Using culture to power innovation
Inside Microsoft's reinvention

This accompanies the Eat Sleep Work Repeat podcast episode about Microsoft.

Satya Nadella took over as CEO Microsoft in 2014, 22 years into his service at the company, MS had watched as explosive innovation had happened in adjacent spaces to them - in mobile & tablets, on web products. Microsoft wasn't growing as quickly as their competitors and the outlook wasn't rosy.

He identified that the company - pinned in as it was competitively by the threat of regulation and market dominance in its main markets - had become distracted by internal posturing rather than external activity. With little to gain with customers MS people often spent a lot of their energy fighting internal battles - as illustrated by this satirical cartoon illustrating different tech cultures.
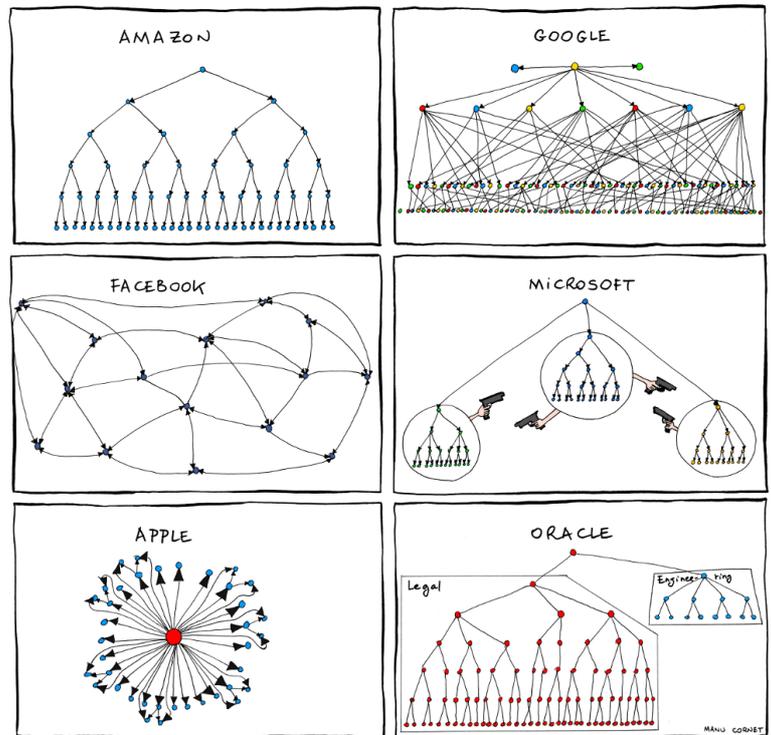

Fig 1: cartoon by Manu Cornet

Key Lessons

Find an idea that expresses your new direction - Nadella knew that he was frustrated with the way that the company was working - teams would compete with each other and were mired in winning internal battles. The idea of 'growth mindset' was a good (and at the time, fresh) articulation of what he was trying to change and he latched onto it.

Articulate the change (even if it's a direction rather than a destination). Nadella was still going to be surrounded with his predecessors so he couldn't dismiss their legacy, but he needed to signal that things were going to be different. From his clothing to the meetings he cancelled he signalled change. Even by writing off the Nokia purchase he signalled we're not going to standby and defend mistakes - we admit to them and move on.

Clear behavioural signal "relentless focus on customers" rather than customer meetings - sentiments like this were anchored in by cancelling big internal quarterly reviews.

Failure is part of the process - it's how you respond to failure that matters. Nadella wrote down the Nokia purchase, he admitted his own errors at a women in Tech conference (see the case study) and he framed these issues

Tone is as important as the message - Nadella's tone set the mood for the whole company. Paul Davies described a humility in the organisation which reflects the gentleness of Nadella. It is a strong contrast to the adrenalin and bombast of Ballmer.

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