

Microsoft's Nadella gives some glimpses behind the curtain in 'Hit Refresh'

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The day he introduced himself to his Microsoft co-workers as their new chief executive, Satya Nadella knew he faced a skeptical audience.

Employees were demoralized. Internal polls showed they were unhappy with the direction of the company after a decade of lost ground to the likes of Apple and Google.

And they didn't believe Nadella, or any of the other insiders in the running to replace the retiring Steve Ballmer, could fix things.

"Many felt the company was losing its soul," Nadella writes of the moment in February 2014 when he took the helm at the technology giant. "We needed a renewal, a renaissance."

Nadella details his effort to spark that renaissance at Microsoft in "Hit Refresh," a book that is, by turns, semiofficial history of Microsoft, memoir, and rumination on the state of technology and society.

The 50-year-old was virtually unknown outside of technology circles when he took Microsoft's top job.

His book, which arrives 3 { years into his tenure, comes after he's helped stabilize a company that just a few years ago was seen at risk of sliding into irrelevance. The move toward web-delivered software that started under Nadella's predecessor has gained steam, with analysts now charting a future for Microsoft beyond the PC age.

In Nadella's telling, that wasn't accomplished by specific strategic decisions as much as by the curation of a culture more open to [new ideas](#) and risks.

And for a company long reluctant to admit its shortcomings outside the walls, Nadella's account paints a frank picture of a diseased corporate culture. A cartoon that went viral and portrayed Microsoft's business groups aiming guns at each other nagged at Nadella. But, he acknowledged, it had an element of truth to it.

The worst part, Nadella said in an interview, was that some employees had started to internalize Microsoft's tarnished image. "We started to believe, perhaps, the caricatures that were being painted outside," he said. "That is one of the most dangerous things."

"Each employee had to prove to everyone that he or she knew it all and was the smartest person in the room," he writes of the company's famously meeting-heavy habits. "Hierarchy and pecking order had taken control, and spontaneity and creativity had suffered."

Nadella opens the book with an account of a meeting of Microsoft's senior leaders early in his tenure. For one day, he shook up what had been a formal, scripted affair, inviting in a psychologist and arranging the leaders in a circle of couches. After a while people were opening up, sharing their philosophies and personal lives, and, for the first time that Nadella could remember at Microsoft, talking about something other than work.

The book, released this week, is no memoir. ("I'll save that for my dotage," he writes.)

But prodded by Greg Shaw and Jill Tracie Nichols, two longtime Microsoft staffers in the CEO's orbit and credited as co-authors of "Hit

Refresh," Nadella infused a bit of his background into the book.

Growing up in India's Andhra Pradesh state, Nadella writes, he was a less-than-perfect student, often more concerned with cricket than his studies.

His father, an Indian civil servant, once hung a poster of Karl Marx in his room. His mother, a Sanskrit scholar, responded by hanging one of Lakshmi, the Hindu goddess of contentment. Young Satya would have preferred cricket great M.L. Jaisimha.

Nadella, who came to the U.S. for graduate school and took a job at Microsoft in 1992, was still thinking cricket long into adulthood. He was fiddling with a Kookabura-brand cricket ball during the phone call in January 2014 when Microsoft Chairman John Thompson told him the board of directors wanted to offer him the top job.

His first priority after saying yes was to rally the troops and revitalize the culture that had taken Microsoft to the top of the technology world in the 1990s. Hence "Hit Refresh" (a title Nadella and his co-authors return to 10 times over 242 pages.) Starting with Microsoft's top leaders, Nadella prodded employees to be humble, curious and inquisitive, and to break down corporate silos.

Envy of the success of others, Nadella writes, is a poor reason to build a product - a line that would seem to indict Microsoft's efforts to match Apple's success in music players or the iPhone with few new ideas.

Introspection aside, this isn't a tell-all.

Nadella is still an insider, running a company with a web of complicated relationships in Silicon Valley and governments around the world. His account is sanitized.

Nadella writes that he was met with some resistance when, as an up-and-coming executive, he tried to change the direction of Microsoft's Server & Tools unit, an effort that would sow the seeds for Microsoft's cloud-computing revival. Later, as he built a new executive team, some longtime executives were sent packing.

How did those debates go? Who were any of these people? Were those decisions difficult? Readers get hints, but they aren't told.

Those who are called out are the trailblazing executives, Microsoft customers and partners, and the dozens of figures from history, literature and popular culture, that shaped Nadella's philosophy. Still, the account does include a few new details on Microsoft and Nadella's thinking.

- Phil Spencer, who ran Microsoft-owned game studios before being promoted to lead the Xbox game franchise, tried to buy Minecraft builder Mojang before Nadella was CEO. Spencer's boss at the time - unnamed in the book but likely former Xbox chief Don Matrick - vetoed the idea. Spencer's team would pitch a deal again in 2014, and Nadella gave his OK to the \$2.5 billion acquisition of the hit world-building video game.

- When the company's relationship with South Korean smartphone giant Samsung was disintegrating into dueling court filings in 2014, Samsung president Jong-Kyun Shin stopped taking Microsoft's calls. Nadella's peace offering started with a delegation led by his hand-picked business development chief, Peggy Johnson, that flew to Seoul to hear Shin's concerns. (The terms of the peace that followed, of course, aren't discussed).

- Nadella gives a glimpse of the urgency felt inside Microsoft as Amazon.com's Web Services unit built a commanding lead in cloud computing and threatened Microsoft's core business software franchises.

"Amazon was leading a revolution," he writes of the situation he encountered in 2011. "And we had not even mustered our troops."

- He confirmed previous reporting that, when he was one of Ballmer's lieutenants, he voted against the deal to buy Nokia's struggling phone unit. "I did not get why the world needed" a third smartphone operating system. "Unless we changed the rules." Winding down that business, and the tens of thousands of layoffs that followed, stand out as a low point in his tenure, Nadella said. Nadella speaks and writes in an indirect, thoughtful style that has more in common with epic poetry than crisp business memos. He comes across as deferential to a fault.

He said in an interview that he finds it difficult to write about himself, admitting more comfort explaining technology trends and philosophy, topics he dwells on at length in the second half of the book.

Superfast quantum computing? Coming soon. Artificial intelligence? Also coming, but with a note of caution. Nadella doesn't traffic in absolutes, and dismisses the debates in the popular press that hold artificial intelligence will either destroy or perfect civilization.

Instead, he strikes a cautious balance, saying technology has a history of amplifying humanity's capabilities, not replacing them wholesale. But he calls for an explicit ethical code built into software and machines to amplify the best in humanity and avoid technology's tendency for control.

And, in a contrast to the caricature of Silicon Valley pundits who project all-knowing invincibility, Nadella is explicit that other corners of society and the globe must help design those systems.

"The tech industry should not dictate the values and virtues of this future," he writes.

Another lesson Nadella took from Microsoft's stagnation and subsequent revival: No one should go it alone.

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