Work Rules!

Insights from Inside Google That Will Transform How You Live and Lead

By Laszlo Bock

Every year, tens of thousands of people visit the Google campus in Mountain View, California. They include policy-makers, business and social entrepreneurs, CEOs and celebrities, heads of state, princes and queens. These people all want to find out for themselves: What's the famous Google culture really all about? Do employees really get to do whatever they want with 20% of their time? And where does their innovation come from?

Even Google's own employees, "Googlers" as they call themselves, sometimes wonder why the company does things the way it does. For example, new managers at Google who are keen to build a team and start on a project often wonder: "Why do we spend so much time on recruiting?"

Work Rules! is Laszlo Bock's attempt to answer these and other questions.

Since 2006, Laszlo Bock has led Google's human resources function, which includes all areas related to the attraction, development and retention of Googlers, of which there are now more than 70,000 in over sixty offices worldwide. Over the last decade, Fortune has named Google the "Best Company to Work For," an unprecedented five times. According to LinkedIn, Google is by far the most sought-after place to work on the planet. Every year, Bock's team receives over two million applications, representing individuals from every background and culture on Earth. Of these, Google hires only a few thousand per year, making Google twenty-five times more selective than Harvard!

Prior to joining Google, Bock had held both blue-collar and white-collar jobs. He'd gone from minimum wage jobs to those that pay a six-figure salary. He'd toiled alongside – and also been managed by – people who didn't finish high school, as well as MBAs from some of the best universities in the country. Bock had worked for organizations whose sole purpose was to change the world, and for others that were only interested in generating profits.

Yet no matter where he went, Bock continued to find that every workplace had this one thing in common: employees weren't treated very well in their jobs. "You spend more time working than doing anything else in life," laments Bock. "It just didn't

feel right to me that the experience of work, even at some of the so-called 'top' employers, should be so dehumanizing. I became even more determined to find a way to fix how companies treat their people."

In Work Rules!, Bock aims to prove that it is indeed possible for business owners and executives to strike a balance between building market share, and keeping their employees happy, engaged and fulfilled. To make that case, Bock gives us an insiders tour of one of the most explosively successful companies in history, distilling his 15 years of experience at Google into a digestible series of principles and tips that can be readily put into action, pretty much regardless of where you work or what you do.

In the summary that follows, we'll look at Google's early roots to gain a better perspective on how the company's unique corporate culture originated.   We'll then break-down and analyze the key elements of the Google culture to see what makes Google tick.   We'll look at Google's compensation practices, and learn why the very same company that's committed to such key principles as fairness and openness also strongly believes in paying its workers markedly different salaries for doing what appears to be – on paper at least – the exact same job. And finally, we'll conclude by reminding ourselves that "it's not all rainbows and unicorns" at Google.   (It's refreshing to know that even a company that's given a perfect score by the global Human Rights Campaign still has some room for improvement.)

Google's Culture – The Building Blocks

"Every great tale starts with an origin story," explains Bock as he sets out to explain the roots of the Google culture. The mythical founding of Rome; the arrival of Superman as a baby on Earth; the incredible ascent of Oprah Winfrey – they're all great origin stories.

Most people think that Google's origin story began when Google's founders Larry Page and Sergey Brin met during a campus tour for new students at Stanford University. But according to Bock, the real story begins many years before that. In his view, Larry and Sergey's ideas about "how work should ideally be organized" were shaped by their early experiences at school. Both founders were the product of Montessori schools where students are encouraged to question everything, act of their own volition, and above all, create.

In fact, Sergey once commented to Bock: "I do think I benefited from the Montessori education, which gives students a lot more freedom to do things at their own pace." Others who know the two founders also share Bock's view that Montessori needs to be part of the Google story. Marissa Mayer, herself a former vice president at Google and now CEO of Yahoo, told Steven Levy for his book In the Plex: "You can't understand Google unless you know that both Larry and Sergey were Montessori kids."

From the very early days at Google, Larry and Sergey had ambitions beyond

developing the world's greatest search engine. They also wanted their employees to be treated well. They desperately wanted to create a company where work was meaningful, employees felt free to pursue their passions, and their people and their families were cared for. "When you're a grad student," Larry observed, "you can work on whatever you want. And the projects that were really good attracted the best people to work on them. We've taken that to Google, and it's been really, really helpful."

"Google is fortunate that our founders had such strong beliefs about the kind of company they wanted to create," writes Bock.   It's largely what attracted him to work there in the first place.   Prior to joining Google, Bock was the Vice President of Compensation and Benefits at the financing division of GE Capital, part of General Electric. During his time at GE, Bock noticed and admired the fact that the (then) Chairman and CEO, Jack Welch, spent a great deal of his time on people issues – at least 50 percent or more. Together with Bill Conaty, his chief human resources officer, Welch built an acclaimed people management system by stringently ranking employees based on performance, choreographing job changes for top talent every twelve to eighteen months, and building a global training center in upstate New York.

In 2006, after three years at GE, Bock was recruited to join Google as head of People Operations. Sensing that Larry Page and Sergey Brin were as committed as Jack Welch was to the "people aspect" of the business, if not more so, Bock eagerly joined.

Google's unique and widely-admired corporate culture is built on four key cornerstones, all of which are easily replicable outside of Google:

Act Like You Are A Founder

"Building an exceptional team or institution starts with a founder," writes Bock. "But being a founder does not have to mean starting a new company. It is within anyone's grasp to be a founder – and along with it the culture-curator – of their own work team."

One of Bock's hopes in writing this book is that anyone reading it starts thinking of themselves as a founder. Maybe not of an entire company, he says. But at the very least the founder of a project team, and a culture to go along with it. The fundamental lesson from Google's experience is that you must first choose whether you want to be a founder or an employee. For Bock and other Googlers like him, it's not a question of literal ownership. It's a question of attitude. The best Googlers all behave like founders.

This founder mentality is what's at the root of Google's famous 20 percent time, where Googlers are permitted to set aside up to 20 percent of their salaried time to work on projects that interest them. Bock notes that employees' use of 20 percent time has waxed and waned over the years, humming along at about 10 percent

utilization when it was last measured. But for him, the idea of 20 percent time is more important than the reality of it. He notes that "20 percent time operates outside the lines of formal management oversight, and always will, because you can't get people to act creatively and behave like founders when you're breathing down their necks the whole time."

Have A Mission That Matters

Google's mission is: "to organize the world's information and make it universally accessible and useful."

Google's mission is distinctive both in its simplicity and in what it doesn't talk about. Interestingly, there's no mention whatsoever of profit or market. There's also no mention of customers, shareholders, or even end users. Instead, it's just understood that organizing information and making it accessible and useful is a good thing for building markets, pleasing shareholders and delighting customers.

Google's mission gives meaning to its employees' work because it sets out a moral goal, rather than a business goal. This isn't by accident, according to Bock. He notes that the most powerful movements in history have virtually all had moral motivations, not business ones, whether they were quests for independence or equal rights.

The other thing worth noting about Google's mission is that it is essentially unattainable. "Crucially, we can never achieve our mission, as there will always be more information to organize and more ways to make it useful," explains Bock.

Strangely, at Google this creates even more motivation to constantly innovate and push into new areas. Conversely, a mission that is about being "the market leader," once accomplished, offers little more inspiration for employees.

"While there are always disagreements, the underlying belief in our shared mission is what unites Googlers," writes Bock. "It provides an enduring touchstone for keeping our culture strong, even as we grow from dozens of people to tens of thousands."

Be Transparent

Transparency is also a big part of Google's culture. This is especially true of information-sharing inside the company, where precious little is kept from front-line employees.

As an example, consider Google's code base, which is the collection of all the source code (i.e. proprietary computer programs) that makes all of Google's products work. This includes the code for almost everything the company does, including Search, YouTube, AdWords, and AdSense (i.e. those little blue text ads you see on the Internet).

Google's code base contains the secrets of how Google's unique algorithms and

products work. At a typical software company, a new engineer would be able to see some of the code base for their product, with lots of restrictions. At Google, a newly hired software engineer gets access to almost all of the company's proprietary source code on the very first day. But the transparency doesn't stop there.

A few weeks into every quarter, Google's executive chairman, Eric Schmidt, walks the company through the same presentation that the board of directors saw just days before. Schmidt shares nearly everything, and he trusts Googlers to keep the information confidential. Of course, the benefit of so much openness is that everyone in the company knows what's going on. For Bock this is really key: Large organizations very often have groups doing redundant work without knowing it, wasting resources.

Give Everyone A Voice

Voice is the fourth and final cornerstone of Google's culture. Voice means giving every employee a real say in how the company is run, and meaningful opportunities to lead.

As an example of how this plays out in practice, Bock points to Google's internal "Bureaucracy Busters" campaign, launched in 2009 by the company's CFO, Patrick Pichette. Pichette's main goal with the campaign was to put more power into Googlers' hands. Bureaucracy Busters is a now annual program where Googlers get to identify their biggest internal frustrations via a virtual suggestion box, and then get others to vote on them. The best ideas rise to the top and get acted upon.

In the first year, Googlers submitted 570 ideas and voted over 55,000 times. Most of the frustrations came from small, readily addressable issues (e.g. budget approval thresholds that were annoyingly low, requiring managers to review even the smallest transactions.)

Upper management has a solid track record of implementing most of the changes Googlers ask for, which makes them happier, and importantly, also makes it easier for them to do their work.

Finally, lest you think that all of this "touchy-feely" cultural stuff on the part of Larry, Sergey and the rest of the executive team is not driven primarily by business motivations, then think again. The business case for encouraging your employees to act like founders, finding a compelling mission, being transparent and giving your people a voice, is largely a pragmatic one. The executive team at Google understands that talented, mobile, motivated professionals demand this kind of environment. Over the coming decades the most sought after employees will gravitate to places where they can do meaningful work and also help shape the destiny of their organizations.

Hire Slowly

In its early years, Google couldn't offer big money to recruit the best, most talented

performers. In 1998, Google had no revenue and for years paid among the lowest salaries in the industry. So, because Google couldn't afford to simply throw money around in order to get top talent, the founders decided to look for "hidden gems" that other companies might have overlooked. These are engineers and other professionals with great potential and a lot of upside, but who didn't necessarily have enough of a track record to be able to command a big salary right out of the gate.

Executing on this recruitment strategy meant being exceptionally patient and hiring slowly. It meant screening many more applicants and doing far more interviews than one might have otherwise been inclined to do. Of course, today Google is more like the New York Yankees of tech firms – they can afford to write big checks in order to lure top "free agents" away from other companies. But they prefer not to – the slow-and-steady recruitment approach that has served Google so well from the early days remains deeply embedded in their DNA.

Another unique twist – at Google, managers are also forced to give up a lot of power when it comes to hiring (Bock admits that many managers at Google really hate this).

Naturally, managers want to hand-pick their own teams. But Google recognizes that even the best-intentioned managers tend to compromise their standards as a search drags on and on. In most companies, for example, a manager might set her bar very high for the quality of a new administrative assistant, but by day ninety-five of a protracted search, that same manager might be inclined to hire just about anyone with a pulse. Even worse, individual managers can be biased: They may want to hire a friend or take on an intern, as a favor to an executive or to impress a big client.

To help mitigate these risks, as an example, a typical hiring committee at Google for an online sales role would be made up of seasoned salespeople, but wouldn't include the hiring manager or anyone who would directly work with the candidate. At some point in the process, the hiring manager might get a chance to meet the candidate and ask questions as well. But he or she wouldn't be permitted to make the final decision.

Once again, all of this takes more time. But Google believes it's worth it in the end.

Eliminate Status Symbols

Google consciously eliminates most signifiers and reinforcers of hierarchy. There are no executive dining rooms, reserved parking spots, or gold-plated pensions. The company's most senior executives receive the same basic benefits, perquisites, and resources as their newest hires (but typically not the same overall compensation).

By the same token, Google believes very much in paying "unfairly."

"Your best people are better than you think, and worth more than you pay them," explains Bock. In a misguided attempt to be "fair," he argues that most companies design compensation systems that encourage the best performers to quit by not

paying them enough. At Google, fairness in pay doesn't mean everyone at the same job level is paid the same or within 20 percent of one another. Fairness is when pay is commensurate with contribution and impact. As a result, there's tremendous variance in pay. For example, there have been situations where one person received a stock award of $10,000, and another working in the same area received $1,000,000!

Of course, the allocation of extreme awards must be just. If you can't explain the basis for such a wide range of awards to employees, and can't give them specific ways to improve their own performance, you'll breed a culture of jealousy and resentment. And that's why most companies don't bother. It's hard work to have pay ranges where someone can make two or even ten times more than someone else. But it's much harder to watch your highest-potential and top performing people walk out the door.

Apart from generous stock awards for high performance, most people assume that Google spends a fortune on doing other special things for its employees. But aside from free lunches and free shuttles to work for those who want them, it doesn't. Most of the programs Google has implemented to delight and care for its staff are incredibly low cost. And most would be quite easy for almost any company to duplicate. This includes popular events like "Random Lunches," where people are set up with Googlers they've never met, to get to know each other over lunch. They're easy to coordinate and free to run.

And this isn't about altruism. When people come together in unexpected ways, it inevitably spurs innovation. Add Random Lunches to the dozens of other informal weekly meet-ups about internal Google topics – as well as relevant speakers from outside – and you create an atmosphere of constant creativity and stimulation, while also giving people a break from their day-to-day work.

It's Not All Rainbows And Unicorns

One of Bock's first revelations that it's not all "rainbows and unicorns" at Google came shortly after he arrived. The day started with Eric Schmidt onstage, pointing to a ten-foot-tall blueprint that was projected on the wall behind him. "These are the blueprints for the Google Mini," he announced. Schmidt was showing off the inner workings of one of Google's first proprietary pieces of hardware. The room was filled with hundreds of Googlers, and nobody could have expected what came next.

"These blueprints were leaked outside of the company," said Schmidt seriously. We found the person who leaked them. And he has been fired."

We suffer about one major leak each year, explains Bock. And each time, there's an investigation. And each time, whether it was deliberate or accidental, the person is fired with no questions asked. "Hyper-transparency with lots of people seeing lots of information inevitably means a few people screwing up," writes the author. "But it's worth it because the costs of leaks end up being small relative to that openness we

all enjoy."

Bock also reminds his readers that there are limits to employee freedom and empowerment especially in the area of new products. "Remember Google Lively?" he asks. This was the much-hyped product where you could create an animated avatar of yourself online and meet other people in simulated buildings and rooms? "Surely you remember Google Audio Ads, radio ads that were delivered by Google? Or Google Answers, where you could post a question, offering a bounty to anyone who answered it to your satisfaction? All of these products were discontinued."

Between 2006 and 2009, Google launched over 250 new products and services, and since then a good many of them have been discontinued, occasionally at great cost.

A side effect of the creation of so many new products is a lot of failure. In 2011, Google introduced an annual "spring cleaning" cycle, shutting down products that weren't gaining traction (like Google Health, a site for storing your health information), were being done better by others (such as Knol, an attempt at an online encyclopedia), or had simply ceased to be relevant. Very few of these shut-downs were easy, as every product has internal champions and people working super hard on them. But freedom, even at Google, is not absolute. And being part of a team means that, on some level, you've agreed to give up some small measure of personal freedom in exchange for the promise of accomplishing more together than you could alone.

For Bock, the key to balancing individual freedom with business growth is transparency. People need to understand the rationale behind actions that appear, on the surface, to take freedoms away. Because when you curtail your employees' freedoms without providing a clear and logical explanation, it's a step down a slippery slope from the kinds of values that Googlers hold near and dear.

Conclusion

We spend most of our lives at work. And sadly, for many of us, work is a grinding and unpleasant experience. It shouldn't have to be like that.

Okay, so Laszlo Bock and the other really smart people at Google may not have all the answers. But over the last 15 years or so, they've made some pretty cool discoveries about how to find, keep and grow great people in an environment of freedom, creativity, and play. Many of the secrets of Google's success can be replicated in organizations large and small, by CEOs and front-line managers. Of course, not every company will be able to afford to duplicate all of Google's perks, but anyone can duplicate the core principles and practices that make Google such an amazing place to work.