



the Man behind the Cloud

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Paul Maritz, CEO of VMware, a fast-growing high-tech company with a \$38 billion market cap, is back in Silicon Valley. Maritz, who grew up in South Africa, began his career in London in the 1970s, and went to work at Intel in the early '80s, at the dawn of the PC era, which revolutionized computing. He was at Intel when its legendary founders, Robert Noyce and Gordon Moore, and its iconic CEO and later chairman, Andrew Grove, still walked the halls demonstrating to the young Maritz how to build and run a great company. Maritz carried their lessons with him throughout his career. From Intel, Maritz moved to Microsoft, where another revolution was taking place — on the desktop and at the office. Maritz was at Microsoft from '86 to 2000, when Windows, databases, client servers, and networks of PCs were taking shape. At Microsoft, Maritz was a member of the company's five-person executive management team, which included Bill Gates and Steve Ballmer.

Zé Otavio (all)



Now, at VMware, Maritz gets to be a revolutionary for the third time, this time focusing on cloud computing. VMware, as Maritz describes it, straddles two eras — the first being the PC, database and client server era; and the second, the post-PC era of cloud computing. VMware enables companies to move to the post-PC era without abandoning everything that came before it. Maritz, who studied history and economics before being introduced to what would become his passion, programming, has thought a lot about leadership, his industry and how the world is changing. Maritz recently spoke with Korn/Ferry Senior Client Partners Al Delattre and Kristen Badgley, and with *Briefings*' editor-in-chief, Joel Kurtzman, at VMware's Palo Alto, Calif., headquarters.

Briefings: You've been quoted as saying there are four major leadership attributes and that it's rare to find all four in one person. What did you mean by that?

MARITZ: One of the things I've learned is that there are very few cases, in fact none that I've seen, where a successful organization is led by a single individual. I'm not referring to titles. This is something I saw when I went to work at Intel in the early '80s. At Intel, the founders — who were all still there — were very thoughtful on this subject. Bob Noyce and Gordon Moore had well-defined roles as to what each of them did. Andy Grove, the CEO did, too. Andy was clearly the manager and the enforcer; Gordon was the thought leader; Bob was the external spokesperson.

From this, you can generalize that a team of almost any size generally has to have at least four personalities involved. You need somebody who has the vision and understands where you need to go. You need somebody who's the manager and knows how to organize people and motivate people to get there and deal with the conflicts and tensions that come up as you try to move a group of people in a particular direction. You need somebody who's the champion of the customer — someone who can translate your vision into terms the customers can understand and provide feedback because of the realities of the marketplace. And last, you need the enforcer. You need the guy who can say, "Okay, we've debated this long enough. Time to decide." In my experience, you almost never find more than

two of these personalities in one person. It's important when you are building an organization to have people in positions of leadership who respect each other and, most importantly, know who they're not. Often when I see organizations and teams get into trouble, it's because somebody thinks he's the visionary, or the enforcer, when he's not.

Which characteristics do you embody?

MARITZ: I know the ones I'm not. I'm not the enforcer, and I'm not the champion of the customer. I'm a coward, I'm afraid to say. I hate confrontation. I'll do everything I can to avoid it. So I need to have somebody on the leadership team who forces me to come to grips with those issues.

Given the companies in which you worked, has your leadership style changed over the years?

MARITZ: Yes. When I was at Microsoft from '86 to 2000, there was somebody else who was the external face of the company and who was the symbolic head of the company. One of the things, among others, that I have to realize is that now, as a CEO, there's an element of being the external face of the company that can't be avoided. As CEO, people want to know who you are. They want to know what you think, what your values are. So, you've got to expose yourself in ways that haven't always been comfortable for me. But I've learned that I have to do that — especially internally. It's part of my job. Loyalty only comes through contact. And unless you're in contact with the people you work with, they're not going to develop the rapport and loyalty and emotional connection you need.

How do you make contact and create rapport?

MARITZ: Yes, but I don't do as much as I should. When I do it, I enjoy it because I always learn something when I go and sit down and talk to somebody. It's always interesting. So, I've given our head of human resources the objective of reforming me in that regard — of getting me to go around more and talk to people.

What else is important internally beside contact?

MARITZ: In leading a high-tech company, this nebulous



quality we call passion is really important. The kind of jobs we do here in the heart of Silicon Valley can't be done by someone just because they're a professional manager. These businesses are not like most other businesses. Our output is a result of some very committed and intelligent people creating intellectual goods. They have to be inspired, and they need to feel this is more than just a business, that we're actually trying to create interesting things, that we're trying to build new and innovative products, that we're taking different approaches to things. And I don't think you can really inspire the kind of passion these people need to do their jobs unless you yourself are passionate about what you do and about what the company does.

Does that passion make you in a sense VMware? Does it make you the embodiment of the company?

MARITZ: No. I'm not VMware. But I am passionate about what we do here. And I find what we do incredibly interesting. But I am not VMware by any stretch of the imagination. And I think that's actually healthy for the company. I think when you get organizations that are so completely identified with one individual you really create challenges for yourself going forward, and you also create them for the organization.

You mentioned how much you learned from your experience at Intel. How has it influenced the way you lead?

MARITZ: ONE of the things that had the greatest impact on me was that Intel's culture was a meritocracy. It was straightforward. It was very explicit and disciplined about things. They didn't have an executive row. Every executive sat in a different building, and everybody had a cubicle. Now, Andy Grove, who was CEO, had his cubicle in the corner, so he had the corner cubicle, but it was still a cubicle. About two or three months after I arrived there, a colleague and I wanted to discuss something. So I went and found a conference room and sat in it. Suddenly, the door opened and it was Andy Grove. It turned out we were using his personal conference room, which I didn't know he had. He opened the door and he saw us and he got a start and we got a start. Then he looked at us and said, "Are you doing work?" And I said, "Yes."

And with that, he closed the door and left. That had a big impact on me. It was the view that everyone in the organization was important, that you don't automatically get the right to pontificate or have different resources because of your position.

Have you carried those lessons forward in your career?

MARITZ: I try to. Intel had a big impact on me, especially about having respect for people. For example, ever since then, I've tried to be on time for meetings because making a bunch of people wait for you is a way of communicating that your time is more valuable than theirs. But there's one thing I always joke about regarding Intel's culture. Mr. Clean. They actually had a Mr. Clean. Every building had its executive, and every quarter the executive would literally do a bed check of all cubicles to make sure they were clean and neat. You could get cited for sins like bad wire management if you had lots of wires underneath your desk. Bad wire management was a sin. And I remember when I went to Microsoft in the mid-'80s, I tried to take some of that culture with me.

What would be an example of what you took to Microsoft from Intel?

MARITZ: How employee reviews were done. Intel had this notion of rating and ranking people where you were not only rated on a scale of one to five with regard to how you did your job, but every group also had to rank employees on the basis of who they would fire first if they were under a squeeze. That was always very fascinating because if you look at someone's ranking and if you look at their ratings and you've got someone rated five on a scale of one to five, but he's way down on your ranking, meaning you would let that person go if you were under a squeeze, what does that say? When you see that, you immediately have to ask, what's going on here? It starts a very useful dialogue to have with managers about how they think about their people. Do they reward people based on tenure and seniority, or the value they contribute to the organization? If you do these two very separate exercises, then you can say to a manager, "Look, you've got a guy who's rated very high



but ranked very low. What's going on here?" I took that and merged that into the culture at Microsoft.

Would you act if there were a big difference between a rating and a ranking?

MARITZ: Yes. And over the years we got more sophisticated about it. At Microsoft, people would never give a 5.0 rating, meaning you walked on water. It just wasn't the culture. So I'd say, "Look, we've got thousands of employees. There must be at least one here in this organization who's a 5.0." Later, I instituted this thing that whenever anybody got a 5.0 rating, I would get Bill Gates and march him down the hallway and have him sit down and have a one-on-one in the office of the person who was a 5.0. It was kind of a fun thing to do because everybody would know, and everybody would see Bill Gates walking down the hallway and going into this person's office and spending an hour there. Bill would really enjoy it because generally the person was extremely bright, and the one thing you could do that would always get Bill Gates excited was to have him talk to someone with a high IQ.

Did you bring this approach to VMware?

MARITZ: In various forms, and not in quite the same way. But I do try to push to get people recognized. We don't rank people in the way that I've done in the past, because every organization is different.

You said Intel was a very straightforward company. How are you making VMware straightforward?

MARITZ: We're in the process of trying to learn how to do that right now. One experiment that we're doing is asking each manager/leader in the company to write down his/her values and to be open about them in public and say, look, here are the five, six, seven things that guide me in my life. Then, when the time comes for those managers to be reviewed, we'll ask everyone they know, does this person behave this way? If they say they have respect for people, do they? There's no tale so seductive as the one you tell yourself. So, this is to try and be more thoughtful and honest with ourselves about who we are and who we're not. We're working our way through that.

Did Intel influence you in other ways?

MARITZ: We haven't instituted it yet, but Intel was very good at teaching courses on big things, like culture, and also on mundane things, like how to run a project. There was even a course on how to run a meeting. What was really interesting was that the courses weren't taught by professionals. Once you became a manager, you were expected to teach a certain number of those classes each year. They had people who created the materials, but you were encouraged to personalize them. There were courses on how to work. There was even a course on constructive confrontation, which I never taught, but always imagined as a sort of a Monty Python bit — "This is a course on constructive confrontation." "No, it isn't."

Your own background is anything but typical for a CEO of a fast-growing high tech company. Would you mind talking about it?

MARITZ: I grew up in Southern Africa, on a cattle ranch in what's now Zimbabwe. It was a certainly a very different experience from Silicon Valley. We didn't have electricity in our house when I was young. We used to go to bed by oil lamp. In some ways, when I look back, I have to say I was a very fortunate child. It was a very rich experience. I had parents who were themselves well educated and intelligent, both of them products of the Great Depression era, so they were determined that their children would get a better start than they had got. They encouraged us to be educated and to use education as our passport in life. Early on, I was interested in all things mechanical. Later, I got interested in history and economics and things like that. When I started at the University of Natal, I studied economics. While I was there, IBM sponsored a programming contest. This was in 1974, so there wasn't a computer science department yet. Because I was studying economics, I had to take statistics. The university decided that first-year statistics students should learn how to program computers. They taught us BASIC programming as an experiment because somebody had written a BASIC package that ran on the mainframe. When IBM held the programming competition, I discovered programming and it was love at first sight. I won the IBM competition in



my first year writing programs in BASIC. So I very quickly decided that I wanted to change careers and go into computer science. But clearly the center of the computing universe was not in Southern Africa.

What did you do next?

MARITZ: My mother was of British origin. Because of that I could go and work in London. I showed up in London in January 1978, and knocked on doors and said, “Here I am. Have you got work for me?” It was the off-season for recruiting so I didn’t find anything. Even IBM turned me down. Finally, I got a job at the Burroughs Corporation, back when there was a Burroughs Corporation. In the ’70s, Burroughs was a very cool company. It was the anti-IBM computer company. In fact, when I was in college, I worked on Burroughs mainframes. They were programmed with a high-level language and had virtual memory and all the cool things of those days. But for all my excitement, the first job they gave me was to debug the firmware for the world’s first ATM machine. The printer had a bug. For all my high hopes about working on the far frontiers of computer science, here I was debugging the printer in the world’s first ATM machine. It was a pretty humble start.

When people think about VMware, they think about cloud computing. There is a lot of talk about the cloud and how it will change everything. Will it change everything?

MARITZ: It will change quite a lot of things. What it really represents is the next major interaction between enterprise computing — basically business computing — and consumer forces. Client-servers were the first interaction. That’s when PCs encountered minicomputers. The canonical data fabric that came out of that interaction was the relational database. The applications that came out of that were very successful but with an enormous amount of complexity built into them. As a result, the client-server generation of computing was inflexible, and businesses had to spend a lot on their operating infrastructures. We’re going into a new era, the cloud era. With this technology, we can reach customers and other people in fundamentally different ways, more real-time, and in much larger numbers. And

On Paul Maritz’s Leadership Style

Noteworthy in Paul Maritz’s description of his own leadership style is his focus on interpersonal dynamics, engagement and trust. One might expect a CEO who’s leading a technological revolution might highlight his business instincts, strategic insights, or deep technical skills. To the contrary, Maritz emphasizes the importance of self-awareness, clear and frequent communication, and empowering others. This is what we call the Social/Participative leadership style, in which leaders tap into the collective intelligence of their team by eliciting and integrating feedback and ideas from others, and by putting a premium on clear and open communication. While Maritz describes himself as an introvert, his values and priorities as a leader clearly speak to his attention and attunement to team dynamics, and to the experience of the individuals who work for him. His ability to put himself in others’ shoes and nurture high performers is part of what defines him as a leader.

—Dana Landis, Ph.D., Vice President,
Global Search Assessment, Korn/Ferry

it will help free up expenses, which means primarily operational expenses.

Does that mean the cloud is about bringing down the cost of computing?

MARITZ: It’s more than that. Ultimately, the cloud is going to be about how do we deal with customers in a world where just three years ago 95 percent of the devices attached to the Internet were PCs — hundreds of millions of them. Contrast that with that idea that three years from now, fewer than 20 percent of the devices attached to the Internet will be PCs. There will be billions of devices — tablets, smartphones and so on — attached to



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the Internet. So the question is, how do we absorb all that information and make sense of it and construct new business models out of it? This is one of the most interesting transitions going on.

Is that the only transition going on?

MARTZ: No. We're moving into the post-PC era. This is not just that people are now holding smartphones and tablets in their hands. It's what they do with these devices that is changing. The vision behind the PC era

that people like Steve Jobs and Bill Gates saw was, "How do we automate the life of a white-collar worker circa 1975, sitting in front of a desk?" PCs successfully did that. But white-collar work is built around documents, and that's not what people under the age of 35 are doing anymore. They don't sit in front of keyboards and lovingly prepare documents like paper bills and letters and forms that look beautiful. Instead, they're ingesting very large streams of information in much smaller chunks that are coming to them all the time. This brings



challenges: How do you filter all of that? How do you comment on it? How do you recombine it, flow it back out again? These are the forces that are coming together that we lump under the label *cloud*. They speak to a profoundly new set of interactions regarding how consumers view and consume information and how businesses operate.

How big is this change going to be?

MARITZ: This change is going to be very profound. When the wheels of change are done grinding, they will have ground things very fine. And our challenge here at VMware, as I see it, is that we were born as the *remedial* technology for the client-server generations to transition to what's coming. We're kind of straddling the eras, and these straddles are not easy to do. I think the transitions I'm mentioning will be a 10- to 20-year journey. We're still at the beginning of it.

What should people running businesses be thinking when they think about the cloud?

MARITZ: Let me give you two examples. I was talking to a pharmacy chain that has been doing some really interesting thinking about how to reconceptualize its business. They have 470 stores around the United States. Instead of viewing those stores as a problem — owning or leasing physical real estate in the digital era — they realized if they view themselves as being in the wellness business, as opposed to being in the pharmacy business, then their footprint provides enormous opportunities. If, for example, they hired a slightly different type of person to work in the pharmacies, they could do inoculations of babies. And, they could deliver those inoculations at a fifth of the cost of a doctor's visit. And, because of their locations, they're much more convenient than a doctor's visit. They have stores on almost on every corner. And, if you can't get an appointment at one store, there's another one right down the road where you can get an appointment. But to do all that, the company has to reconceptualize how they relate to their customers. You can't do that if the only time you have contact with customers is at the checkout counter. So, they realized that if they want to build a longer-term relationship with customers, they have to become a repository for a

lot of the wellness information, and they have to break down their own internal silos and say, "We don't have an IT organization, and we don't have a marketing group. We have a business and we're all in it. So, how do we use the tools we have at hand to reconceptualize the business we're in?"

The cloud will require businesses to rethink their business models?

MARITZ: Yes. Let me give you another example from a supermarket company. A guy came to us and said, like the pharmacy, "The only way we touch our customers is when they get to the checkout counter. By then they've already made all their purchasing decisions, and the stuff is already in their baskets. We want to reach people while they're walking around the supermarket." He went on to say, "So we want to be able to combine information from the smart device they have in their pocket, from the infrared cameras we have in the aisles, and so on. When somebody is standing for a long time in front of the Pampers display, we want to construct an ad for that person right then and there, not wait until they've made their decision and moved on. We want to know when they come back in a month's time so we can run the data analytics and find out whether they bought any Pampers. If not, we want to make them another offer." To do that, we're going to have to have a new generation of applications. But we're doing this from a world that is still in the client-server area focused around non-real-time paper documents such as bills. We have to change that world to one that's fundamentally a real-time, scaled-out world. These examples are a long way of saying that to enable such a fundamental transition to occur, we happen to be the custodians of one of the few technologies that allows you to take the expense out of your existing infrastructure and existing applications so that you can apply it going forward.

Aside from the obvious metrics, like revenue, are you finding there's a lot of interest in what you are doing?

MARITZ: Let me put it this way. At our last VMworld, which took place in Las Vegas, 19,000 people showed up. VMworld is half technical conference, half trade show, half cult happening.