

## ***Leadership Profile: Eric Schmidt of Google***

### Professional Career

Eric Schmidt holds a bachelor's degree in electrical engineering from Princeton University as well as a master's degree and Ph.D. in computer science from the University of California, Berkeley. Schmidt began his professional career working a variety of technical positions at companies such as Byzromottio Design, Bell Labs, Zilog, and Xerox. Sun Microsystems is where he rose to prominence. He joined Sun as a software manager, and went on to become vice president of the general systems group, and later, president of Sun Technology Enterprises. Schmidt began his CEO career in 1997 at software company Novell. In 2001, co-founders Page and Brin to be CEO of Google recruited Schmidt. In April 11, Schmidt stepped down as CEO to be replaced by Page; he accepted the position of executive chairman. Schmidt is also the co-author of two books, *The New Digital Age: Transforming Nations, Businesses, and Our Lives* and *How Google Works* ("Eric Schmidt: Executive Profile").

### Company he led during IPO

Google was founded in 1998 in Menlo Park, California by Larry Page and Sergey Brin as an internet search engine. It grew in popularity due to the use of the PageRank software created by Page and Brin to list search results in a more intuitive and user-friendly manner. Since the success of Google's search engine, they have branched off into many other areas relating to information technology, including satellite mapping (Google Maps), e-mail (Gmail), and cloud storage (Google Drive). Most of their revenue comes from advertising; companies pay google for the results for their company to be displayed at the top of the page when certain words are searched. Google also operates a multipurpose philanthropic organization under the name Google.org ("About Google").

## IPO Information

Google priced its IPO on August 19, 2004. They offered 19,605,052 shares at \$85, making the offer amount \$1,666,429,420 ("GOOGLE INC. (GOOG) IPO."). On the first day of trading stock price opened at \$100 and closed at an adjusted value of \$50.22. From there the stock has almost continually risen. On January 20, 2011, it was announced that Schmidt would be stepping down as CEO. On January 19, 2011, the adjusted close value was \$316.19 ("GOOGL Historical Prices").

## Leadership Styles:

### **How Schmidt exemplifies the visionary leadership style**

Google states its mission, which was coined under Schmidt's reign, as "to organize the world's information and making it universally accessible and useful." One of the world's highest-valued, most far-reaching company has a mission that is so vague and simplistic. Eric Schmidt and the two co-founders made Google's mission statement loosely-defined because in other terms, their vision has always been for google to be the global leader in all areas of information technology, and the way this vision is achieved is through constant innovation. Schmidt, like no other CEO before, focused virtually every single operational practice at Google around innovation. He has this to say in a 2008 interview with McKinsey: 'Google's objective is to be a systematic innovator at scale. Scale means more than one. And innovator means things which really cause you to go, "Wow." And systematic means that we can systemize the approach—we can actually get our groups to innovate. We don't necessarily know this month which one [will succeed]. But we know it's portfolio theory. We have enough groups that a few [innovations] will pop up'(Manyika).

Schmidt instituted extreme measures at google to foster innovation. One defining aspect of his reign is that he implemented a 70/20/10 model of business resource management. Schmidt mandated that employees dedicate 70% of their time to core business tasks, 20% to projects related to the core business, and 10% to projects unrelated to the core business (Battelle). Employees were granted plenty of “free time” to come up with innovative ideas that would further Google’s place as the world leader in information technology. Additionally, Schmidt offered Google employees a plethora of perks, including but not limited to: dining facilities with free food, laundry rooms, gyms, free transportation, massage rooms, dry cleaning rooms, and haircutting salons (Gargiulo). Schmidt wanted to provide solutions to virtually every issue that employees could worry about while at work; the idea being that with unburdened minds, employees could focus on innovation and executing the vision. Schmidt articulated this idea by saying: ““Innovation always has been driven by a person or a small team that has the luxury of thinking of a new idea and pursuing it... So, in our case, we try to encourage [innovation] with things like 20 percent time, and the small technology teams, which are undirected. We try to encourage real thinking out of the box””(Manyika). The mark of a visionary leader is driving employees to focus on the company vision above all else. By granting employees free time and taking care of their daily needs, Schmidt provided Google employees with every opportunity to focus on the vision.

### **How Schmidt exemplifies the democratic leadership style**

With its lofty status as the world’s leading information technology company, Google has always had the luxury of attracting top talent. It is fairly safe to say that there is not an employee at Google who is not immensely talented in his or her field. That is likely one of the main reasons why Schmidt always employed a democratic leadership style. The 70/20/10 model is

evidence of this; the CEO decided that much of an employee's time should be allotted to self-guided projects. Additionally, Schmidt said he valued dissent from employees: 'If you don't have dissent then you have a king. And the new model of governance is very much counter to that. What I try to do in meetings is to find the people who have not spoken, who often are the ones who are afraid to speak out, but have a dissenting opinion. I get them to say what they really think and that promotes discussion, and the right thing happens. So open models, beyond input from outside, also have to be inside the corporation. Encouraging this is an art, not a science. Because in traditional companies, the big offices, the corner offices, the regal bathrooms, and everybody dressed up in suits cause people to be afraid to speak out. But the best ideas typically don't come from executives' (Manyika). In meetings, Schmidt encouraged everyone to voice their opinions, especially those who had a dissenting opinion from his own or from the majority. Schmidt abided by a Darwinian style of decision-making, where the objectively superior idea would be the one chosen. Ideas could come from anywhere within the company, and if they were strong ideas, Schmidt decided to follow through with them. With so many brilliant minds at Google, Schmidt knew that tapping into all of them would lead to success.

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