

# Zynga's chief operating officer plays it safe

May 16 2012, By Alex Pham

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As a hurricane barreled toward the Florida Keys, John Schappert, the chief operating officer of Zynga Inc., was on a charter boat to catch lobsters with half a dozen friends.

When the winds kicked up and large waves tossed the small craft about, several passengers felt too seasick to dive. But Schappert insisted on diving until he caught close to a dozen lobsters before he was willing to call it a day.

"Most of us were begging to get back to shore," recalled Steve Chiang, a close friend who was on the boat that day in July. "But not John. He didn't want to give up."

Over his 20-year career in the games business, Schappert, 41, has cultivated a reputation as a methodical, dogged and disciplined executive who gets the job done. These days, that's exactly what [Zynga](#), a San Francisco social [gaming company](#) with topsy-turvy growth and a young start-up vibe, desperately wanted when it hired Schappert a year ago to oversee day-to-day operations.

Zynga - which developed FarmVille, Words With Friends and other [social games](#) and had revenue of \$1.1 billion last year - had come under criticism as its once-stratospheric audience growth seemed to slow. In addition, its round-the-clock, hard-charging culture, typical of many Silicon Valley start-ups, led to concerns that key executives would bolt once their lucrative stock options vested. Already this year, Zynga has lost its director of product management, a lead game designer and its ad

chief.

"It's hard to argue with Zynga's success today," said Doug Creutz, an analyst with Cowen & Co. "Their aggressive culture has allowed them to run over the competition. While that's worked well in the past, I'm not sure it will serve them as well going forward."

For 5-year-old Zynga, the growth has been swift. The number of people who played its social games at least once a month nearly doubled from 86 million in December 2009 to 151 million today. Its staff shot up from 576 employees at the end of 2009 to more than 2,840 at the end of last year. More than half of its employees had been with the company less than a year.

"We had this explosive growth," Mark Pincus, Zynga's founder and chief executive, recalled of the period before he hired Schappert in May 2011 to take on the daily oversight. "I had never managed a company at this scale before, and I found myself doing my CEO job at night after I finished the hiring, production and other tasks of running the company."

Schappert, who was [chief operating officer](#) at Electronic Arts Inc. before he came to Zynga, fit the bill. In 1994, he co-founded Tiburon, a game studio in Florida that developed EA's Madden NFL games. EA ended up buying Tiburon in 1998 for an undisclosed amount. In 2002, Schappert became general manager of EA's studio in Canada, growing it from a couple of hundred employees to more than 2,000.

"That was probably the golden era for Schappert's growth as a manager," said Don Mattrick, his supervisor at the time at EA and now the president of Microsoft Corp.'s interactive entertainment business. In 2007, Mattrick recruited Schappert to head up Microsoft's Xbox Live business. Mattrick credits Schappert with putting in place the strategy that helped Xbox Live grow from 4 million users to more than 40

million today.

In 2009, Schappert moved his family back to California to return to EA. During that time, he twice turned down job offers from Zynga.

But Pincus, convinced that Schappert was the right man to help his company grow, persisted. The entrepreneur wanted Schappert so badly that he persuaded Zynga's board to give him a compensation package worth more than \$53 million over three years.

What changed Schappert's mind wasn't so much the money, he said. It was CityVille, a city-building social game developed by Zynga and played on social sites such as Facebook. While still at EA, he found himself playing the game obsessively.

"I realized that CityVille was where the industry was headed," Schappert said, "that this was the future of gaming."

Schappert is largely unknown outside the gaming business. The former games programmer who dropped out of Florida International University to take his first job developing games is more often than not the guy behind the scenes making sure the operation is running smoothly.

"He's been underestimated for much of his career," said Bing Gordon, who worked with Schappert at EA and who, as a partner at venture capital firm Kleiner Perkins Caufield & Byers, invested in Zynga. "He's a master at organizational building. But he's not very self-promotional. Never has been."

At Zynga, Schappert was one of a few top-level executives who made presentations to potential investors before Zynga's initial public offering in December. He also helped launch Zynga.com, a platform outside Facebook that is viewed as key to reducing its dependence on the social

network, where the company derives the bulk of its players and its revenue.

Since going public at \$10 a share, followed by a \$12-a-share secondary offering April 3, Zynga's stock has languished below \$10 as investors remain concerned about the company's ability to keep growing and reduce its reliance on Facebook. Last week, it posted a 32 percent uptick in sales for its first quarter, which ended March 31, to \$321 million but an \$85.4-million loss resulting from stock-based compensation.

Colleagues jokingly call Schappert "the old man," because "he likes things just so," said Chiang, who co-founded Tiburon with Schappert and who is now Zynga's president of studios.

"I like fish, and I like games," Schappert said, chuckling, when told of his button-down reputation. "I'm very simple."

Aside from a mischievous habit of giving colleagues nicknames (he calls Chiang "orangu-Chiang" and Zynga's CEO "Markus Pincus") and then shouting them at the top of his lungs when he sees them, Schappert is not flamboyant. Unlike some of his well-heeled [Silicon Valley](#) contemporaries, he has no lavish art collections or exotic hobbies other than scuba diving (he studied oceanography in community college and wanted to become a marine biologist).

His personal background is about as adventurous as that of Ozzie and Harriet Nelson, the stars of a TV show in the 1950s and '60s about an ideal American family. Schappert married his high school sweetheart, and they live in Menlo Park, Calif., with their 8-year-old son.

His upbringing was modest. Schappert's father was a salesman at a company in Miami that sold pipes, and his mother worked as a bank teller. Going to a private college was "out of the Schappert range," he

said, so he opted instead for an associate's degree from Miami Dade College before heading off to California in 1991 for his first job as a game developer for Visual Concepts.

"I had spent my whole career in games," Schappert said. "But I don't want to end up being the guy who says, 'Back in the good old days ...' I like to be right at the tip of the spear. And for social and mobile games, we're just in the early days."

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