

URL: <https://stvp.stanford.edu/clips/leading-huge-organizations>

Bob Sutton and Huggy Rao, Stanford professors and authors of "The Friction Project," share insights on how large, complex organizations can manage friction. Sutton points to a culture of simplicity and systems for smooth handoffs across units, giving examples from familiar companies. Rao offers advice on subtraction for startups as well as large companies.



Transcript

- So many of these companies, 00:00:04,470 Facebook, Google, Amazon, Netflix, started with like, you know, is it, what is it? Break all the rules- Robert Right.. 00:00:11,373 - And move quickly, right? 00:00:15,150 And now they've become these giant companies, public companies with lots of different pieces, and they're trying to go through this cultural shift 'cause they have this, like, DNA of move fast and break things.. - Right.. 00:00:27,360 - So, like, for the two of you, have you seen companies 00:00:31,920 that have, like, successfully transitioned and, like, modified their DNA to succeed? - Well, I think there's, well first of all, 00:00:40,970 there are large, complex organizations that are less bad.. They all have their problems.. Amazon, Walmart.. Boy, Satya has done a great job at Microsoft.. And I don't know what the magic cures are, but there's two things when we think about it.. Some of it is to have just the discipline of subtraction, of making things as simple as possible.. The Amazon and Walmart culture, they're all over the place about simplicity, and it's in their founding DNA..

So, that's part of it, but there's another thing that happens in large, complex organizations, is people break into little silos and little pieces.. They tend to view one another as enemies, and they tend to be bad at handoffs.. So, what good leaders do of large, complex organizations is that they figure out ways to make the handoffs work and to make people feel less of enemies.. And there are many design solutions here.. If I compare Apple to Microsoft, at Microsoft, it's, they do encourage all sorts of collaborations and handoffs and getting a lot of people involved in the decision.. That's part of Satya's motto.. But the idea is play nice now, that when you're collaborative and share information, you're good.. At Apple, it's secrecy.. Apple's like the most secretive place just about on earth.. It's much more leak-proof than the CIA, just as an example..

There's no comparison, and a great comparison about the difference in collaboration, I'll talk about our colleague, Kim Scott, who worked at Google and then she went to Apple, and she said it was amazing.. When I was at Google where she said, "Nobody ever said to you at Google, 'Stay in your lane.'" Like, you could weigh into anything.. - Color all over the page.. 00:02:21,990 - She said, "I was getting hundreds and hundreds 00:02:23,677 of emails a day," and said, "I got to Apple, I was getting four or five 'cause I could only talk to people in my group." And so, people say that secrecy is really bad and everybody should collaborate and share information.. And there is an argument that secrecy is maybe one of the key things at Google 'cause it enables, I mean at Apple, 'cause it enables focus.. So, but the key thing with both, if we do Microsoft and we do Apple, is there's systems that, where there's logic, they're logically consistent and everybody understands the rules.. - Yeah.. 00:02:53,056 - They know what game they're playing.. 00:02:53,889 They're different games.. - Right..

00:02:57,030 You know, quickly, in response to your question, and this is something all of you, as potential founders, need to be aware of, the large companies that Emily alluded to, the large companies, and we were just talking moments ago, at least to me, they remind me of the Ottoman Empire.. You're not really an employee.. You're a courtier in the Ottoman Empire.. (Robert laughs) And you gotta find out who the sultan is and you gotta kiss the- - She's laughing.. Look at Emily.. 00:03:20,877 - You gotta kiss the sultan's ass, and- 00:03:22,380 (Emily laughs) the pretending, you get the idea.. And, you know, but the big problem, even for startups, as well as large companies, is because, Bob and I talk, and this "Wall Street Journal" article talks about it, because we have an addition bias as human beings.. We like to add stuff, and the big problem with large companies is they don't mow the lawn.. Emily Yes.. 00:03:46,500 - They think subtraction is something you do once..

00:03:49,350 Ah, we got rid of a bunch of things and we're done.. Subtraction is like mowing the lawn.. How often do we mow the lawn? I'd assume pretty regularly.. How can you create an organization if nobody mows the lawn, and everybody wants to plant new saplings? Robert Right, right.. 00:04:05,700 - I mean, the weeds are gonna kill 'em, 00:04:08,430 so you really need to mow the lawn.. Unfortunately, mowing the lawn is an orphan problem.. - Yep.. 00:04:15,870 Like maintenance, and maintenance.. - Yes..