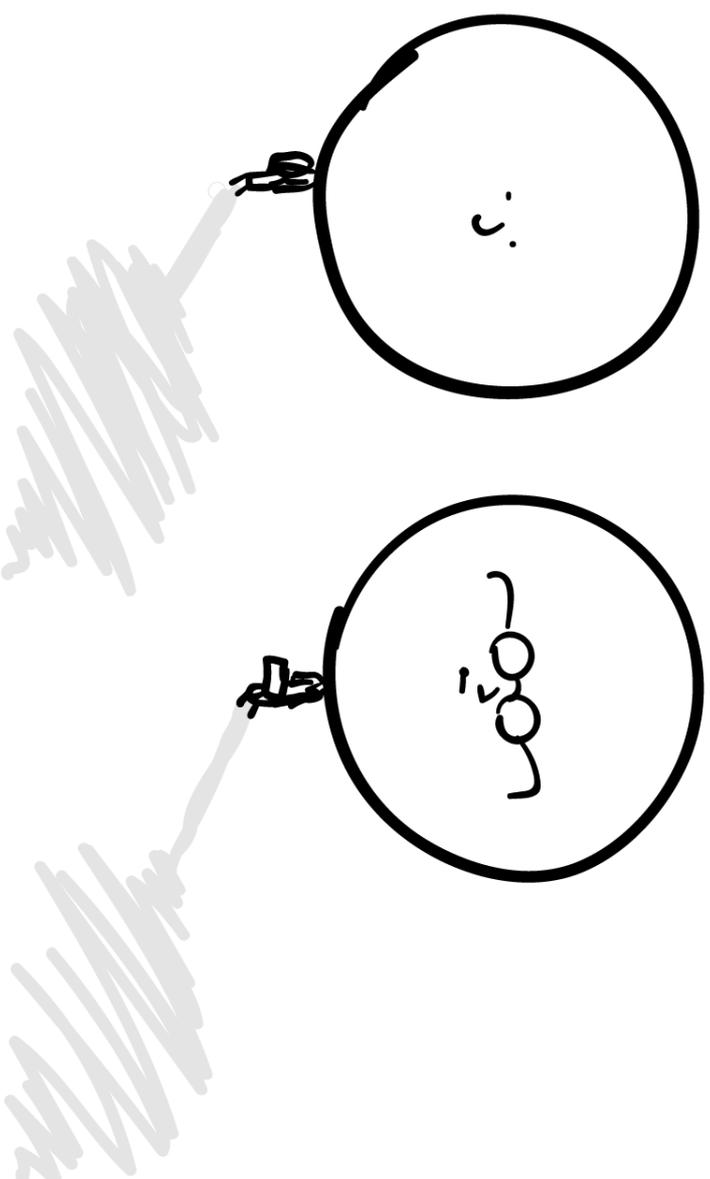
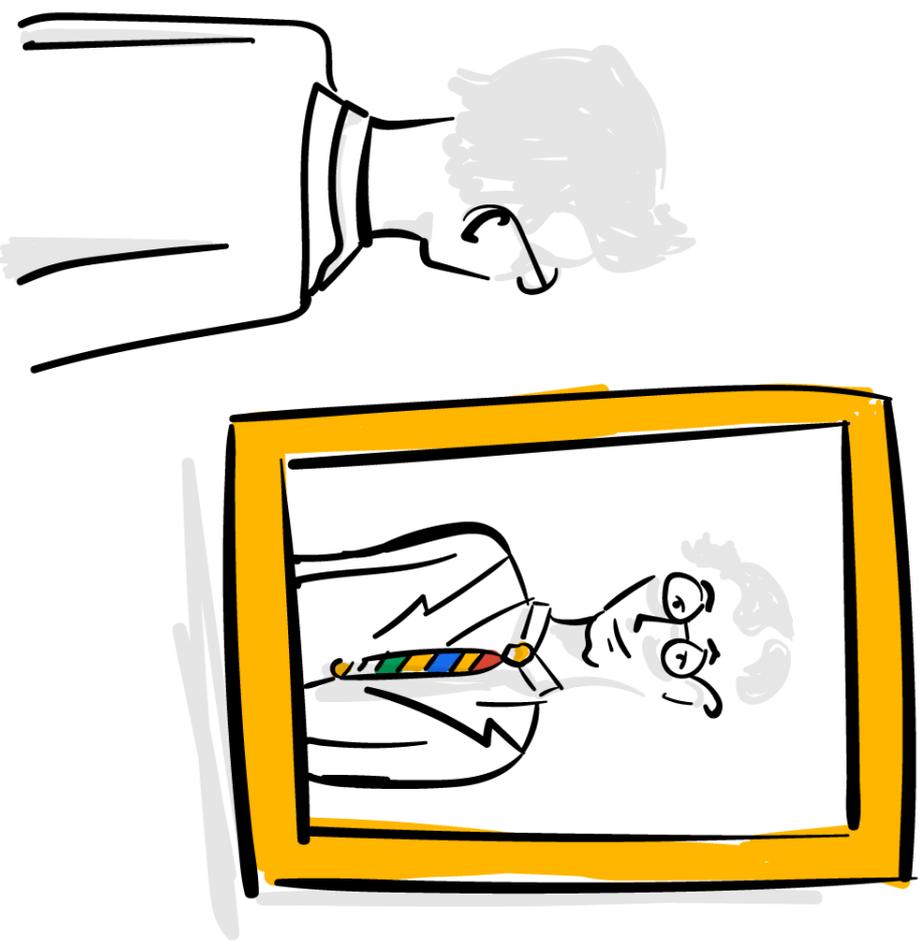But we quickly learned that almost everything we thought we knew about managing businesses was dead *wrong*.

And we'd need to figure out the new business rules that make a company successful in the Internet Century.
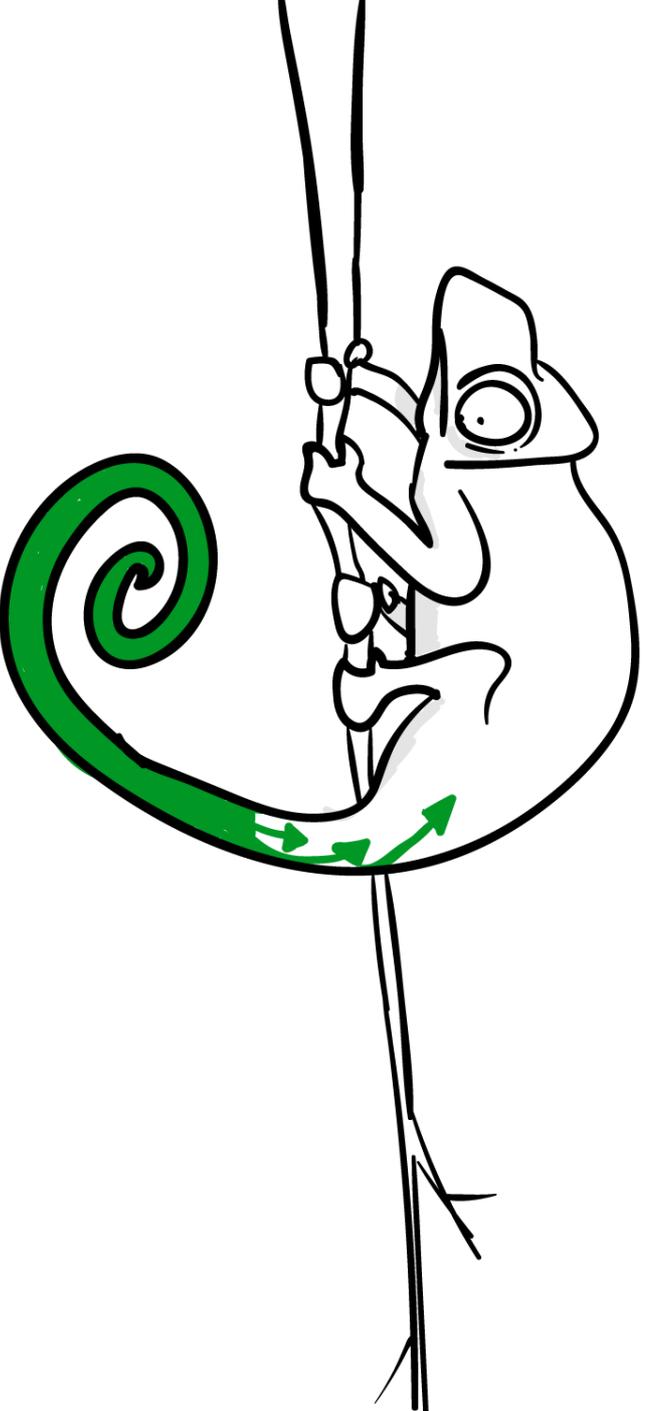
Here's what we learned.

We started by asking one
of Eric's favorite questions:
What's different now?

WHAT'S DIFFERENT NOW?

What has changed?

Which assumptions do people make that are no longer true?

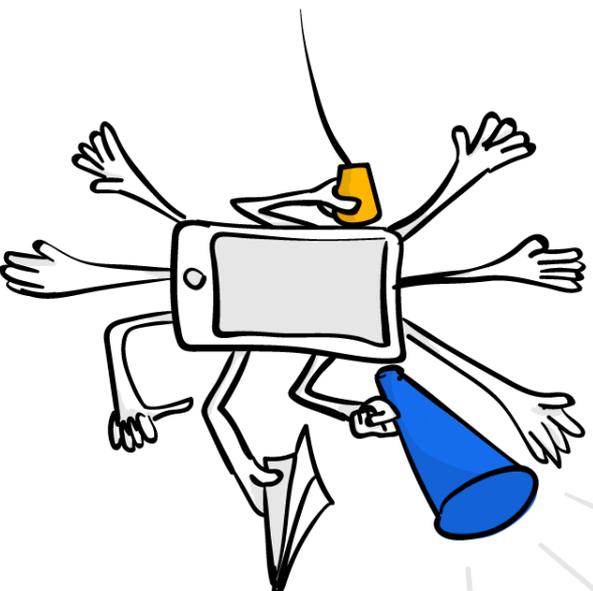Why does everything feel like it is speeding up?

Here's our answer:

Technology is transforming virtually every business sector.

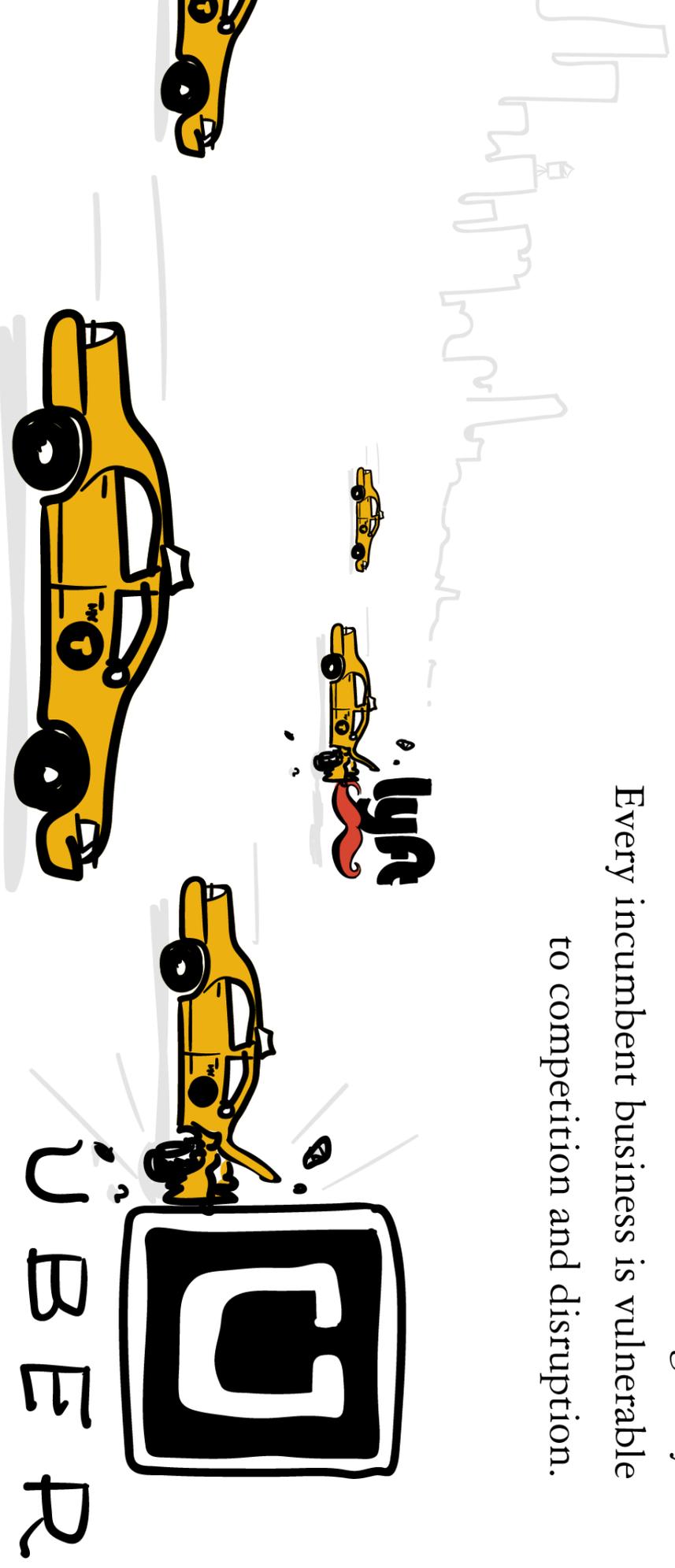All the world's information and media is online.

Mobile devices mean anyone can reach anyone, anywhere, anytime.

Cloud computing puts a supercomputer in your pocket.

As a result, barriers to entry that have stood for decades are melting away. Every incumbent business is vulnerable to competition and disruption.

UBER

69

This transformation is happening at an unprecedented pace, and it's accelerating. It's like Moore's Law has run amock.
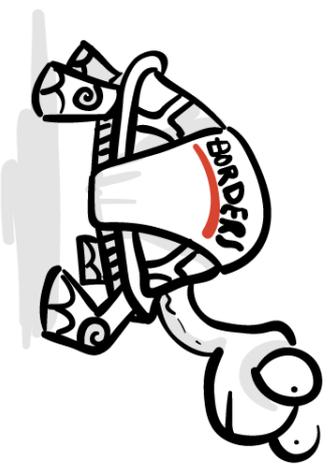
Power has shifted from companies to consumers, and expectations have never been higher. Companies can't get away with having crummy products, at least not for long. For example, bad product reviews trump clever marketing. Today, great products win.
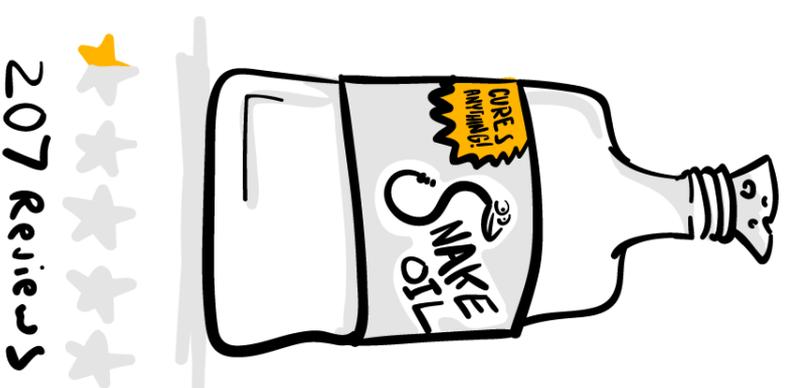
Meanwhile, within companies the *power has shifted as well.*

Individuals and small teams can have a MASSIVE IMPACT.

They can create new ideas, experiment, fail, and try again,

and get their successes to a global market.
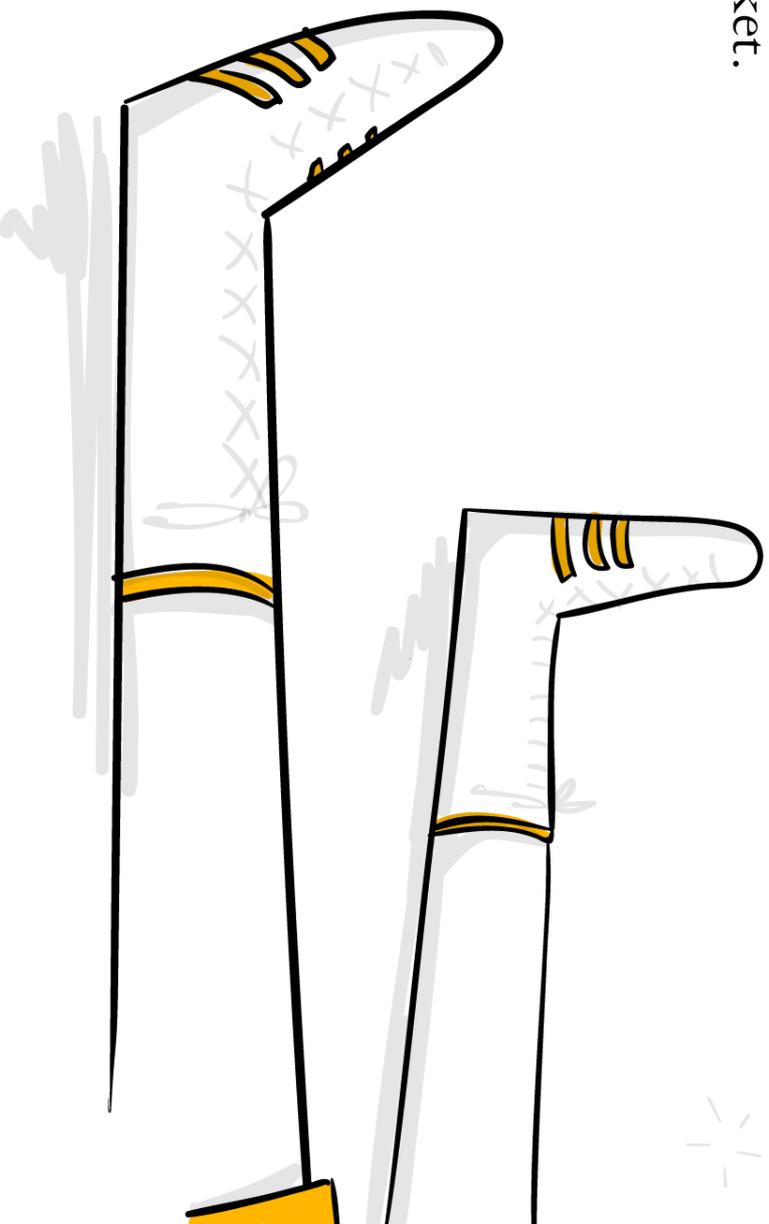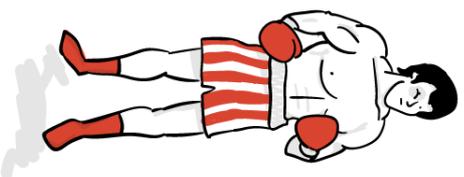
The people that can have the biggest impact of all are the ones we call:

SMART CREATIVES

These are the product folks who combine technical knowledge, business expertise, and creativity.
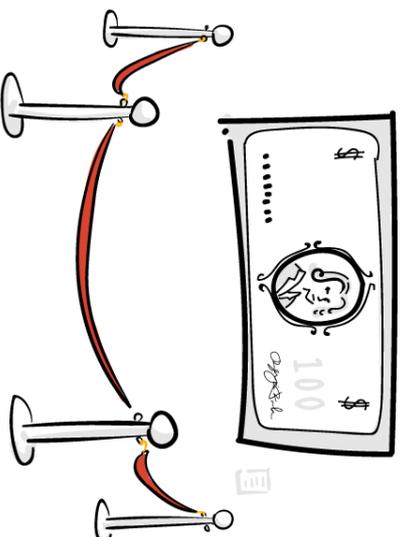
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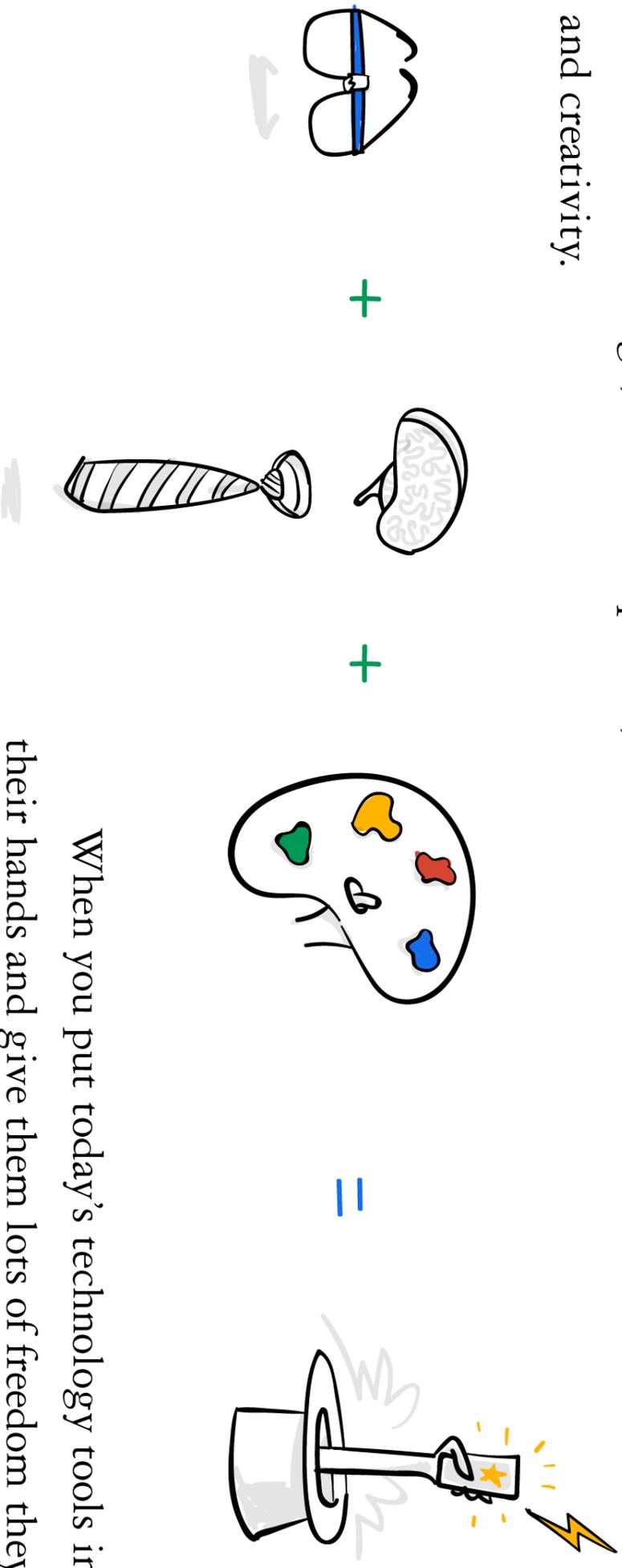
When you put today's technology tools in their hands and give them lots of freedom they can do *amazing things, amazingly fast.*
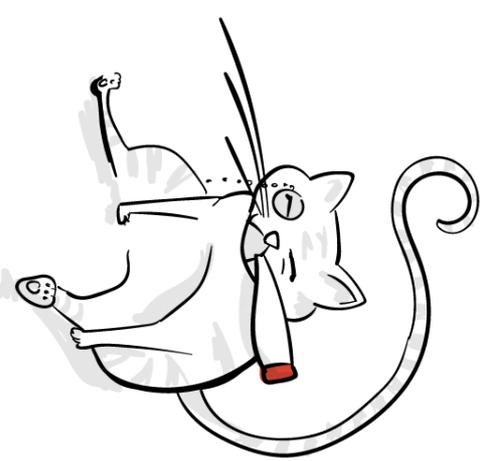
The problem is, most companies today
are run to minimize risk, *not* maximize freedom and speed.
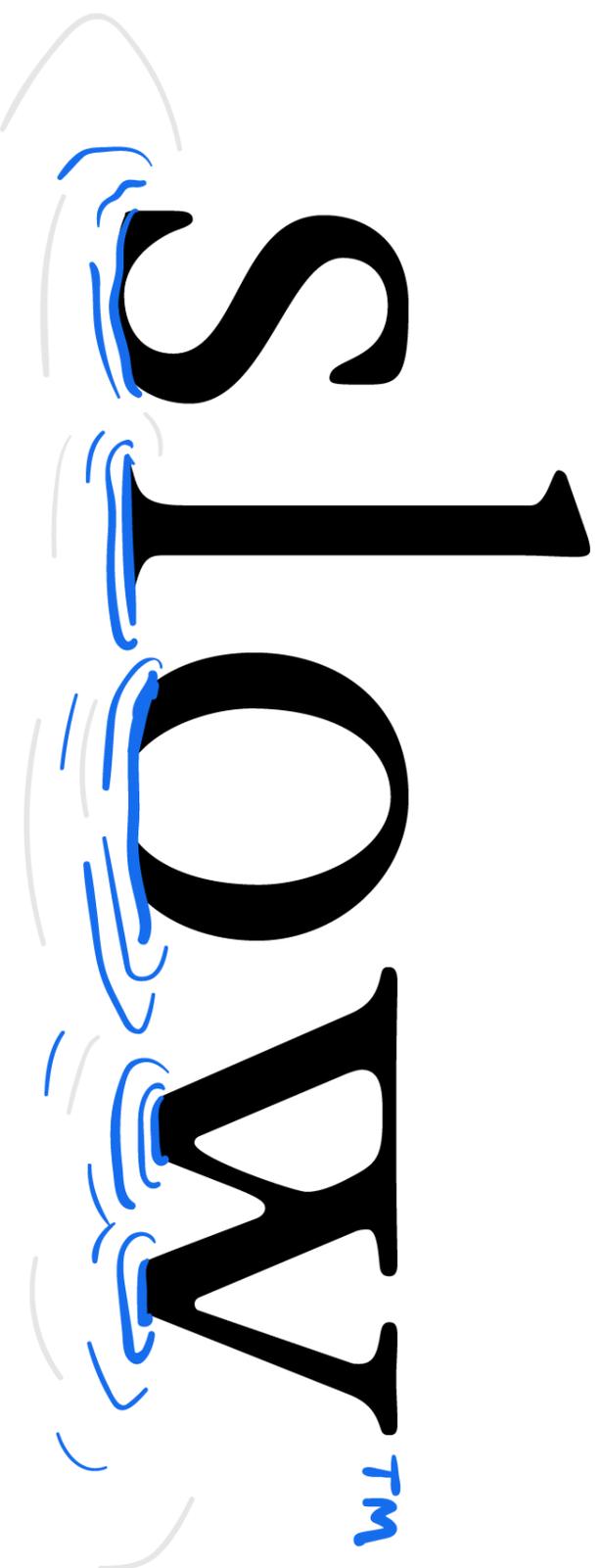
Information and data
is hoarded, not shared.

Their design is a vestige of an
era when failure was expensive,
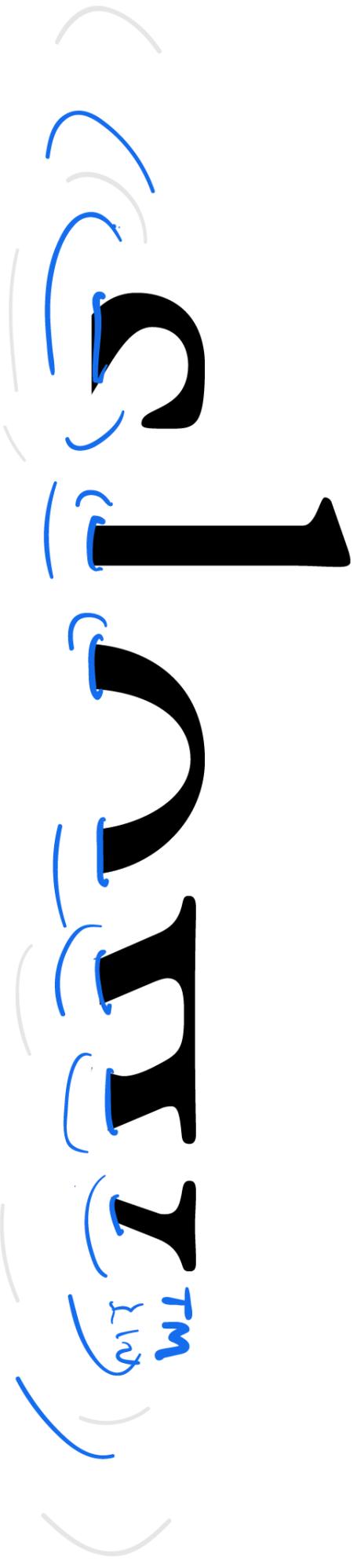and deliberation was a virtue.

Decision-making power lies
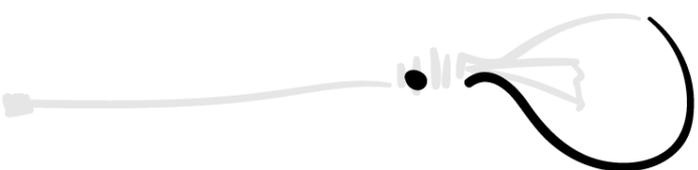in the hands of the few.

SLOW™

In other words, most companies are slow by design!

SLUMP™

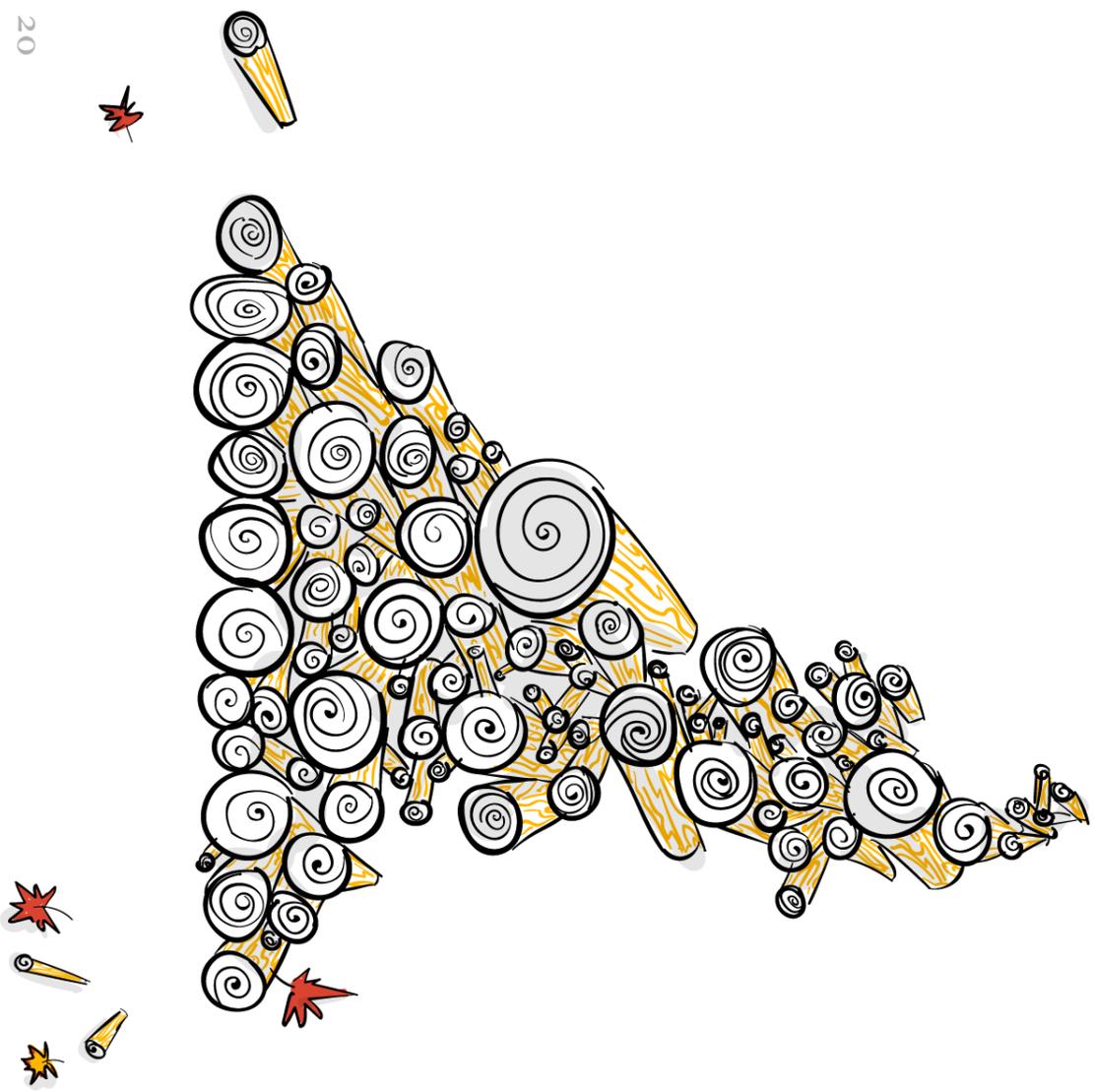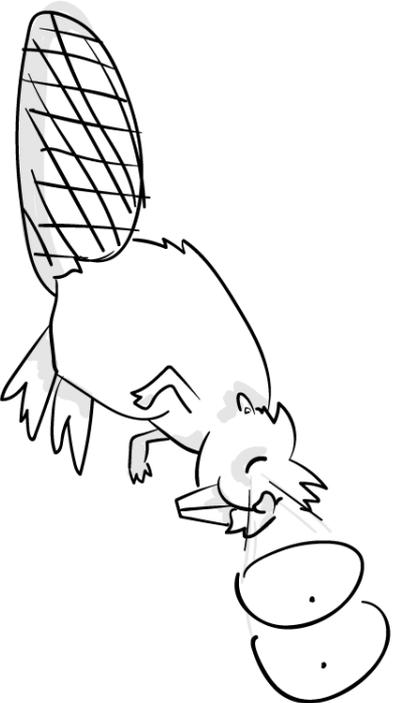This doesn't work in the Internet Century.

What does work?

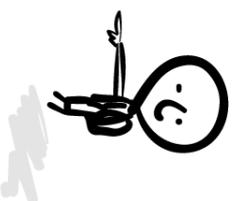# Building a Successful INTERNET CENTURY VENTURE

We learned that the only way for businesses to *consistently succeed* today is to attract smart creative employees and create an environment where they can THRIVE at scale.
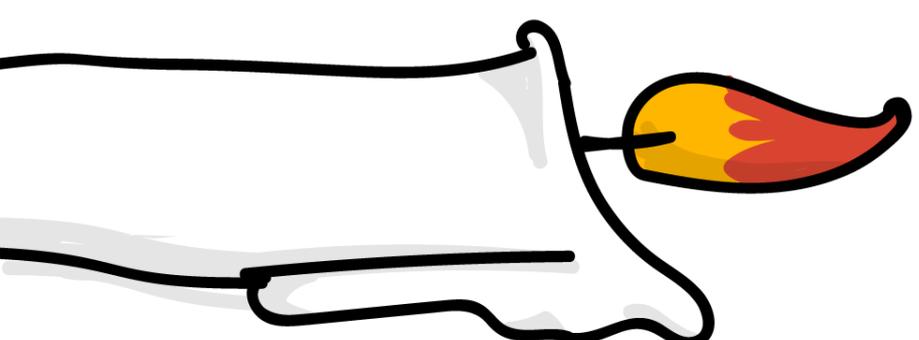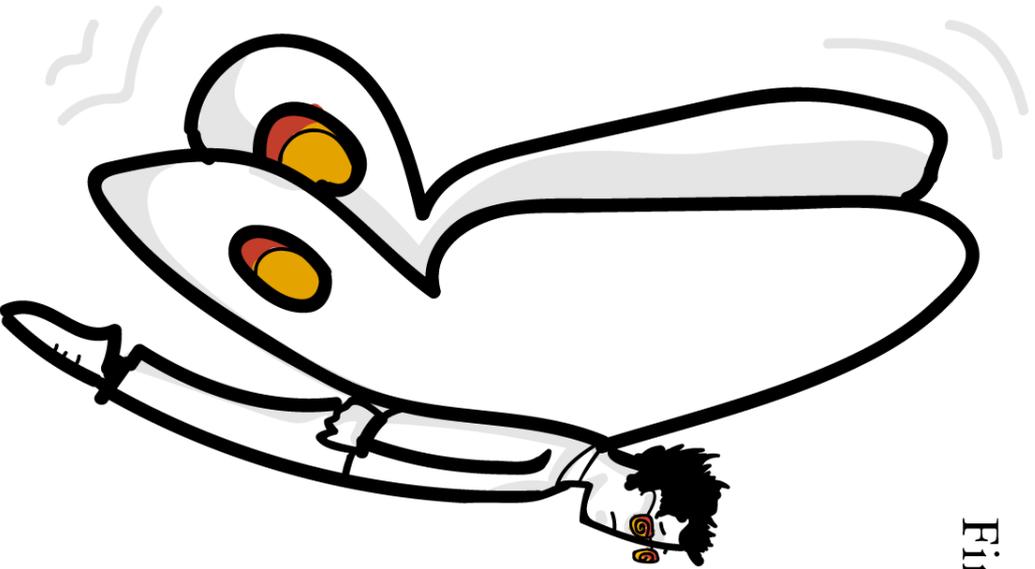
How do you do

THAT?

First you have to attract your smart creatives.
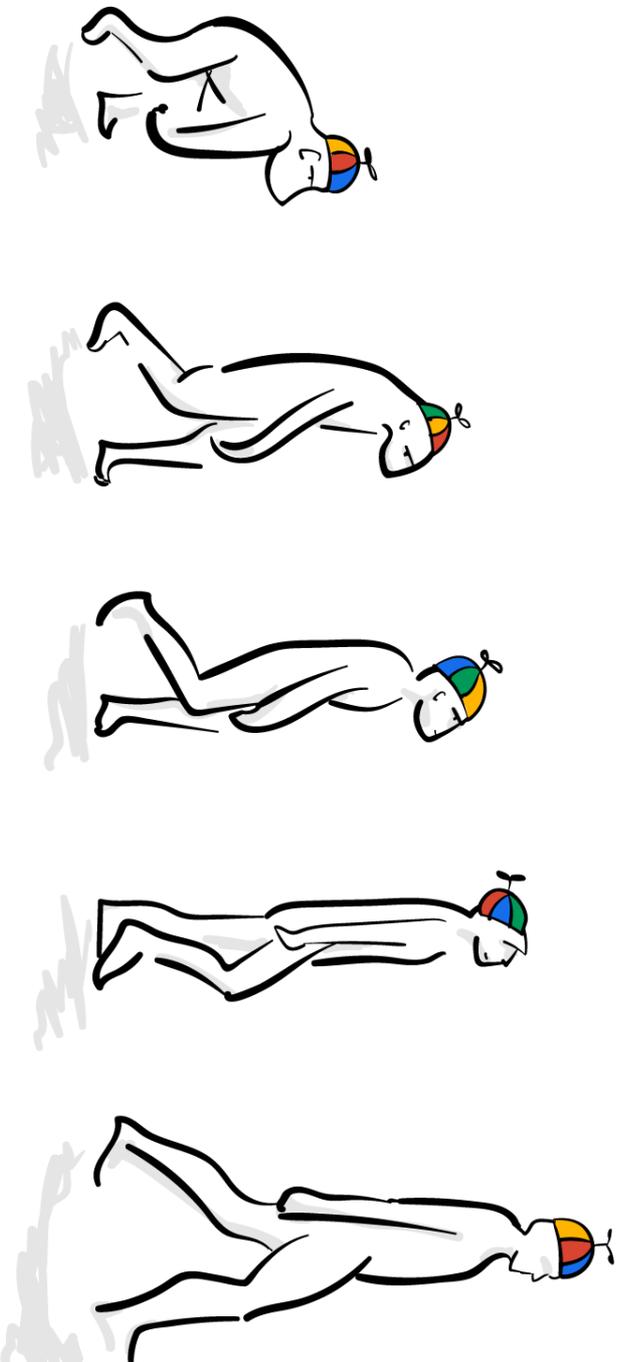
They aren't easily fooled.

This starts with culture.
Smart creatives need to *care*
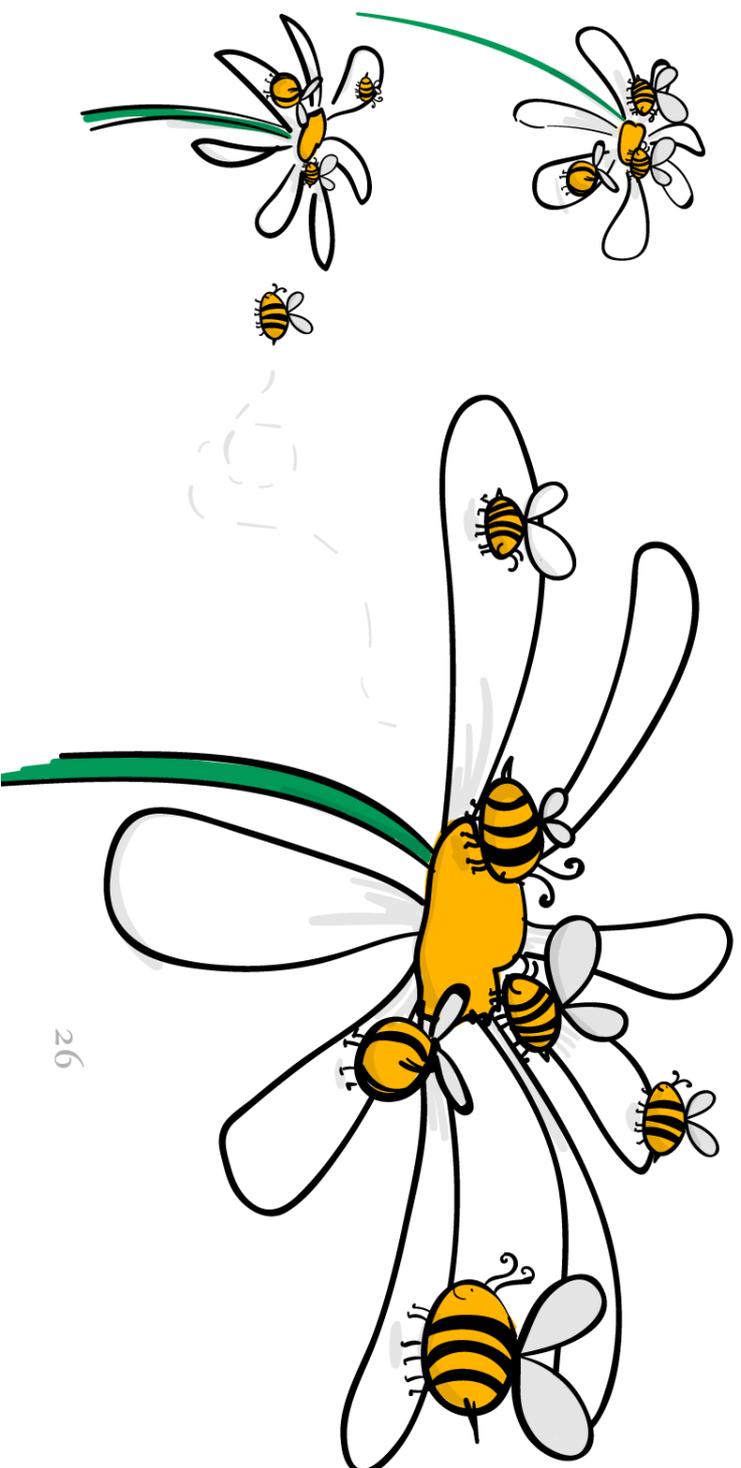about the place they work.

So plan your culture early.

Think about (and document) the things you *care about* as a group,
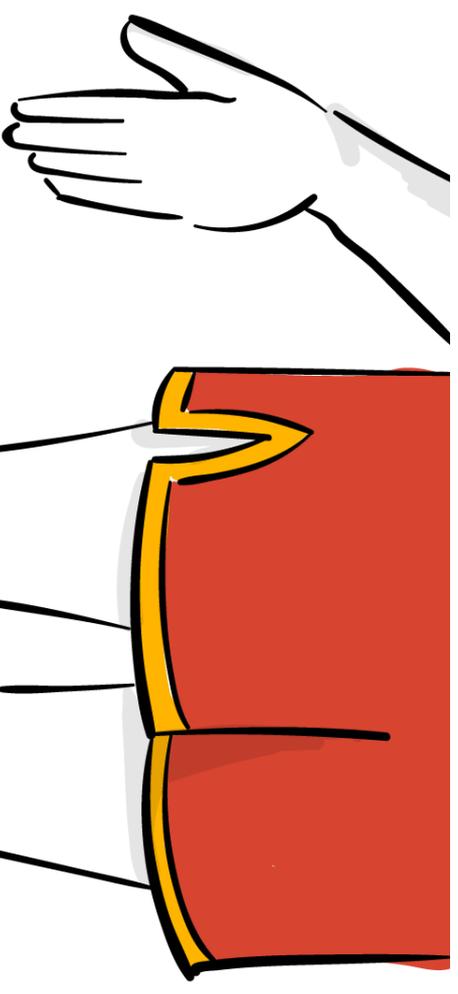the way you work and make decisions.

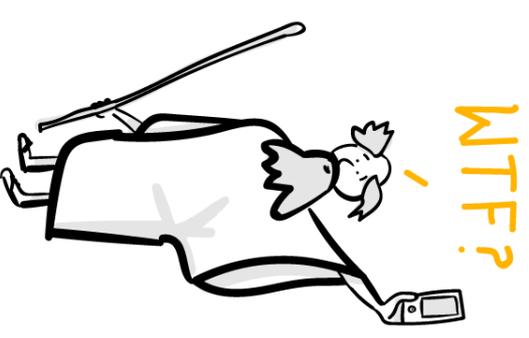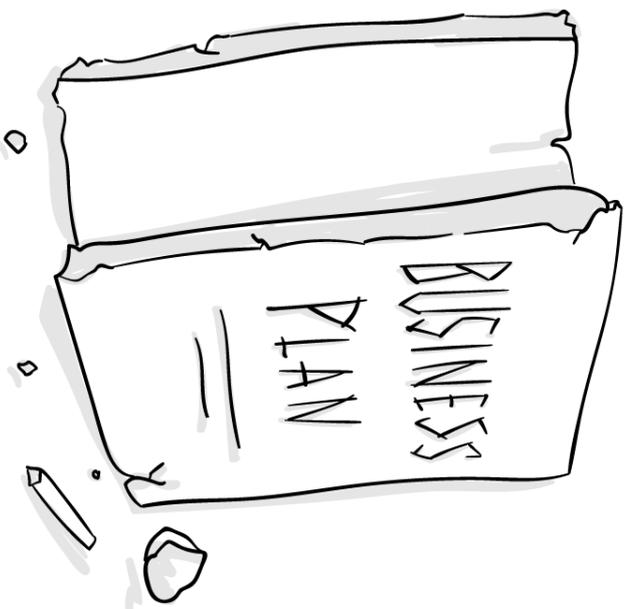Then *live* according to
your own slogans.

It's best to work in SMALL TEAMS,

keep them crowded, and

foster *serendipitous* connections.

Organize the company around the people whose *impact* is the GREATEST

Next comes *strategy*.
Most new ventures start
with a business plan.

Things are changing so fast, though,
that any thorough, MBA-style business
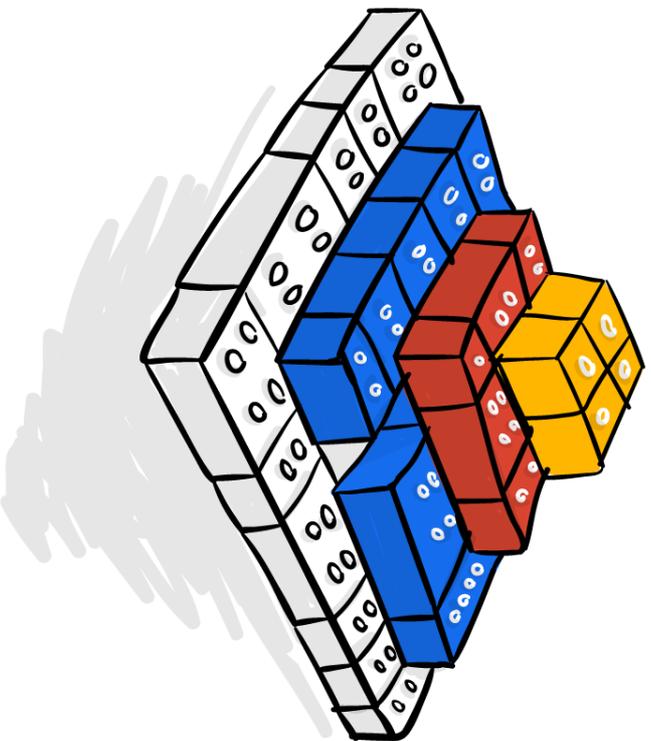plan is *guaranteed to be wrong in some*
important way.

WTF?

Smart creatives know this, and will be scared that a formal business plan will *hamper* their *freedom*.
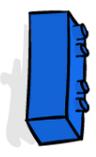
THAT PLAN IS STUPID
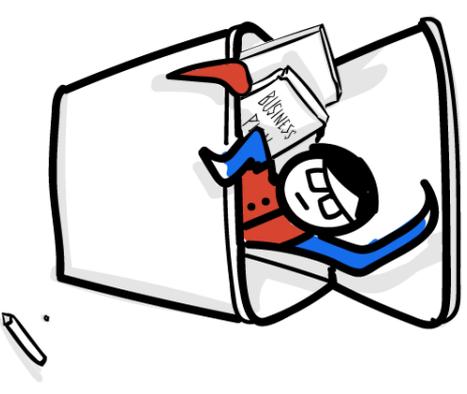
(When Jonathan arrived at Google, one of his first work products was such a plan. Larry Page said the plan was "stupid".)
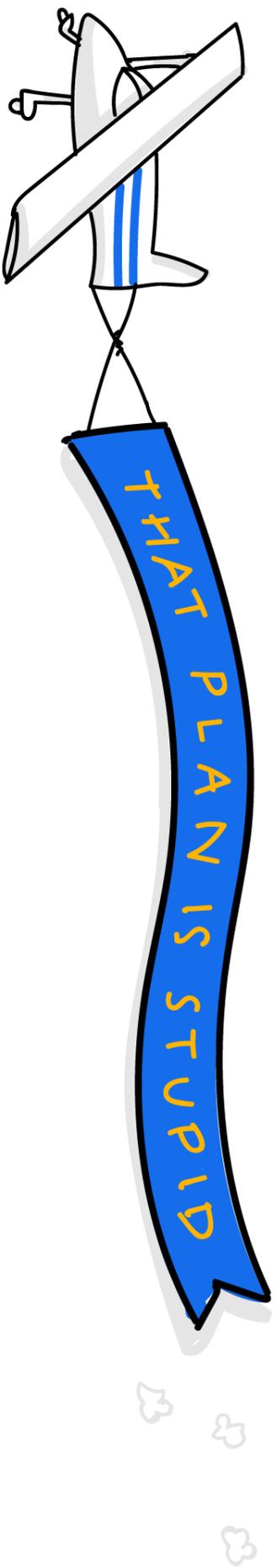
Don't base your venture on a plan.
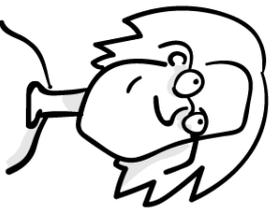
Instead base it on a strategic foundation.

You can have a plan,

but know that it will change,
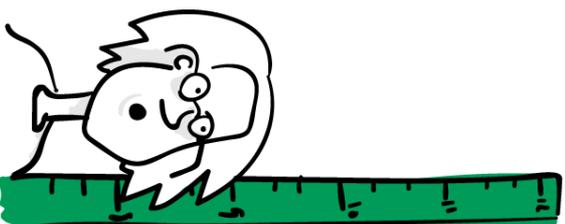
probably a lot.
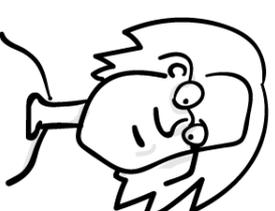
The plan is *fluid*,

the foundation *stable*.

A good foundation has three main pillars:

Create superior products based
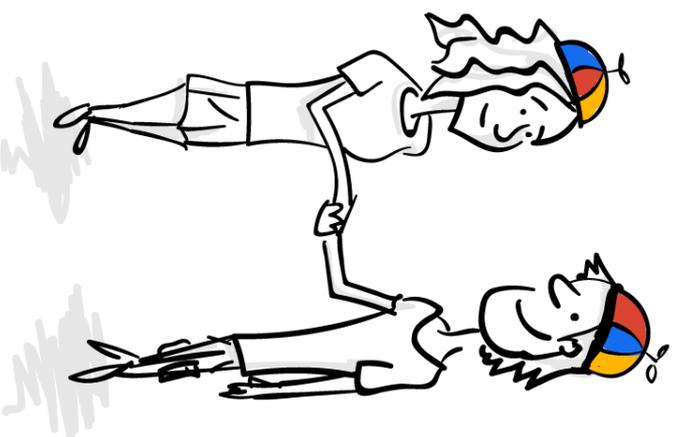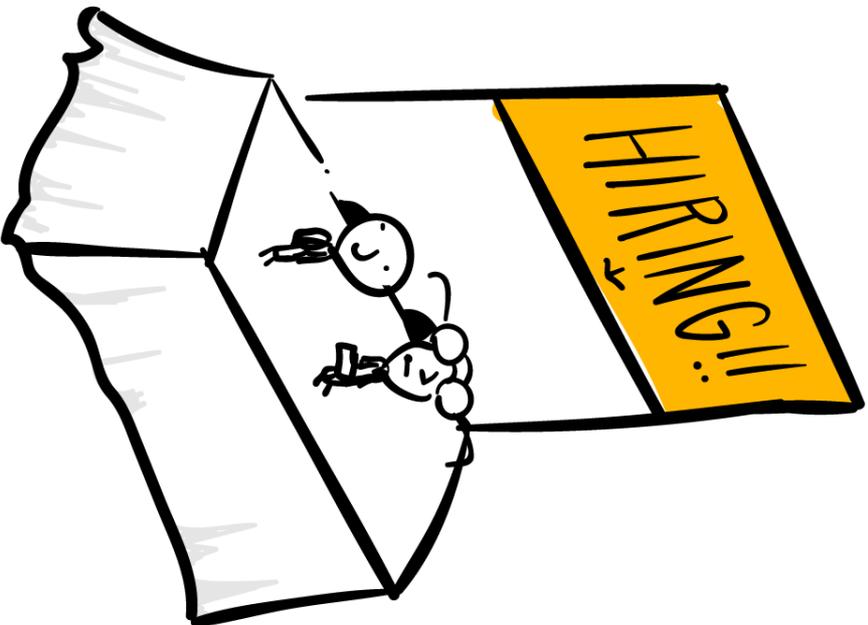on unique technical insights.

Optimize for growth,
not revenue.

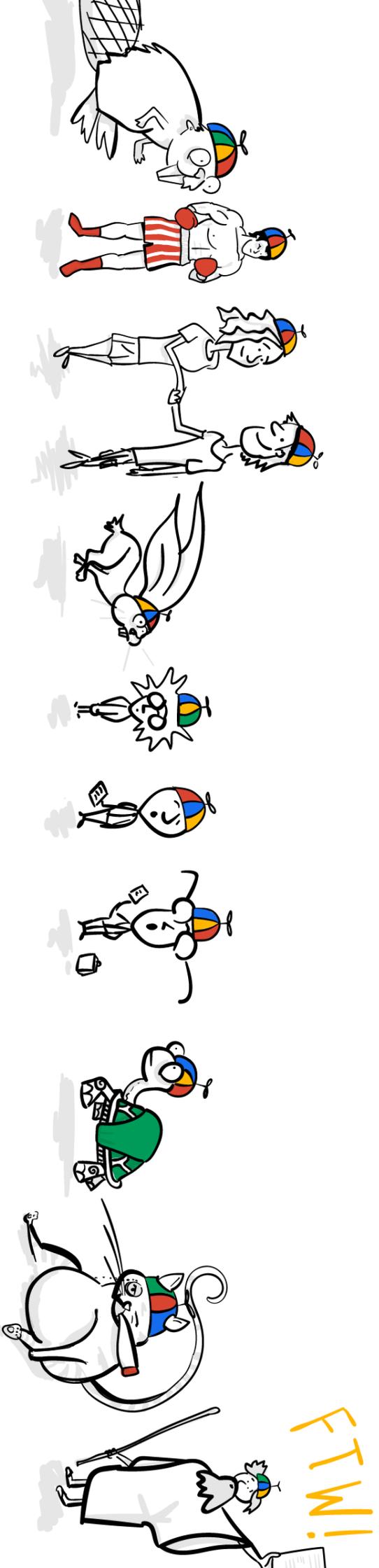Know the competition,
but don't follow it.

Now let's get those smart creatives into the company. Never forget that *hiring* is the *most important thing you do.*
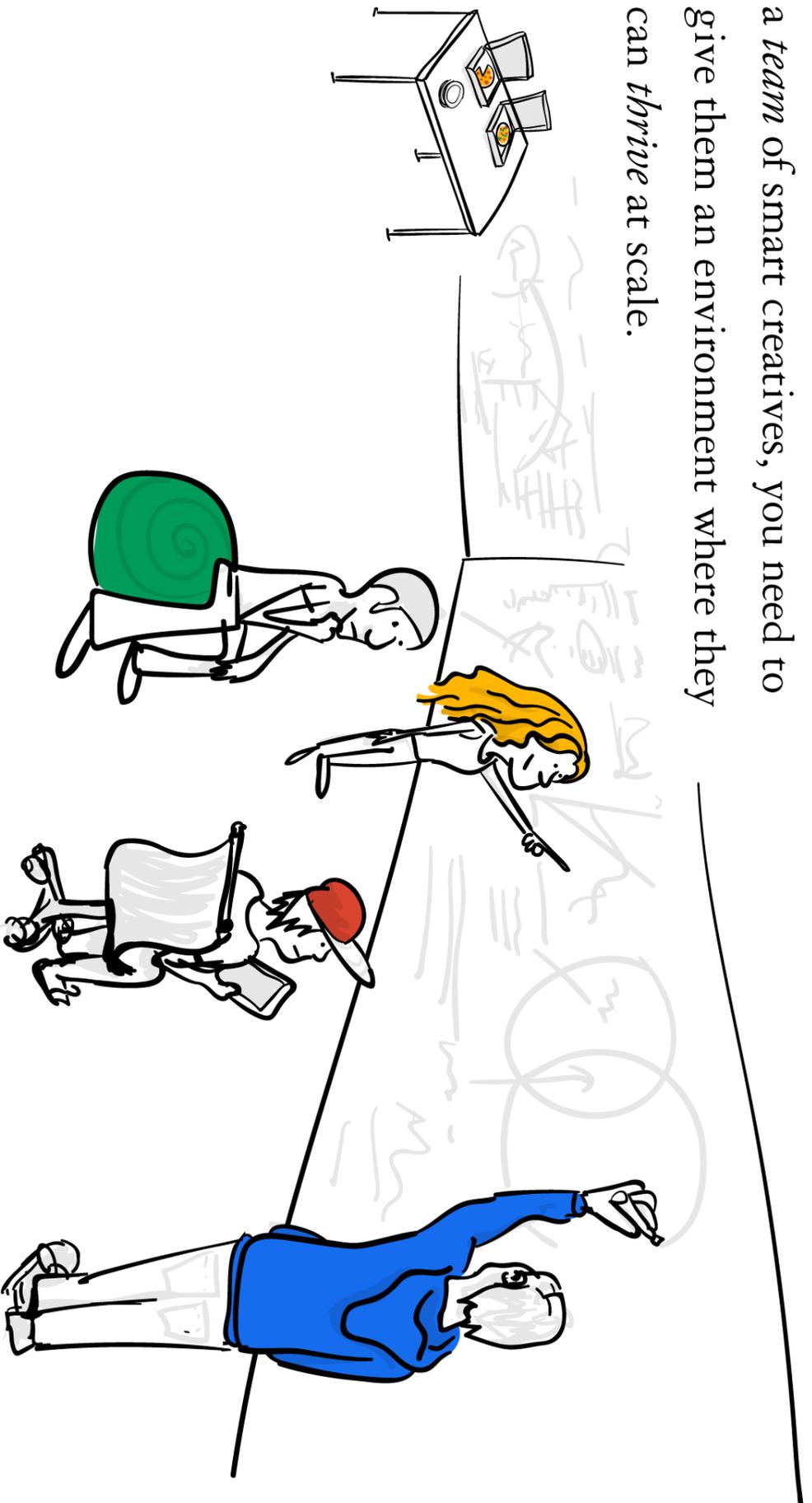
Lots of people say this, but then they delegate hiring to recruiters.

Everyone -- EVERYONE! -- should invest time in hiring.

FTW!

Now that you have attracted and hired a *team* of smart creatives, you need to give them an environment where they can *thrive* at scale.

And that starts with your
approach to making decisions.
Decision-making done right
lets smart creatives know that
they can make a difference.
Done wrong, it kills their spirit.
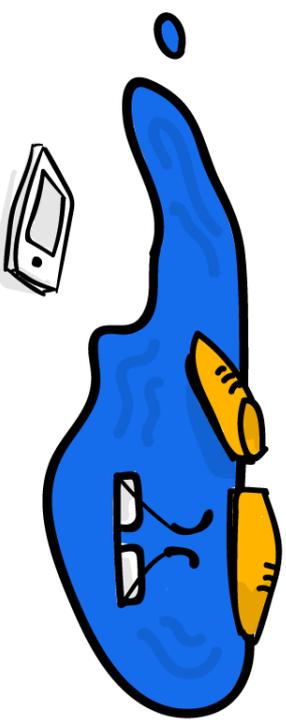
Most forward-thinking companies tout their consensus-driven approach. But they *fail to understand* what consensus means.

YAAY yay yay YAY!!
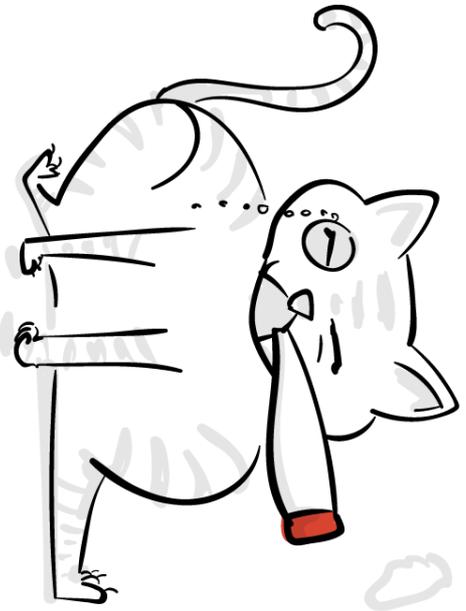
YAY

NAY IT IS.

glad WE ALL agree
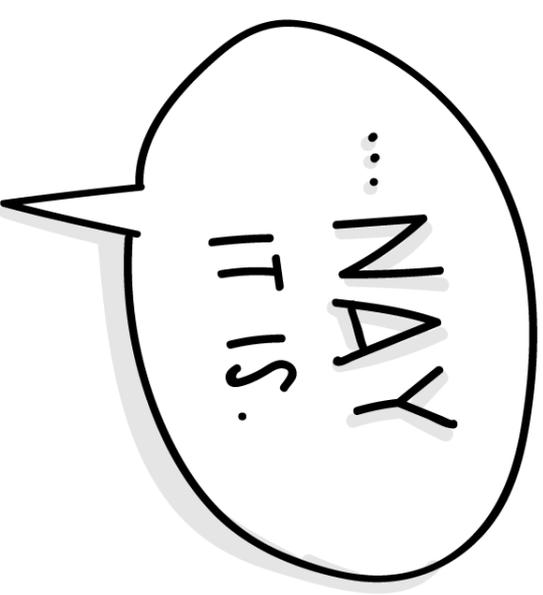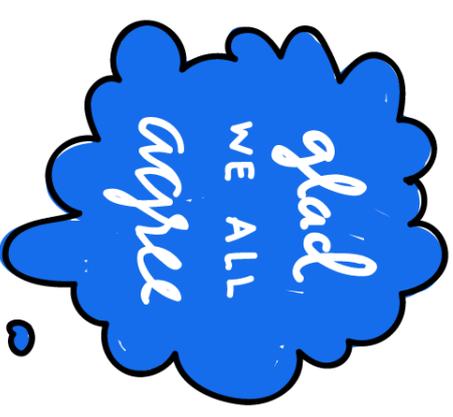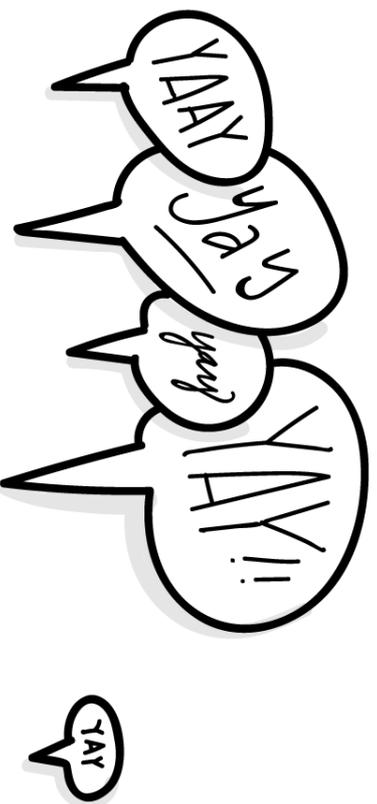
It's not about everyone agreeing,
it's about everyone being heard and
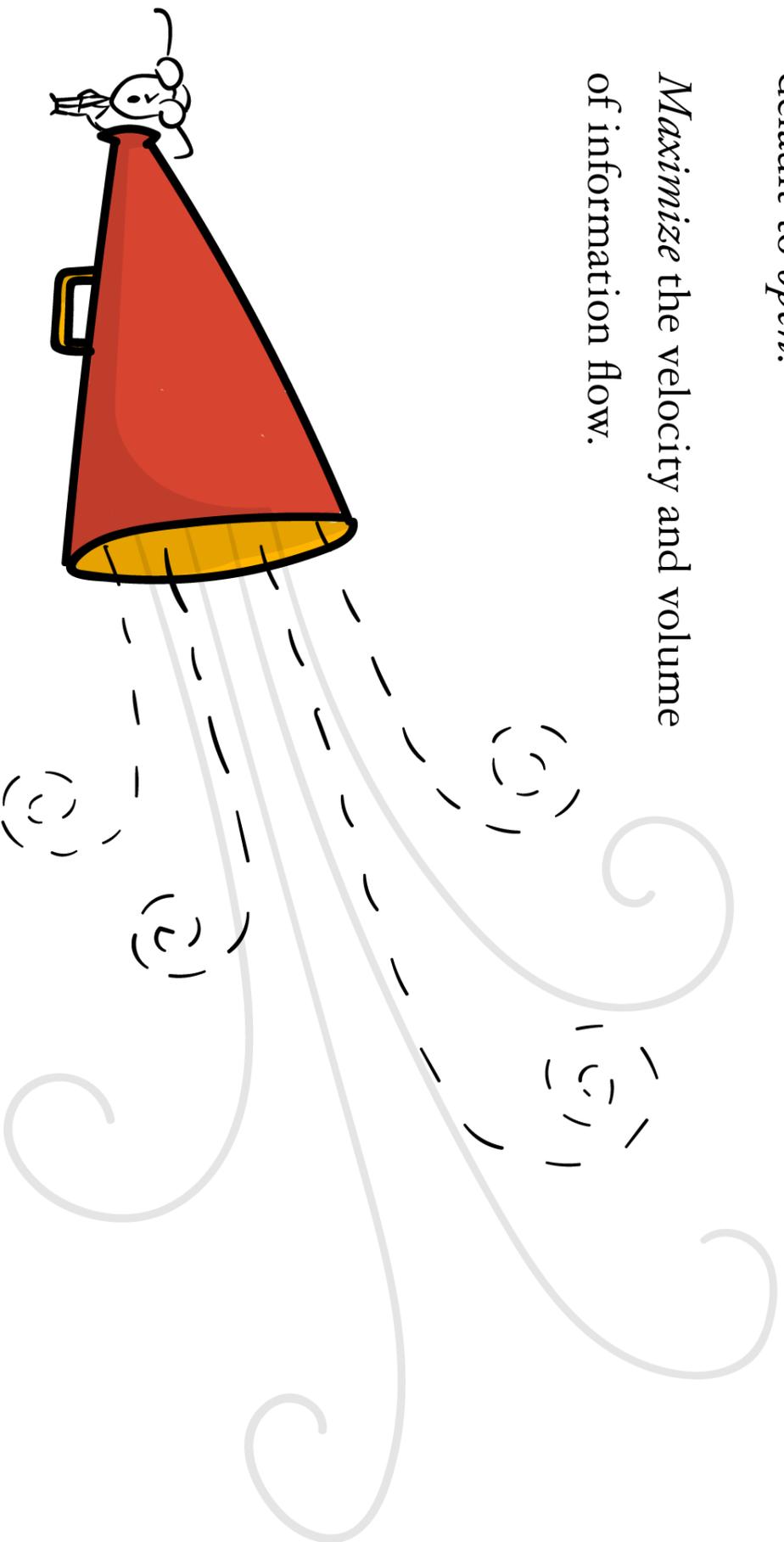then rallying around the *best* answer.
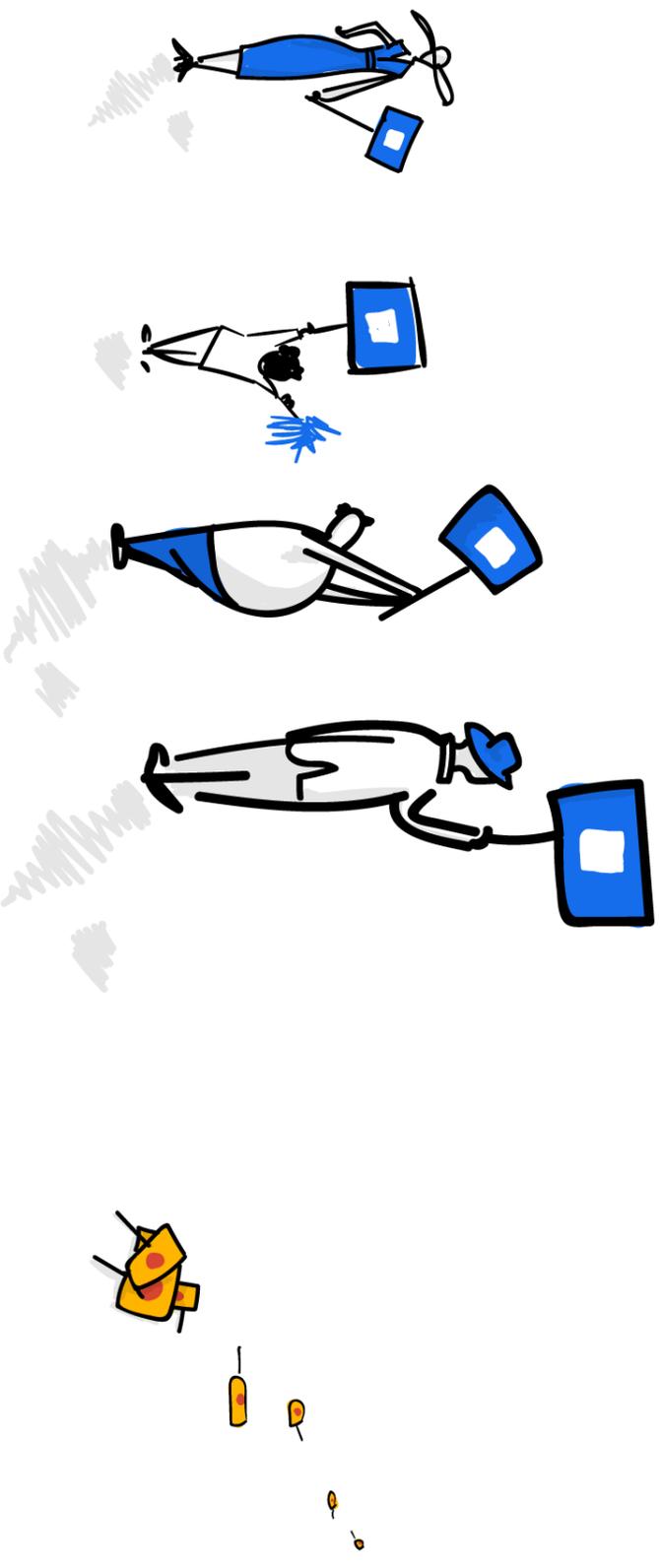
Communication is as important as decision making,
and like decision-making it is something that most leaders
think they are good at.

They are *mostly wrong.*

When it comes to *communications*, default to *open*.

Maximize the velocity and volume of information flow.

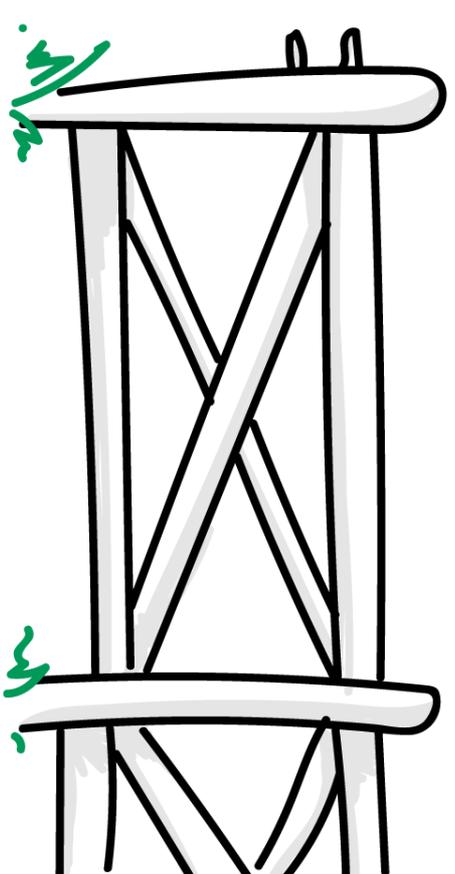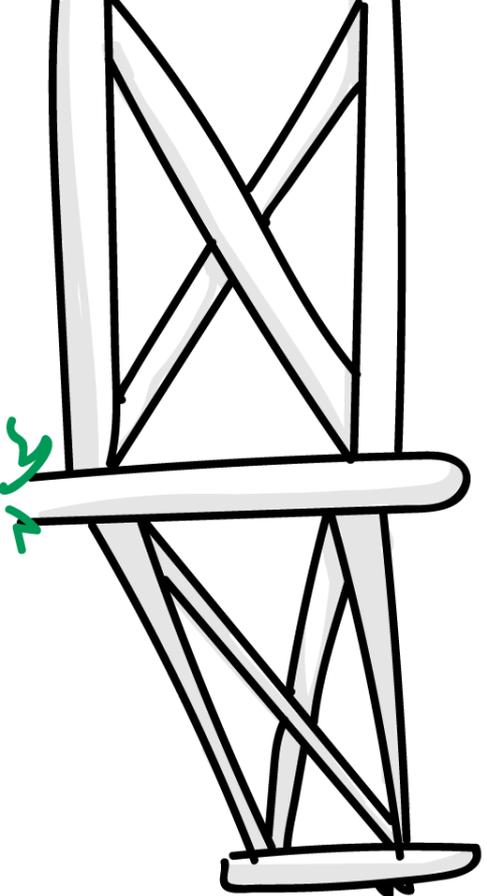Do these things right, and you have a chance to reach business *nirvana*
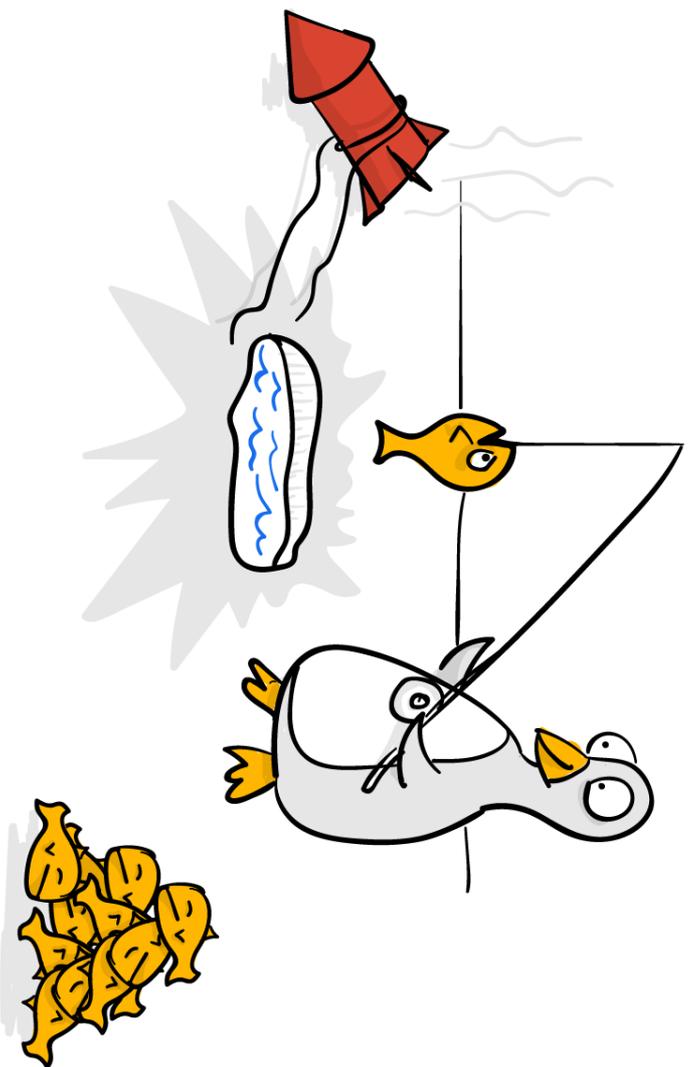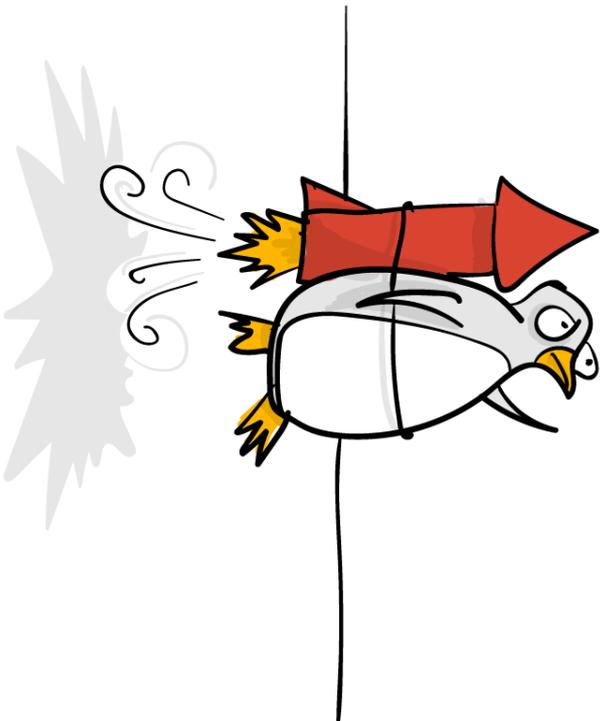
… innovation!

But remember, the CEO needs to be the CIO (*Chief Innovation Officer*).

Innovation can't be owned or ordained, it needs to be *allowed*.

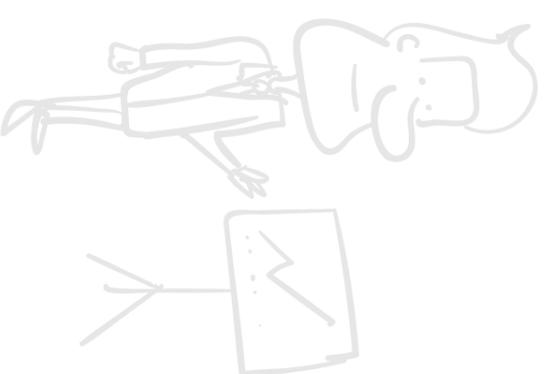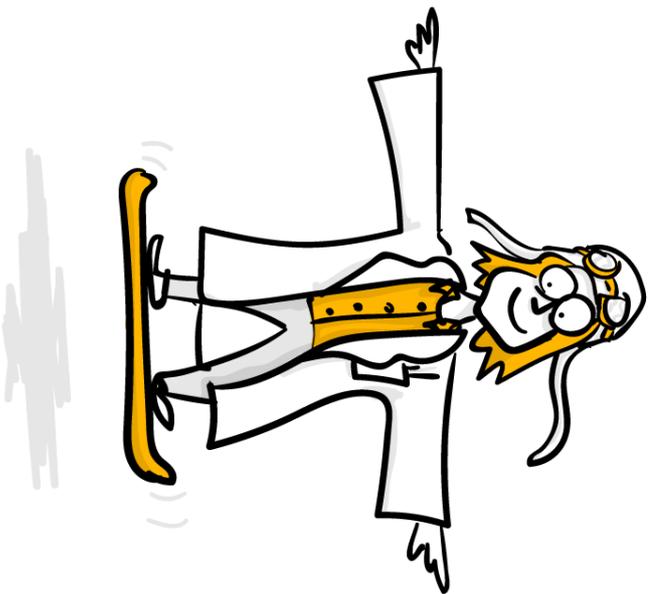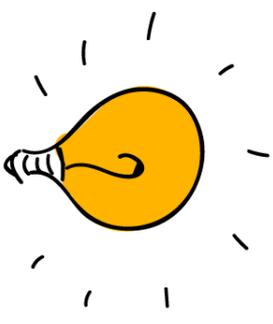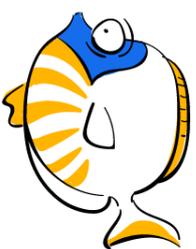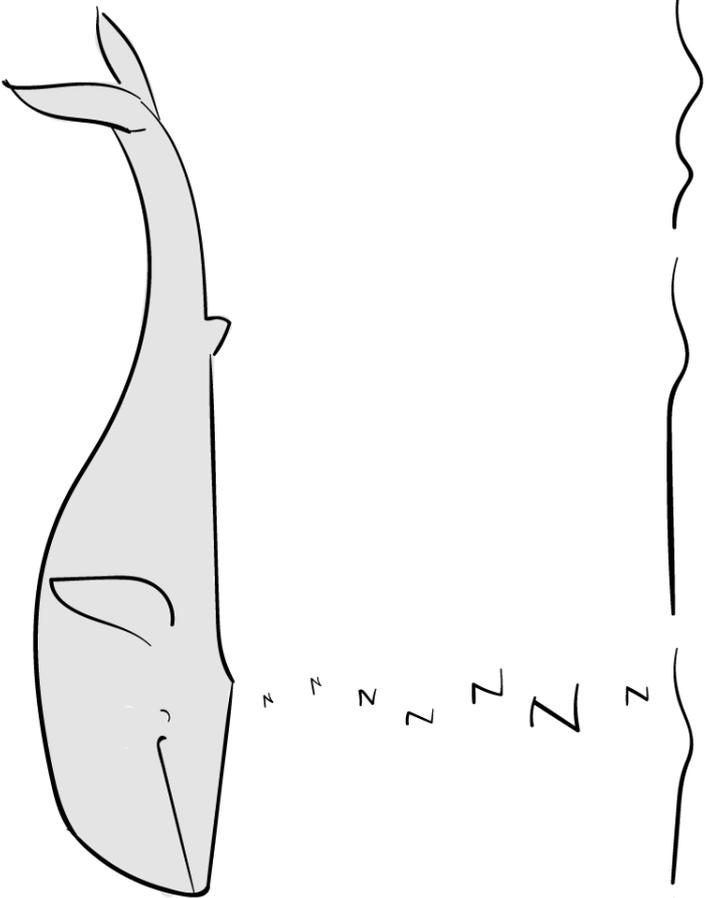You can't tell innovative people to be innovative, but you can *let* them.

Set unattainable goals,

and then fail well.

Listen to the lab coats not the suits,

and get the lab coats to produce prototypes, not slideware.

Ideas come from *anywhere*.

These steps aren't just for entrepreneurs, and they just aren't for high-tech businesses.
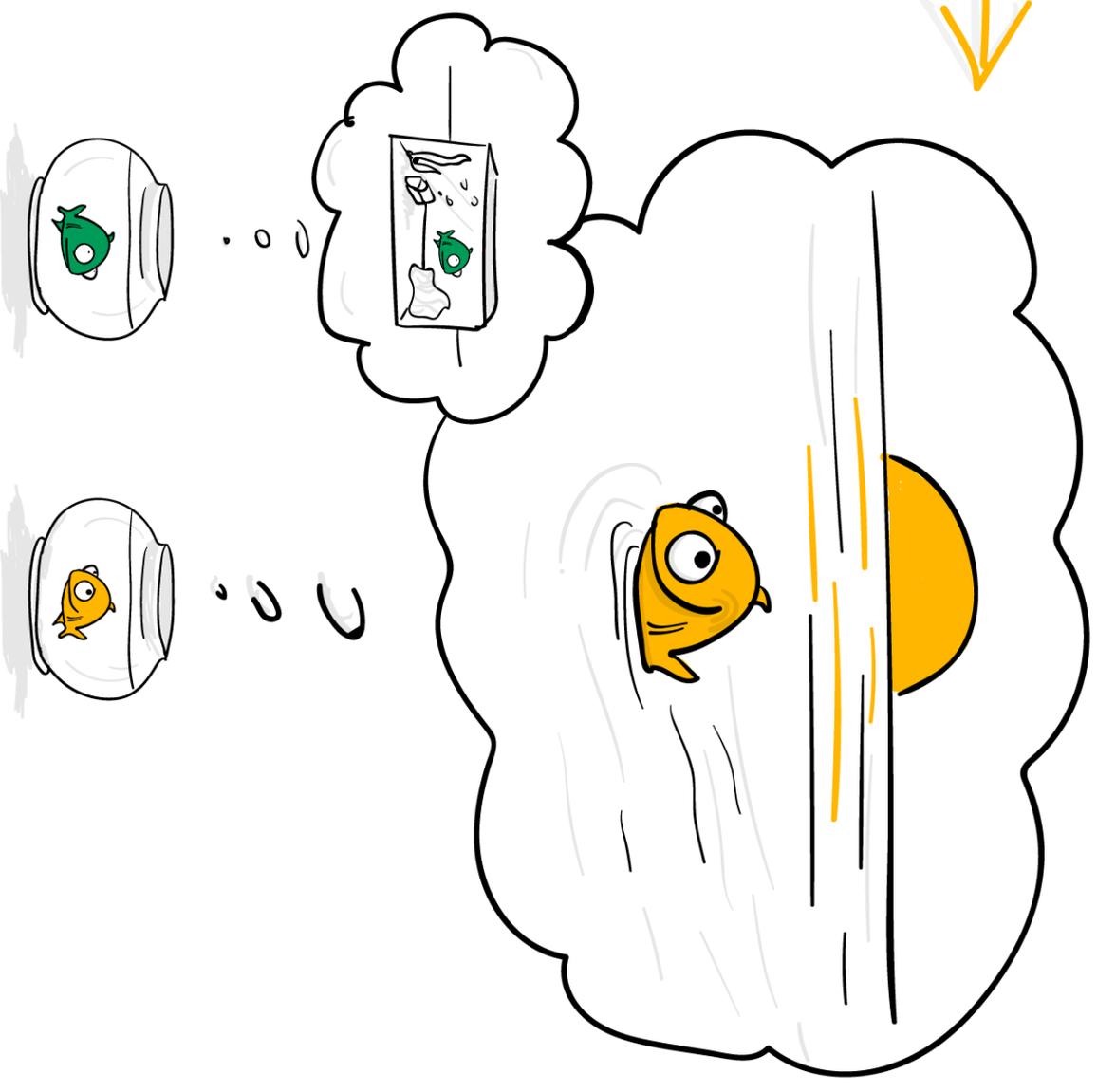
Opportunity is *everywhere*.

Smart creatives are *everywhere*.

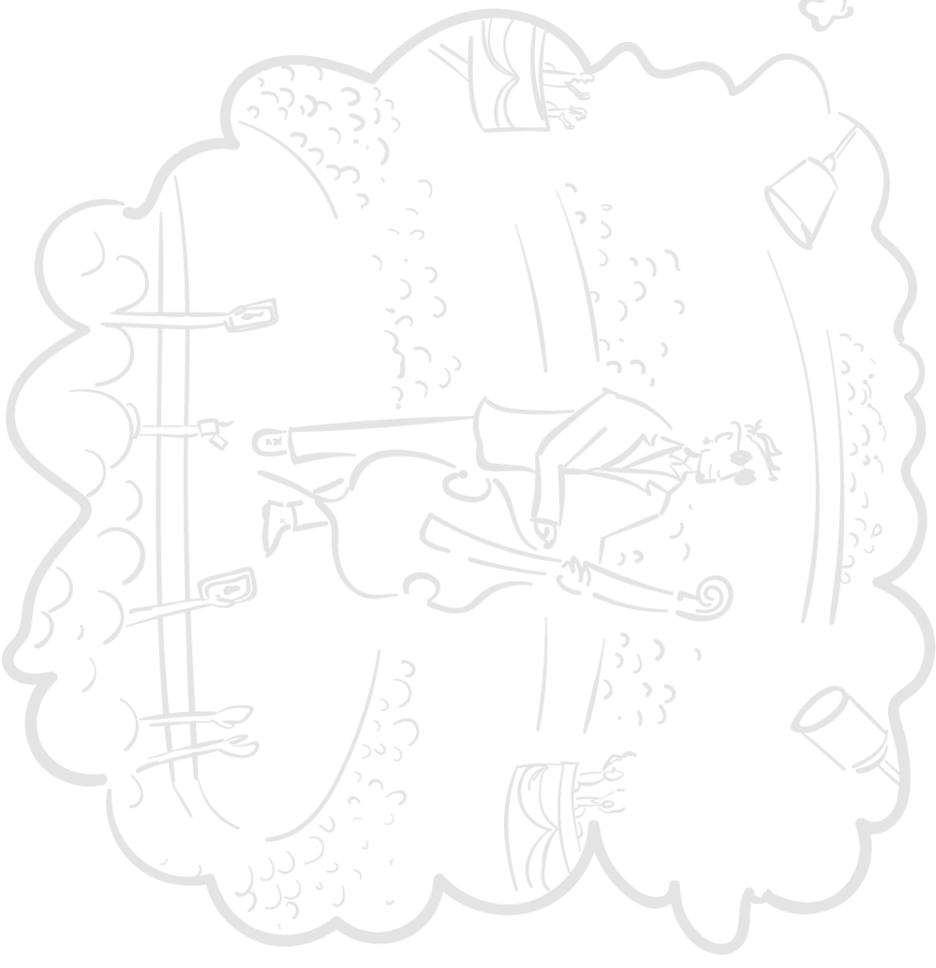Ambitious people who want to build a team of the latter to pursue the former are *everywhere*.
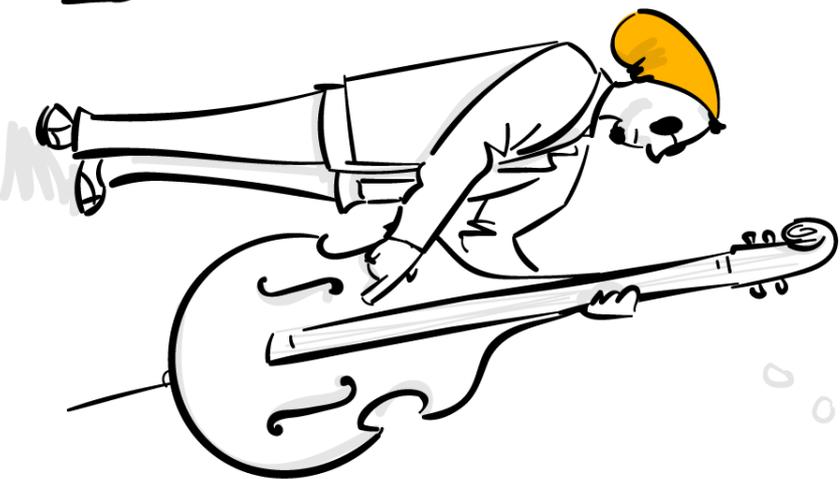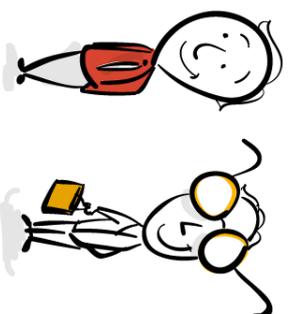
All you need is a BIG idea.

Ask yourself, what ~~will~~ *could* be true in 5 years?
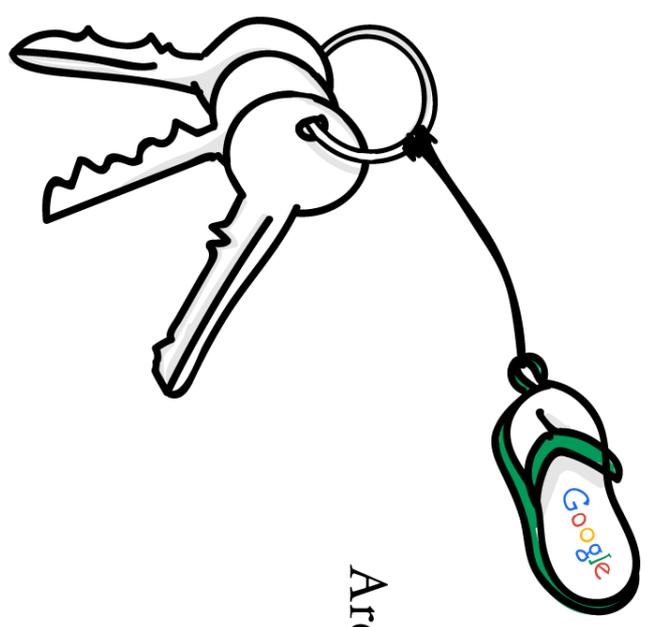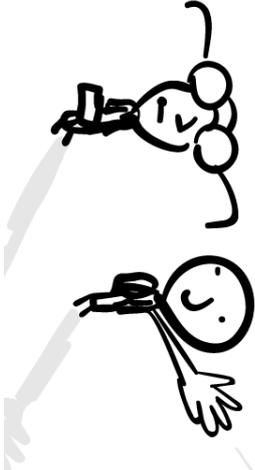
Try to *imagine the unimaginable*, because unimaginable things are happening a lot.

Then make a bet on that future.

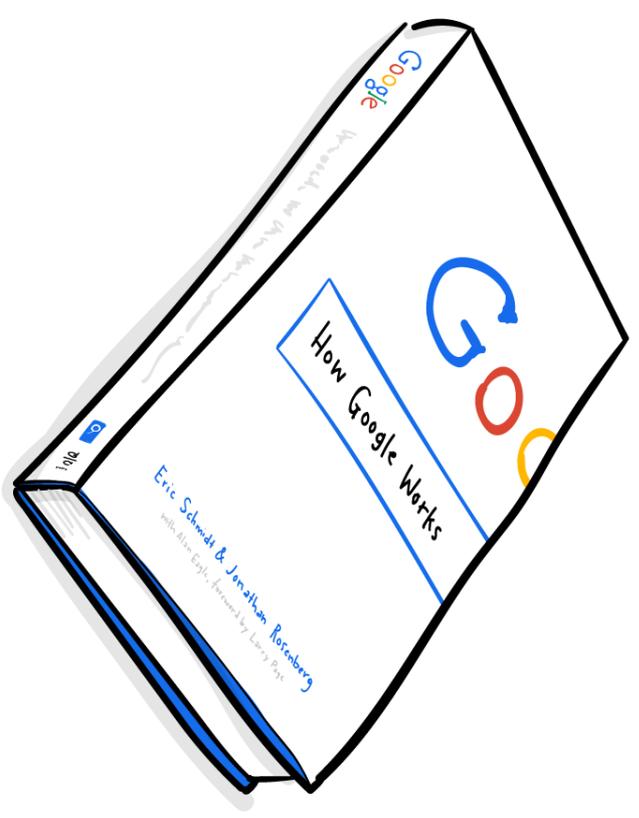Remember big bets can sometimes be easier

to achieve than small ones…

since they attract the best people.

PLACE YOUR BETS!

Are you ready to get *started?*

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How Google Works

Eric Schmidt & Jonathan Rosenberg
with Alan Eagle, foreword by Larry Page

Google