

# What does Microsoft need in its next CEO?

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Does Microsoft Corp. need co-CEOs to succeed Steve Ballmer? Or does it need a benevolent dictator?

Would it be better served by a tech visionary or a good turnaround manager at the helm?

Since Ballmer announced he would retire as CEO once his successor has been found - something expected before the end of next August - there have been plenty of rumors and speculation.

The Seattle Times asked several tech, [management](#) and business experts what they think Microsoft needs in its next [chief executive](#) and what they think of some of the top-rumored candidates: Alan Mulally, Ford's chief executive and former Boeing Commercial Airplanes CEO; Paul Maritz, Pivotal chief executive, former VMware CEO and a former top-ranking Microsoft executive; Stephen Elop, most recently Nokia CEO, who will return to being a top-ranking Microsoft executive once the [company](#)'s purchase of Nokia is finalized; and Tony Bates, former Skype president and current Microsoft executive vice president for business development and evangelism.

Whoever takes the helm will have control of a corporate behemoth that last fiscal year saw nearly \$78 billion in sales, produces the most-used computer operating system, and has tentacles in nearly every aspect of consumer and business computing.

But the new CEO will also face the huge challenge of increasing

Microsoft's footprint in the new computing world of mobile devices, where it has very little market share, and in the cloud, where it competes with earlier entrants such as Amazon.com Inc.

Longtime Microsoft analyst Rick Sherlund of investment bank Nomura said he would like to see someone with a tech-product background who also has vision lead the company alongside someone with general management and turnaround experience.

"One person with both those skill sets - that would be hard to find," Sherlund said. "If you could have co-CEOs, investors would be delighted."

His dream team would be a pairing of Maritz and Mulally.

Maritz, Sherlund said, is "a very low-ego guy. He wants to change the world with exciting new products and has a tremendous amount to contribute to the cloud, from a product-innovation standpoint. I think he would be very receptive to a co-CEO role."

Bill Gates, chairman of Microsoft's board and a member of the board committee searching for the next CEO, is likely to advocate for someone with some tech-product background, Sherlund said.

"So I'm thinking he would push hard for someone like Paul Maritz, who built the Server and Tools business at Microsoft."

It may be, though, that what Gates is advocating is not what some top investors want, given that three of Microsoft's top 20 investors were reported last week to be pushing for Gates to step down as chairman.

"I don't think that Bill's approach is to hand (the company) over to a good general manager," Sherlund said. "My interpretation is that there's

frustration and some concern that Bill might be advocating for someone that the rest of the shareholders might not approve of."

If a CEO - or co-CEOs - could be found who combines technological know-how and vision with management experience, then Gates might be comfortable stepping away from the board, Sherlund said.

In any case, it's likely Gates' role on the board will change and that Ballmer may be given some additional board responsibility once he steps down as CEO, Sherlund said.

"That's being implied by some independent members (of the board) that are talking to investors," Sherlund said.

Michael Cusumano, professor of management and engineering systems at the Sloan School of Management at the Massachusetts Institute of Technology, said he'd like to see Gates either agree to become more engaged in the company and help a new CEO in the transition, or step aside.

Right now, though, Gates "seems to be stuck in the middle."

Microsoft seems to have lost its edge, become less aggressive, since the antitrust trials began in the late 1990s, said Cusumano, who has written several books about Microsoft.

"It's been too slow making decisions. There's too much politics internally, too; many groups at war with each other, not really cooperating," Cusumano said.

What Microsoft needs, he believes, is to "get back to the roots of what they do well: building platform software and tools for other companies to build more software. That was their margins as a company.

"They're not great at anticipating consumer trends. They're much more an enterprise-software company now, or an infrastructure-software company," Cusumano said. ("Enterprise software" refers to software for corporations.)

Toward that end, Microsoft likely needs someone with technological experience and credibility, he said.

"The company is still dominated by engineers. I think they need someone the engineers can look up to."

While Mulally is a very effective manager, he's not regarded as a high-tech leader. "It doesn't seem to be the right match," Cusumano said.

Maritz, though, knows Microsoft and has credibility within the company, he said.

"Maritz is certainly an interesting candidate if you want to try to go back to the roots of Microsoft: infrastructure software, operating systems," Cusumano said.

"I think he did a good job as CEO of VMware. That's a type of tech that's important now for enterprise computing. ... He's seen the new world of cloud computing and virtualization, so he's gotten experience away from the pure Windows world."

Of Elop, Cusumano said: "I just don't really get it."

Sure, Elop has experience with telecommunications and mobile devices, which is important for any high-tech CEO, but "his time at Nokia was basically a disaster," Cusumano said.

"I don't know if anyone could have saved Nokia in that situation. But I

ask myself: 'What did he do?' "

Tim O'Reilly, an open-source advocate and founder and CEO of the computer book publisher and conference host O'Reilly Media, believes Microsoft needs a leader who can shake things up and make the company less arrogant, more humble.

"Companies that are established so long in a leadership position - it's very hard for them to become underdogs again," he said. "I think, culturally, Microsoft doesn't know how to be hungry. They need somebody who's hungry."

O'Reilly believes Elop "has that hungry entrepreneurial spirit. When I knew him at Macromedia, he was such a ball of energy in terms of making things happen."

Maritz's greatest strength, aside from his knowledge of Microsoft, is that "he deeply understands the cloud - what it's about, what the opportunities are there," O'Reilly said.

"He also understands it in an enterprise context, which is, quite frankly, where Microsoft's future really lies," he said. "I think it's going to be hard for Microsoft to get back into the consumer game."

Maritz was "originally the loser in Microsoft infighting over the cloud vs. Windows," O'Reilly said. "But circumstances have since proven him right."

Angel investor and tech pundit Esther Dyson believes what Microsoft needs is an outsider.

CEOs who come from the inside of a company may understand the culture more, but "in this case, I would probably go for an outsider

because it is time for a change in strategy and culture - a reset," Dyson said.

Mulally, she believes, could have the flexibility and management skills necessary.

True, he isn't seen as a high-tech leader, she acknowledges. But "technology is very specific" and what a CEO needs to know is not necessarily the specifics of any particular technology but "the issue around technology, which is changes in technology - how markets shift."

Mulally may not know how to code in C++, Dyson said. "But the point isn't: 'Does he know coding?' The point is: 'Does he know the impact of coding?' "

"I think (Mulally) is smart enough to say, 'I'm not the smartest techie, but I'm hiring people I trust who are,' " she said.

On the other hand, Jim Sinegal, co-founder of Costco, favors hiring someone from inside Microsoft. "When you get someone from outside the organization, when they get to a company, they're out of uniform," said Sinegal, who retired as Costco's CEO in 2012.

But, he acknowledged, "that's my personal bias. That's the way we've operated our company."

Sinegal said he thought Mulally would be a great candidate.

But also he believes the board search committee is "going to consider every potential candidate in the world, including a lot of internal candidates. My guess is they'll pay particular attention to internal candidates. That's potentially a gold mine that you wouldn't want to ignore."

Guy Kawasaki, former Apple evangelist, founding partner at venture-capital firm Garage, and special adviser to the Motorola business unit of Google, was succinct:

"Microsoft needs a benevolent dictator with an intuitive sense of how products should work, look, and feel - not a marketer, not a professional manager, not a visionary," he said via email. "A good test would be to ask candidates how they would change the UI (user interface) of Word."

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