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Corporate Culture

California dreaming

By Jeanne G. Harris and Allan E. Alter

What makes Silicon Valley's iconic IT companies tick? New research points to the unique culture created and nurtured by these high-tech players—a blend of innovation, entrepreneurship and excitement others want to kindle. But can IT executives ignite this in their own companies?

Home to a who's who of high-tech powerhouses—including Apple, Cisco Systems, Google, Hewlett-Packard, Intuit, Oracle and Yahoo—Silicon Valley in California boasts achievements and influence that extend well beyond the San Francisco Bay Area.

But it's the people that make the Silicon Valley IT companies tick. And they're a pretty impressive bunch. Approximately 45 percent of the general Valley population has at least an undergraduate university degree, compared with 28 percent for the United States as a whole. Nearly 20 percent hold a graduate or professional degree. The area's high-tech companies attract talent from around the world: More than 60 percent of the college graduates working in science and engineering fields in Silicon Valley were born outside of the United States. This diversity has led to a remarkable cross-pollination of ideas.

This story of extraordinary innovation and entrepreneurship has not been lost on other industries and the rest of the world. Almost every region across the globe wants to be “the next Silicon Valley.” And IT executives from every industry want to kindle the same kind of excitement and creativity they see emanating from the Valley.

But can they?

A recent Accenture study (see sidebar, page 7) found that one of the secrets

to Silicon Valley's success has to do with the unique culture created and nurtured by high-tech companies—something that Steven John, strategic chief information officer of software-as-a-service provider Workday, compares to islands with their own species of flora and fauna. “Silicon Valley is like Tasmania or Madagascar,” says John. “It's developed different life-forms than anywhere else.”

Based on conversations with more than 30 technology executives in the Valley region—including from organizations outside the high-tech industry such as The Clorox Co., Gap and CAMICO Mutual Insurance Co.—we can see companies beginning to emulate the culture that attracts top talent to technology and engineering firms. These perspectives provide insights into how IT departments from other industries and regions could evolve to attract and retain the talent they will need in the future to grow and succeed.

Our research found that Silicon Valley high-tech businesses and their executives are especially adept at managing five apparent contradictions about their people and culture.

1. Laid back—but ready for action

One thing a visitor to Silicon Valley notices is the stereotypically laid-back California way of life, from the casual attire to the coffee-shop hangouts. Yet that laid-back attitude is just part of the story. Indeed, the behavioral flip side includes a frenetic pace and aggressive deadlines. Product development cycles for many companies typically span just weeks, not months.

But what really drives Silicon Valley companies is an emphasis on getting things done quickly rather than agonizing over every potential flaw. A sign painted on a wall at Facebook summarizes that attitude: “Done is better than perfect.” According to our survey, technology professionals in Silicon Valley are twice as likely as those elsewhere to agree with this approach.

Reshaping HR for talent fluidity

In Silicon Valley, high-tech companies readily poach talented individuals from competitors (see story), and there's little stigma attached to workers who leave for greener pastures but then return to their former companies. So for the most part, HR professionals have accepted—if not enthusiastically embraced—the fluid movement of labor.

Indeed, firms expect that employees will continually come and go, and that the churn rate will be higher than in other regions. As such, they rightly recognize the competitive importance of their HR activities. Some 70 percent of Silicon Valley IT professionals said that their company pays strong attention to recruiting, attracting and retaining the best talent, compared with less than half of professionals outside Silicon Valley.

They are also intolerant of corporate bureaucracy or anything else that might slow them down. Almost 60 percent said they believe their company makes decisions faster (and with less restrictive rigor) than other firms. Only a little more than a third of non-Silicon Valley professionals felt that way.

High value is assigned to experimentation and to incremental, iterative progress rather than trying to figure out everything at the outset of a project. A common mantra is “Do it. Try it. Fix it.”

How might other types of companies in other industries develop such a culture? Of course, one can't create beta automobile airbags or jet engines for release to the general market. But IT executives elsewhere can model a beta attitude when it comes to decision making and product or software development.

In Silicon Valley, quick and agile decision making is prized over slow and methodical consensus building. That's

especially important in an environment where products can become obsolete almost overnight. But it's also relevant for any industry that finds the revenue-generating window for new products narrowing. It's important to have a rapid-response, risk-taking culture, supported by methods to speed product development.

For example, take Clorox, based on the east side of San Francisco Bay, in Oakland. Clorox has been making cleaning products and supplies for 100 years. The company's IT department is now using a so-called scrum-style model of software development—a form of agile management in which developers sit regularly with business-side colleagues to show how an application is progressing, which can, in turn, increase the likelihood that the finished product will serve business needs. According to Ralph Loura, the CIO of Clorox, “You put up something quick and dirty, learn from it and in the next iteration improve on it.”

2. Committed—yet independent

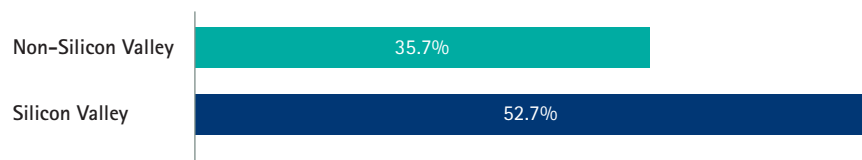
Silicon Valley is filled with dedicated professionals. They regularly put in long hours in and outside of the office. Seventy-one percent of survey respondents profess allegiance to

their employers, a higher percentage than professionals who work in other regions. Yet their stronger loyalties are more to the *work* and to their *coworkers*. Their commitment is really to the

The demand for IT talent

More than half of the Silicon Valley IT professionals surveyed say they regularly receive opportunities to work elsewhere.

Percent of respondents who “receive alternative job opportunities all the time”



Note: Percent of respondents who “agree” or “strongly agree”
Source: Accenture analysis

larger overall cause of creating the technological future. The name of the company they work for is, in some ways, an ancillary detail.

That’s one reason why people are willing to switch readily from one company to another, especially for an opportunity to work on a fulfilling project with top-notch colleagues. People in Silicon Valley behave more like independent contractors, moving from job to job. The result is a highly mobile talent base in the region, where professionals are significantly more likely than their non-Valley counterparts to receive employment offers from other companies on a regular basis. More than half surveyed said that it would be easy for them to find a new job within two months.

Although not every industry would wish that kind of talent turnover upon itself (see sidebar, page 3), our research

suggests that many companies could see the value in this transfer of people and ideas, even if the model is enacted only internally. In our interviews, for example, we talked to CIOs who structure their organizations to encourage transfers of talent between IT and engineering, freely sharing people and ideas around the company.

In some cases, we’ve found CIOs who also bring a deliberate outside customers’ perspective to their work. Bask Iyer, a technology executive who was formerly at Honeywell International and joined Sunnyvale, California-based Juniper Networks as CIO in 2011, sometimes specifies for engineers which company he might buy from if he became the CIO of a different company the next day. “That’s a real equalizer,” he says. Iyer sees it as a way to get engineering leadership at his company to escape an internal-only focus and look more objectively at how to make Juniper’s products better.

3. Competitive—yet cooperative

Although Silicon Valley high-tech firms and their people can be ruthless competitors, there’s also a pervasive attitude of cooperation. Valley employees have a healthy appreciation for the importance of good teamwork. We found that Silicon Valley professionals were more likely than their non-Valley colleagues to choose their

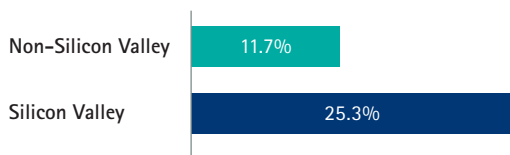
jobs based on the people they’d be working with.

Encouraging internal collaboration is good for any company, in any industry. At Gap, for example, CIO Tom Keiser has scrapped fixed offices and high-walled cubicles for his IT department in favor of open space

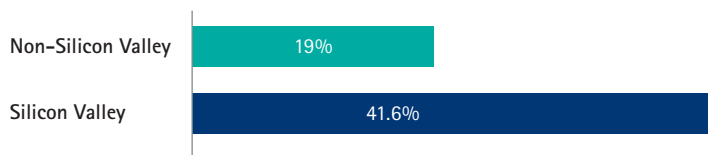
Extracurricular activities

IT professionals in Silicon Valley are more than twice as likely to actively participate in crowdsourcing or open-source projects than their counterparts elsewhere.

Percent of respondents who participate in crowdsourcing



Percent of respondents who contribute to open-source projects



Note: Percent who responded "often" or "very often"
Source: Accenture analysis

for brainstorming and closer seating for teams. This office design, intended to encourage collaboration and face-to-face communications, is becoming more common in many industries.

Looking to team with people outside one's own company is also vital. More than twice as many IT professionals in Silicon Valley, compared with their non-Silicon Valley counterparts, report that they actively take part in open-source projects.

Nurturing and participating in peer networks also contributes to the Valley's cooperative atmosphere. A majority of survey respondents believe that in Silicon Valley more than anywhere else, networking with colleagues inside and outside the organization is essential to their success. Tim Campos, CIO of Facebook, is unequivocal about the importance of having such a network: "It's the No. 1 requirement," he says. "I get things done within the company because I know who to go to *outside* the company." Not surprisingly, many also rely on their networks rather than headhunters when looking for a new job.

These networks constitute such a strong subculture for Valley talent that acceptance and approval of others in a peer network can often matter more than that of a person's boss or coworkers. For example, more than one-third of the Silicon Valley professionals surveyed

stated that they would be willing to help somebody in their peer network even if doing so went against their own company's interest.

This peer network model is also being pursued by executives outside the high-tech realm. Clorox's Laura notes that "people in the Valley take a different approach to things," and cites his opportunities to "tap into that rich source of innovation and startups and find creative solutions. Being right here at the doorstep of most venture capital firms and people trying to solve today's technology problems is a real advantage."

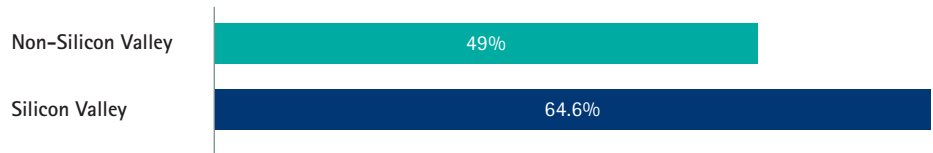
For example, Laura used his connections to collaborate with several early-stage startups in the Valley, an approach that he says has helped to address issues that would have been difficult to solve otherwise.

A breakfast with a CIO working for a Silicon Valley tech company helped Laura find an answer to a common problem: coping with frustrated managers whose projects get pushed down the priority list. His Valley peer convinced him to see the situation in a new light—in part, as an issue of open and honest communication. Laura began to use visualization tools to show managers why some projects rose further up the queue. "This way," he says, "even if they're not happy about it, they can understand why and be supportive of the decision from a company perspective."

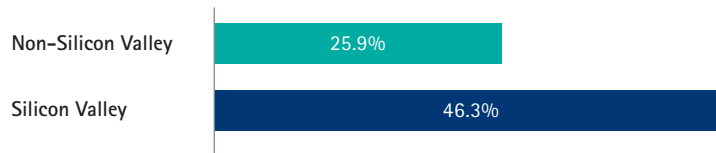
Does money really talk?

Most of the Silicon Valley IT professionals surveyed say that money is very important to them, yet nearly half would work for less money.

Percent of respondents who say that making "a lot of money is very important"



Money is important, but "I would do what I do for less money"



Note: Percent of respondents who "agree" or "strongly agree"
Source: Accenture analysis

4. Pragmatic—yet optimistic

Professionals in Silicon Valley are pragmatic in that they understand that successes are typically built on many failures. They view such failures as part of the process, and as opportunities to learn, grow and improve. Coupled with that pragmatism, however, is an inherent optimism: Most problems can eventually be solved with enough effort and the right approaches and people.

That pragmatic-yet-optimistic characteristic has benefited the region in two important ways. First, it has instilled a strong sense of resilience and reinvention. In Silicon Valley, people fail but pick themselves up,

dust themselves off and continue. Second, it has encouraged prudent risk taking. More than half of Silicon Valley high-tech professionals who took the Accenture survey consider their company to be a high risk taker, compared with just a quarter of non-Silicon Valley respondents.

Given the volatility and uncertainty of Silicon Valley's tech industry, risk taking is a matter of hard-nosed pragmatism. As Mark Zuckerberg, CEO of Facebook, has observed: "The biggest risk is not taking any risk. In a world that's changing really quickly, the only strategy that is guaranteed to fail is not taking risks."

5. Extrinsically motivated—yet intrinsically fulfilled

In Silicon Valley, people are powerfully motivated by the extrinsic reward of financial remuneration, but they're also deeply fulfilled by intrinsic rewards. That characteristic was reflected in one

of the most interesting results from the Accenture survey. Most of the IT professionals in Silicon Valley said that making a lot of money was very important to them—yet many of them

About the research

To develop a data-based view of Silicon Valley's cultural characteristics, Accenture conducted a survey of more than 600 full-time IT professionals. Roughly half were based in Silicon Valley; the other half were scattered throughout the United States. The two populations were similar with respect to breakdowns in age group, gender, industry, size of company and job roles, which included corporate IT, product or program managers, and data scientists.

We then conducted additional interviews with CIOs from Silicon Valley companies inside and outside the high-tech field, as well as with entrepreneurs, venture capitalists and others.

stated that they would work for less, just for the opportunity to work on something that energizes them and helps them grow professionally and, potentially, create more value for their organization.

To understand that apparent contradiction, consider that people in Silicon Valley greatly value intellectual stimulation and the challenge of developing innovative ways to solve difficult problems. Nearly half of the Valley professionals in our survey said that for “fun,” they work on tech projects in their free time.

Thus one of the most effective ways that companies, in virtually any industry, can fulfill the intrinsic needs of their employees is by providing challenging and rewarding work. As one tech industry executive sums it up: “The No. 1 task is to be able to say to your people, ‘Folks, I’ve got good work for you to do, something that is purpose-worthy of who you are.’”

This sense of valuing the ideas of employees more explicitly is being pursued by CAMICO Mutual Insurance, a liability insurer for CPAs, located in San Mateo, California. Inspired by his Silicon Valley neighbors, the company's CIO launched a bottom-up innovation program to encourage employees, beginning with his 13-person IT department, to try out new ideas.

Several ideas for digitizing paperwork got quickly implemented, saving CAMICO Mutual \$300,000 a year, says vice president of IT and eCommerce Jag Randhawa.

So the question remains: Is the distinctive workplace culture in high-tech Silicon Valley replicable by IT executives elsewhere?

Some elements of that culture can't be replicated, nor should they be. There's not much of a business case for encouraging employees to dilute their company loyalty or put aside company interests in favor of their buddies. And entire regions can't easily duplicate the laid-back, optimistic vibe that seems to be uniquely Californian.

But the lessons of non-high-tech firms in and around the Valley show that companies across multiple industries can develop the kind of culture capable of attracting top talent and increasing competitiveness and creativity.

Employees from the more traditional companies described here are seeing changes—open collaboration, faster product development, support for consumer devices (such as tablets) and a more sophisticated use of videoconferencing for collaboration—as signs that their decades-old companies are becoming “cooler” places to work.

CIOs can encourage participation in open-source projects and crowd-sourcing to open the windows to new ideas, technologies and talent.

“I think our embrace of this new working environment will appeal more directly to a coming generation of employees, Millennials and beyond,” Clorox’s Loura says. “They’re looking for a different environment.”

And it should appeal to their employers too. In a digital business, the IT function can’t just be a back-room function—it is your business. Companies need to be more like Silicon Valley technology companies, or else they will be unprepared when Valley tech companies enter their industry and compete with them. ■

About the authors

Jeanne G. Harris is the managing director of IT research at the Accenture Institute for High Performance. She is based in Chicago.
jeanne.g.harris@accenture.com

Allan E. Alter is a research fellow at the Accenture Institute for High Performance, specializing in IT strategy and management. He is based in Boston.
allan.e.alter@accenture.com

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