Steps to Leadership

The Center for Asia-Pacific Exchange

Before you begin

What do you know about Bill Gates? Why do you think he is so successful?

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BUSINESS THE BILL GATES WAY: ASSUME THE VISIONARY POSITION
DES DEARLOVE

The following is just one of the many secrets to great leadership introduced in Des Dearlove's book *Business the Bill Gates Way: 10 Secrets of the World's Richest Business Leader (Amacom, 1999)*.

Key Terms:
Synthesize: to make something by combining parts or elements of other things

Bill and Melinda Gates in India doing work for the Bill and Melinda Gates Foundation.

Bill Gates is a new type of business leader. Over the years, he has repeatedly shown that he is the closest thing the computer industry has to a seer. His in-depth understanding of technology and unique way of **synthesizing** data give him a special ability to spot future trends and steer Microsoft's strategy. This inspires awe among Microsoft fans and intimidates its competitors. (Gates himself is dismissive of the visionary role. "Vision is free. And it's therefore not a competitive advantage in any way, shape or form," is a typical Gatesism).

But Gates also fulfills another important role at Microsoft. He is the custodian of the company's culture and values. Some companies such as Merrill Lynch have literally carved their values in stone (the company displays them in the entrance lobby of all its buildings). Others have documented them in books. Johnson & Johnson, for example, has its values written down in the Credo, which dates back to the founders of the company. Hewlett-Packard has the H-P Way, which you find written out by hand and pinned up next to the picture of the founding family. Microsoft has Bill Gates, the company's resident luminary and global IT guru.

SITTING AND THINKING

Today companies are moving away from hierarchical, command-and-control management structures. Leading the way are the new high-

Bill Gates with wife, Melinda Gates.

tech companies, which rely on knowledge workers such as software designers to carry out their work unsupervised. Microsoft was in the vanguard of this movement.

Gates says that he pays his people to "sit and think." But even more than the famously **eccentric** Microsoft programmers, Gates himself regards his role as that of the company's visionary. He is dismissive of the more mundane aspects of running a business, believing that his job is to chart the future.

"How do you manage the sales force and make sure that those measurement systems are really tracked down to the individual level to encourage the right behavior? I'll sit in meetings where Steve Ballmer talks about how he wants to do it,

but that's not my expertise. How do we advertise to get these messages across? I sort of know where we are going long-term. I've got to make sure people are coming up with messages consistent with that future. But I'm not expert in those things."[1]

What Gates does regard himself to be an expert in is unraveling the technological past from the technological future. Gates' own talent is for understanding what's just around the corner. His great talent as a leader lies in his ability to inspire the people around him with the challenge of helping him to transform the computer industry.

In recent years, he has made his role within Microsoft more explicit, responding to his own brief command to "establish how things should get done." "I'm in the leadership role," he explains. "So generally that means working with the developers to ensure we're doing the right things, working with the right products and key customers."

RAM RAIDER

A criticism often made of Microsoft is that the company is not a great innovator, and simply **raids** the ideas of others, converting them into Microsoft products. Windows, Microsoft's PC operating system, for example, is still seen by many as an imitation of Apple's Macintosh Software.

Microsoft has been described as "the fox that takes you across the river and then eats you."[2] But according to one industry insider, most of the criticism is sour grapes on the part of its competitors.

"Like the Japanese computer companies, Microsoft may not be an inventor, but it perfects products," says Richard Shaffer, president of Technologic, an industry consulting group."[3]

Gates has also shown that he is good at fostering innovation, and he has created a culture that tolerates eccentric behavior from creative employees. One software designer at Microsoft, for example, filled his workspace with soft toys. Colleagues knew if they saw him clutching a teddy bear under one arm then he was having a tough day and should be approached with caution.

NERD INSTINCT

Gates speaks the language of computer programmers. He talks frequently about "maximum **bandwidth**" and even nicknamed one girlfriend "32-bit." This is both one of his great strengths as a leader and also one of his great weaknesses. Talking to fellow techies gives him an open channel of communication that allows him to inspire Microsoft employees to greater heights. On the negative side, however, his nerdy vocabulary and directness can make him seem

[1] Gates, Bill, "Watching His Windows," Forbes ASAP, 1997.
[2] Wallace, James and Erickson, Jim, Hard Drive: Bill Gates and the Making

of the Microsoft Empire, John Wiley & Sons, New York, 1992.

[3] Kehoe, Louise, "Engineer of the Electronic Era," Financial Times, January 1, 1995.

inarticulate when he tries to communicate to the wider public.

(Asked by the American journalist Connie Chung if he regarded himself as a nerd, Gates replied: "If nerd means you can enjoy understanding the insides of a computer and sit in front of it for hours and play with it and enjoy it." What he didn't say, but could have, is that his nerdish hobbies have also made him the richest person in the world.)

Gates' own direct, slightly impatient manner and his unwillingness to suffer fools can also make him appear rude. On a good day he can be charming, but on a bad day he can be downright **abrasive**. At industry gatherings he can seem condescending, even **patronizing**, about the ideas of others. At internal meetings he is prone to outbursts—some say tantrums—if he doesn't like the way the discussion is moving.

"That is the stupidest idea I've ever heard," is a typical Gates line. Direct it may be, but it is hardly likely to make the person he's talking to inclined to volunteer more ideas. Steve Ballmer, a longtime Gates aide and friend for more than 20 years, is well aware of how the Microsoft CEO can come across sometimes.

Steve Ballmer with a young Bill Gates.

"Part of Bill's style of presenting, clarifying and challenging ideas is to be very blunt, and a little bit dramatic and some would say a little rude," he says. "But he is a lot less rude than he was ten years ago."[4]

"Effective leaders recognize that the ultimate test of leadership is sustained success, which demands the constant cultivation of future leaders," says Noel Tichy of the University of Michigan.[5] Leaders must, therefore, invest in developing the leaders of tomorrow and they must communicate directly with those who will follow in their footsteps.

Tichy believes that being able to pass on leadership skills to others requires three things. First, a "teachable point of view"—"You must be able to talk clearly and

convincingly about who you are, why you exist and how you operate." Second, the leader requires a story. "Dramatic storytelling is the way people learn from one another," Tichy writes, suggesting that this explains why Bill Gates and the like feel the need to write books. The third element in passing on the torch of leadership is teaching **methodology**—"To be a great teacher you have to be a great learner." The great corporate leaders are hungry to know more and do not regard their knowledge as static or comprehensive.

THE PARANOID PROPHET

It was another Silicon Valley visionary, Andy Grove of Intel, who coined the phrase "Only the paranoid survive" as the title to his book. But it could just as well have been Bill Gates. "The more successful I am," Gates noted, "the more vulnerable I feel."

From the very beginning, despite its near miraculous profit margins, Gates has always worried about Microsoft's financial situation. "Even though if you look back and see that our sales and profits grew by basically 50 per cent a year for all those years, what I really remember is worrying all the time. If you ask about a specific year, I'd tell you, oh that was an awful year, we had to get Multiplan [a financial spreadsheet] out and establish it, or that was the terrible year we

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[4] Kehoe, Louise, "Engineer of the Electronic Era," Financial Times, January 1, 1995.

[5] Tichy, Noel M., "The Mark of a Winner," Leader to Leader, Fall 1997.

brought out a Microsoft mouse and it didn't sell so we had a warehouse full of them, or that was the miserable year we hired a guy to be president who didn't work out."[6]

Even today, Gates says he is driven by a "latent fear" that the company could become **complacent** and allow itself to be overtaken by nimbler competitors. "Every company is going to have to avoid business as usual. The only big companies that succeed will be those that obsolete their own products before somebody else does. [7]

It is an indication of the nature of the computer industry that two such successful business leaders should subscribe to a business **creed** of perpetual paranoia. But it is hardly surprising given the speed of change within their markets. What these two modern business leaders recognize is that in their

particular businesses, change is a given. The more established you are the more vulnerable your position. The problem for the market leader in an industry that is in a constant state of revolution is that you can be top dog one day and find yourself completely stranded the next because you didn't take heed of some change in direction.

The need to spot **paradigm** changes is most evident with high-tech companies. No one knows this better than Bill Gates. After all, it was precisely this sort of paradigm change that caught IBM napping and caused it to hand him the operating systems market on a platter, which in turn proved to be the dominant position in the software market. For this reason, Microsoft behaves at times almost as if it has multiple personalities, pursuing several different and even conflicting technologies for fear of backing the wrong horse. As its chief lookout and self-appointed visionary, Gates has the unenviable task of scanning the horizon for the next big thing. Sometimes even he can miss something big.

BETTER LATE THAN NEVER

Dark clouds appeared to be gathering over Redmond a couple of years back. Prophets of doom were predicting that the Internet could be Microsoft's undoing. Gates, they said, had been caught napping by the rapid advance of the Internet and how it would transform the PC software industry.

Some even drew parallels with IBM, which lost its way at the beginning of the 1980s with the switch from mainframes to PCs. The chief beneficiary then was one Bill Gates.

A decade and a half later, the wheel appeared to have come full circle. Critics argued that Microsoft's **illustrious** leader was the last person at Microsoft to see the potential of the Internet for home users. This could have cost the company dearly. But fortunately, when the penny finally dropped for Bill, Microsoft had the resources at his disposal to play some serious catch-up.

"The Internet is not a fad in any way. It is a fantastic thing; it makes software and computers more relevant."[8] Gates fans say his reversal of opinion and willingness to embrace a technology he once avoided actually show great strength of character, and are characteristic of the sort of leadership demanded in the modern business world.

There is even some academic theory to support this idea (or perhaps management theorists are simply trying to unravel the leadership style of Bill Gates). Indiana University's Charles Schwenk contends that the call from management thinkers for strong visions could be the first step toward corporate **totalitarianism**."

Schwenk believes that decision making needs to build from

[6] Schlender, Brent, "Bill Gates and Paul Allen Talk," Fortune, October 2, 1995.

[7] Kehoe, Louise, "Engineer of the Electronic Era," Financial Times, January 1, 1995.

[8] Kehoe, Louise and Dixon, Hugo, "Fightback at the Seat of Power," Financial Times, June 10, 1996.

diversity of opinion rather than a simplistic statement of corporate intent. This requires "weaker leadership" and that "top management's vision needs to be less clearly communicated (and less strongly enforced) than the advocates of management vision recommend."

He points persuasively to the example of Microsoft's slow endorsement of the Internet. Originally, the Internet was not looked upon as fertile ground. Bill Gates' apparently all-encompassing vision did not include entering the Internet fray. Eventually, after much internal lobbying, Gates changed his mind and the company moved into Internet services. By traditional yardsticks this was an act of weak leadership. Visions are worthless if they are so easily changed.

Surrender is not in the vocabulary of the John Wayne—type leader. Think again. What if Gates was wrong? Should a single view of the future always prevail? Schwenk thinks not: "Without tolerance for eccentricity it is unlikely that any technique for encouraging the expression of diverse views will improve decision making in a firm."

Others would argue that the Internet example simply shows that even Bill can get it wrong sometimes. The fact is that, so far anyway, he has tended to get a lot more right than wrong. Only time will tell, however, whether he has the radar to guide Microsoft's progress in the twenty-first century, or whether age will automatically disqualify him.

Comprehension Questions

1. What is the example of a Gatesism given in the article?
2. What is the downside to speaking the "language of computer programmers?"
3. What three things are needed to pass on leadership skills according to Noel Tichy?
4. Big companies that are successful are those that _____.

Reflection Questions

1. The article mentions the idea of "perpetual paranoia," an underlying force that pushes successful business leaders to always strive for greater. What do you think of "perpetual paranoia?" Do you think there could be a successful leader who exists without this quality?
2. What are your opinions on Gates' leadership style? If you were the owner of a successful company, what type of leader would you be?

Source and Additional reading for those interested:
Biography of Bill Gates from biography.com (http://www.biography.com/people/bill-gates-9307520)
"How Bill Gates Became a Leadership Legend" from Entrepreneur Magazine
(https://www.entrepreneur.com/article/250607)
Bill Gates: A Biography by Michael B. Becraft
Business the Bill Gates Way By Des Dearlove