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"Inside Silicon Valley" Podcast Interview with Jeanne Harris and Chris DiGiorgio

Transcript of interview

Announcer: Now 1590-KLIV presents Inside Silicon Valley, a look at the issues and the people affecting Silicon Valley. Now here's your host, president and CEO of Joint Venture Silicon Valley, Russell Hancock.

R Hancock: In the early 19th century a famous French observer toured the United States and he made penetrating observations that are now considered the classic treatise on American democracy and society. I'm referring to Alexis de Tocqueville and his book, Democracy in America.

Many people think the reason de Tocqueville could be so insightful is because he was an outside observer, part of a culture that was completely unlike our own.

So what about Silicon Valley? It's possible that many of us living here take our society and economy for granted, the same way that a fish probably doesn't sit around contemplating the extraordinary properties of water. And yet, Silicon Valley is an extraordinary place, it's unlike any other. It is a place that other regions try repeatedly to emulate.

Explaining it might be better left in the hands of an outside observer, somebody who can view us through an objective lens and right dispassionately about our culture and our contradictions. So a study recently out by the Accenture Institute for High Performance has done exactly that, and the authors are being compared to de Tocqueville for the way that they've explained Silicon Valley's complex ecosystem.

The principal author is Jeanne Harris, and she's here with me in the studio today. She's joined by Chris DiGiorgio who will provide colour commentary as we go along. Chris is an Emeritus Executive Fellow at the Accenture Institute and he previously led Accenture's practice for all of Northern California.

Jeanne Harris is based in Chicago where she's the Director of IT Research at the Accenture Institute. She's also on the faculty at Columbia University and she's published extensively in places like the Harvard Business School Press. She's very often quoted in the major organs of the national press. Jeanne, welcome to Inside Silicon Valley.

J Harris: Well Russ, thank you so much, and it's a pleasure to be here.

R Hancock: It's great to have you. Chris DiGiorgio, welcome to the program. You're a returning guest, we love having you on.

C DiGiorgio: Thanks Russ and it's always great to be back here again on the show.

R Hancock: So let's get right to it. Tell us about Silicon Valley. Tell us first, Jeanne Harris, why you and Accenture undertook this study?

J Harris: Well in my role at the Accenture Institute for High Performance I direct research on a wide variety of technology topics, and in that capacity I have been coming to Silicon Valley off and on for decades. Sometimes I accompany clients, sometimes policy makers, and I find myself often being asked what can we do to emulate Silicon Valley? How will Silicon Valley affect what's going to happen to the rest of us?

And you know, over the decades I thought I had developed a reasonably good understanding of what the Valley was all about. I was wrong, and one of the things that I realised was that I had been engaging in the same kind of innovation tourism that we see in the Valley, you know, where a team of people come in for a week or two, they visit all the right spots, they see the recreation of the Hewlett Packard garage and they go away thinking they really understand what makes the Valley tick.

And so was we talk to more clients about their aspirations and how they see technology really transforming, not just their back office but their businesses, how they can become a digital business, we realised that Silicon Valley is probably one of those critical junctures in our history where it's really important not just here, not just to the tech industry, but really to every industry and to many governments and policy makers around the world.

So I set out really to just say well let's examine what makes Silicon Valley such a hotbed of technological innovation and entrepreneurship and to what extent can that be emulated by other people, other geographies, other companies, and to what extent can we really understand how some of the trends that are happening in Silicon Valley are going to really affect others.

R Hancock: Chris DiGiorgio, you've been running the Silicon Valley practice.

C DiGiorgio: That's right.

R Hancock: So you're like the fish not appreciating the water you swim in. Or are you? Do you see this as badly needed for folks here in Silicon Valley?

C DiGiorgio: Well I think you're right, Russ, we do live in this fish here... so we don't always appreciate it, but you know... similar to Jeanne, as a researcher here, we often get clients coming in from around the world and other governments coming in. So we've actually been in the position of trying to explain it many times, and so that's a little different. We've tried different ways to do it.

So the latest work that Jeanne's done and we've done together is really to put some research behind this and not just anecdote as they—and that's been very helpful, to put it all together.

R Hancock: So Jeanne Harris, tell us how you did the study.

J Harris: Absolutely.

R Hancock: Interviews, surveys?

J Harris: Absolutely. Well there are actually multiple parts to this research. First what we did was we decided we wanted to understand the culture and values of technology employees. Much to my surprise that had not really been studied in a formal kind of way. So we put together a survey of 600 technology employees. It was a mix of geographies, ages, job positions

and titles. So we had junior people, more senior people, we also had people in the tech industry and outside, in corporate support functions as well as on product development.

R Hancock: Phone, internet, in person?

J Harris: This was an internet based survey initially. The results that came back were frankly both encouraging and perplexing. On the one hand we had an excellent data set, really unusual set of information about people's attitudes and values that really didn't exist elsewhere, and we found significant differences between the values and attitudes of people in Silicon Valley versus other parts of the United States.

In fact, we looked at 50 different factors and 46 of them were statistically significantly different, and so you don't expect to see that. Usually when you have a hypothesis that there's going to be some differences you expect to find a handful, not anything quite that extreme. But some of the data also didn't make sense in a very fundamental way initially because it seemed somewhat contradictory.

So for example, people in Silicon Valley both said they were more loyal statistically to their companies than people in other places. But they were also much more likely to be willing to walk out the door tomorrow if they got a different offer. So it took a while for us to kind of tease that apart.

So the survey was the first piece of the study. The second piece of it really was a series of focus groups with CEOs... entrepreneurial CEOs of start-ups. We held these in multiple geographies around the world. So there were focus groups in Russia, in Europe, New York, as well as here in Silicon Valley. And so we captured some of the distinctions and attitudes and values amongst the entrepreneurial start-up groups.

And then the last part was really where I could not have done this without Chris. I came to the Valley and actually for the first time really lived here for several months, and with Chris as my guide I was able to get a very unique insider's perspective and an opportunity to talk to people like you and Sean at the Bay Area Economic Institute and really—

C DiGiorgio: Sean Randolph.

J Harris: —have a chance to talk to a lot of people who are living here and thinking about the Valley. So Chris, some of the places you took to me to were... I don't think I would have found any other way.

C DiGiorgio: Well that's one thing about the Valley as well, is it's pretty dispersed, as you know. We call it from Market Street to Market Street, from San Francisco all the way down to Market Street in San Jose and, you know, the 50 miles in between and there are many centres of innovation out there. So you really have to be able to cover the whole ground to really see what's going on out here.

But you might also add that this research was -- it was 600 people, right, so it was quite extensive. So we have a large volume of data that you can really start to see the trends and detail, not just a few anecdotal interviews.

R Hancock: Before we delve in to the specific findings, were you surprised to discover that Silicon Valley is not much of a place?

J Harris: Well you know what, here's my conclusion. I think Silicon Valley is both a place and an idea.

R Hancock: Well exactly.

J Harris: And that's not really well understood.

R Hancock: And as a place it's not impressive. When people come they think there's going to be these gleaming towers and glass and chrome.

J Harris: They expect an archway that says "Welcome to Silicon Valley".

R Hancock: Yes, that's what they expect, exactly. So there's not much of that here. Lots of low strung buildings and in small towns.

J Harris: You know people are surprised that it's a rather pedestrian, suburban environment sometimes. I've heard people describe it that way. And they're also surprised that it's not one core centre with sort of peripherals around it, it's much more dispersed than that, as you noted earlier. So I think it doesn't meet people's expectations if they haven't been here, but it exceeds people's expectations if you're the right kind of person, and that's something I don't think I fully appreciated until I came here.

C DiGiorgio: Yeah, there's often humour in the outsider's view of Silicon Valley. We had a client come in from Europe and their management team and I was doing a talk like this at dinner and their first question was, in the middle of San Jose, they said "How close are we to the Bay area?" So we said "Okay, we're starting at the beginning here." But they really don't, they only have the economist's view of the world or someone else's description of it, so it's nice to be able to do it from the inside here.

J Harris: Right.

R Hancock: You have summarised it by saying we're a region of contradictions and you've actually laid out five contradictions. Can we start talking about those?

J Harris: Sure. You know I think there's a couple of things to understand contextually when you look at these contradictions. First of all, the demographics, as you know, of Silicon Valley are quite different than other places. It's an extremely educated population. It's obviously more tech literate than most places but it's not the only place where there's technology concentration or concentration cluster.

What is very unusual about it is the extent to which it's global, the extent to which people come here from all over the world and, you know, I think that's one real advantage the Valley has. You're the Hollywood of the technology industry. If you go to New York it's all about power or money. If you go to Washington it's all about power. If you go to Chicago, well it's all about what's in it for me (that's my hometown).

R Hancock: All right, so you can say that.

J Harris: So I can say that but if you're here in the Valley it's what's your big idea, and that makes this an extremely attractive place for people and they come here from all over the world, and I don't think I really appreciated it until I spent some serious time here, the extent to which Silicon Valley really makes it a very comfortable place to work if you are from another country. This is a truly global village. So you can be from China and find a better grocery store than you're going to find in Beijing. You can find a place to send your children to study Mandarin or Chinese dance and that's true of an incredible number of different ethnicities. So it creates a real global village here and that really makes you ideally suited to create the technology for the global society.

R Hancock: Those of us living here really cherish that aspect of Silicon Valley society.

J Harris: So with some of that is kind of a background. I think it starts to help explain some of ... the initial contradictions that we saw in the culture because I think the other thing that's really unique about the Valley, because you do celebrate the innovator, the entrepreneur, not the person who's best looking or the person who's the richest.

R Hancock: Mm, it's really true.

J Harris: It's really true here. It explains some of these contradictions and so you had asked what some of those contradictions...

R Hancock: You found contradictions. How about if you talk about some of them.

J Harris: Sure. Well I think the first one is that people know that the stereotype of California is very laid back and chilled out, and I think that's true but they also know that here in the Valley people are really driven for speed. There's very high productivity, the pace of innovation is just relentless and it's really an unusual kind of situation to find both those things the same time. I mean nobody ever accused a New Yorker of being chilled and laid back and yet it's those two things, they aren't really contradictory in the minds of the people who live here.

C DiGiorgio: I want to make a comment on that, which is a good example is that people who come out here, relocate, often are amazed at the expectation for email responses. So you know, we expect minutes or hours and they're like "I'll get back to you in a couple of days" and that's really the normal pace but, you know, here we are casual and laid back but everything has to happen now, now, now, now.

R Hancock: That is interesting. I hadn't thought of that until you mentioned.

J Harris: Well again, I think that's what we were talking about...

R Hancock: It must be because I just live here.

J Harris: It's because you live here, you all take it for granted.

R Hancock: If you get an email you have to reply, of course.

J Harris: You can't take that sort of thing for granted. You know, but the flipside of it is also true because companies in the valley have this relentless push to complete projects with these very aggressive deadlines, things that other people wouldn't even consider, you know, doing a scrum in a week or two weeks, that's not the norm in say a corporate IT department in a big Fortune 500 company. Projects

get designed in quarters or years and so because you tend to emphasise getting things done very quickly you don't agonise over every little flaw and kink; you're willing to break something and fix it later.

Now there is some truth to the notion that well, if you're building an application that's going to keep track of and protect people's bank accounts, that's different than if you get a little error in Facebook or Twitter, and there's certainly truth to that, but there's an attitude here that prevails that it's better to do things fast, get them out there. It's much more actually experimental I would say.

The attitude of do it, try it, fix it is much more commonly implemented here. I won't say it's less commonly considered but it's more commonly implemented here than it is elsewhere.

C DiGiorgio: And there's a side aspect of that which is underlying - and maybe again you can talk about this too - which is that we are among the most tolerant for failure or for attempted... you know, smart failure I'll call it. Not dumb failure but smart failure which is as long as you can fix what you broke quickly that's a good thing, you've learnt from it.

R Hancock: Failure's okay. I've lived in places like Asia where failure can be a badge of shame that you carry the rest of your life.

J Harris: Well it's absolutely true that the one thing that people in the Valley don't really appreciate is the extent to which failure is just devastating in other parts of the world, and indeed in other parts of the United States. And people outside Silicon Valley don't quite believe you when you say "We celebrate failure. We learn from failure. We have investor forgiveness for failure." Because when they look at you, what do they see? They see a bunch of super high performers who went to Stanford, who in their minds have never made a wrong move in their life, that's how they got into Stanford. So how is it that they can be willing to embrace failure?

And I think the attitude is failure, as you said, is a mark of shame and certainly, you know, I will pick on my hometown of Chicago, I do think that if somebody said "Well I'm going to do a start-up. I'm going to max out my credit cards. I'm going to quit my job" and people would be aghast. They might be a little envious but they would definitely be aghast. They would say "How could you leave the security? How could you risk your family? What will happen if it doesn't work out?" That's always the first question: "What will you do if it doesn't work out?" because no one's going to trust you the second time, right.

Whereas here, one of the interviews Chris and I did with some venture capitalists, we asked them who's the ideal candidate to invest in? And the answer was really telling to me. What they said was somebody who'd worked at a big company for a year, somebody who'd done a start-up and failed, had learned from it, was sadder and wiser and was starting their second start-up; that was the ideal candidate. So for them, failure was a job qualification. That's not something you can find anywhere else and when I speak to policymakers in other geographies that's the one thing that's very difficult for them to overcome. Can you imagine in your society having someone fail; how hard would it be for them to get money or get an opportunity the next time?

C DiGiorgio: And I was going to say, the story last week, we had a luncheon at the NVCA board and they had their...

R Hancock: National Venture Capital Association.

C DiGiorgio: That's right, and in front of all the venture capitalists was the founder of GoPro and he just was telling the story that his first attempt at a venture he had lost \$4 million of all his investors' money and so that made him attractive as a venture person for this one because he knew... he did something big. Not that he failed but he learned from it and obviously he's doing very well right now, but that's a great example of that.

J Harris: It really is, and you know what, I think on the subject of failure, failure isn't really perceived the same way here as it is elsewhere because failure here is an experiment that failed. Of course experiments are going to fail, we're going to learn from them, so it's viewed as an opportunity for learning and growth. Whereas elsewhere, yeah, failure is pretty much just failure.

R Hancock: Yep. Most start-ups fail. That's a fact.

C DiGiorgio: Ninety percent.

R Hancock: So we have to be reconciled to that. Jeanne Harris is our guest. She is the author of this interesting report called *Decoding the Contradictions of Silicon Valley*. She's joined by Chris DiGiorgio, our other guest, who's providing commentary as we talk about Silicon Valley in light of this study. We're going to continue this conversation but we're going to pause right now for these brief updates. We'll be right back. [BREAK @18:38]

Welcome back. Russell Hancock here; I'm your host. You're listening to *Inside Silicon Valley*. You have found us on 1590-KLIV. Some of you are listening by podcast, we're delighted about that too. Our guests, Chris DiGiorgio, Executive Fellow Emeritus at Accenture's Institute for High Performance. Also joined by Jeanne Harris and she is the author of a fascinating study that tries to explain Silicon Valley, decoding our many contradictions.

So in the first segment we were talking about some of Silicon Valley's contradictions. Actually one, we were talking about how people are laid back here but driven for speed. Tell us some of the other contradictions that you surfaced.

J Harris: Absolutely. The second contradiction is really the fact that people here are incredibly committed to their work but they also exhibit an unusual level of independence, and so while

they are deeply committed to their work and their colleagues, they essentially think of themselves as free agents. They don't really have an allegiance to their company, they have more of an allegiance to creating the future and to their colleagues. I think that's one of the reasons we see so much commitment to open source activities here versus in other parts of the country. Not that other people don't participate in open source but here it's almost an article of religion.

So I think we find that people have very strong loyalties to their colleagues and to their company but they have a stronger allegiance to this kind of notion of they're doing something bigger than that and so if a different opportunity comes up and it's more attractive because it's more intellectually challenging or whatever the reason is, they're very quick to move.

Now part of that is the economy here is booming and there's really negative unemployment in the tech sector right now. So I'm sure it's partially because people feel like they can just move. You know, if they don't like their job or they want to do something else they can find another job quickly, but their motivation is what really is interesting. What the survey revealed is this attitude that we need to focus on getting a commitment to something greater than ourselves, greater than our company, and it's this whole notion about creating the future.

C DiGiorgio: And I think if you look at the history of Silicon Valley where we've not only created jobs but we've created whole industries and segments, these people all generally -- they compete during the day, it's in everyone's best interest for that segment to grow. So if you're in social media it's good if everybody uses it because it grows the pie for everyone.

J Harris: Right. And you know what, one great example just out of the survey, it's one of the questions we asked people was when you run into a challenge or a

difficulty at work, how likely would you be to share that and get advice from your peers, even if they're outside your company or at a competitor. And that scored very highly in Silicon Valley and that was one of the sharpest distinctions we saw. That's almost unthinkable in other parts of the country and you could see why if you're a CIO of a corporation why you would find that disturbing, but it's not so unusual here, and in fact I think the employers here have to some extent made their peace with it. That's one of the reasons they encourage participation and open source activities. It's a safer way to kind of build your skills, collaborate. From the employee's perspective it's a chance to kind of build your network of colleagues and friends. Sometimes we compare them to the medieval guilds. They think of themselves as having their allegiance to their guild, to the profession more so than any one employer.

R Hancock: You conclude the report by suggesting that Silicon Valley might be headed that direction.

J Harris: I actually think that not just Silicon Valley but the tech industry in general is headed that way. It's a big global world and there's tech talent all over and increasingly it's possible to work with people wherever they may happen to be.

R Hancock: Say more about that. You're envisioning an economy of free agents.

J Harris: Essentially.

R Hancock: Not an enterprise economy, an agent economy.

J Harris: Well certainly a merito... you know, it ties to the values around a meritocracy, right, the best, smartest coders we know are not just two or three times more productive but hundreds of times more productive. So why wouldn't you seek out the best talent wherever it was and why would that talent feel beholden to any one company?

R Hancock: And one thing that's happening throughout this economy, we know, is that there's a greater reliance on contracts in fact. Fewer salary workers, more contract workers because they do discrete things and when you want this discrete thing done you want the best person to do it.

J Harris: Exactly, so I think that we're going to see more of that. We're already starting to see that ripple out to the broader tech community, not just the technology industry itself but also corporate IT functions will on occasion bring in point specialists.

I do a lot of work in big data and analytics and you can see that if you need the world's leading expert in knapsack combinatorics, you don't need him on your salary full-time, you just need him for a short period of time. I guess it's good I work for a consulting firm, that's good news for us.

R Hancock: Sure, a networked economy. I know that a lot of economists that look at this have said Silicon Valley's successful because -- actually for this reason, because people are moving to different positions, jumping to the competition, that's all considered normal and healthy and they liken it to bumblebees pollinating from bush to bush and flower to flower. Is that what you're picking up on?

J Harris: I absolutely agree with that. I think that -- I wouldn't say the employees are uniformly thrilled about the fact that somebody's going to move from one company to a competitor but they've made their peace with it and this is one of the things that's unique about California, because of your employment laws people are able to do that. In Chicago you could have a non-compete that would keep someone from working in your industry for 18 months or two years. So that's a big difference.

R Hancock: You raise an important point. There is all of this cultural anthropology that we've been describing but there are also policies, regulations, rules and structural underpinnings that make this possible, like bankruptcy law which has very lenient terms and makes it possible for the entrepreneur to fail, and now for these kinds of things - non-compete clauses and all the rest.

J Harris: Well I think that one of the things that was really interesting to me, you talked about de Tocqueville at the top of the top of the hour.

R Hancock: Required reading, de Tocqueville.

J Harris: Absolutely. Absolutely, and I think that one of the things that was most apparent to me when I look at the Valley that maybe isn't so obvious to people who have lived here their whole lives or spent a lot of time here is the extent to which you take some of the things government does provide for granted. And Chris and I did a focus group of CEOs here in the Valley and the CEOs weren't all born here. One was born in Australia, they came here to start their businesses and unlike other geographies - Russia, the UK, or places like New York - when we asked CEOs outside the Valley what role does government play to foster tech innovation and entrepreneurship they all had a long list of things. So in New York they talked about the importance of the government financial industry partnership to work with entrepreneurs. In Europe, in Russia, they expect the government to provide funding and research and support them in a variety of ways. And Chris, when we asked people at Silicon Valley, what did they want government to do to help them? What did they do?

C DiGiorgio: They said please don't try to do anything. Just leave us alone.

R Hancock: Just stay out of the way.

C DiGiorgio: Just leave us alone, yeah.

J Harris: They looked perplexed for a good minute and then they finally did say, yes, the best thing you can do is leave us alone. However, as you correctly noted, there's a lot of things here that make this a desirable place, both to live and to work and to start a business, and I think sometimes people in the Valley underestimate that.

R Hancock: I think you're right. Rule of law itself, a constitutional system, a system for redress and re-grievance.

J Harris: And even more fundamentally, reliable...

R Hancock: Intellectual property protection.

J Harris: Reliable electricity, highways.

R Hancock: Infrastructure.

J Harris: Cultural environment that people will want to live in. So I think those are things that sometimes people here take for granted.

R Hancock: That's a good observation.

J Harris: But if you're in certain third world countries, if you're in Bangalore you can't take it for granted.

C DiGiorgio: Let me make another observation that you see a trend in other cities and countries where they're trying to create innovation. So the first thing the government does - well Chicago, New York and others - is they supply an incubator for the industry. So in Chicago it's the University of Chicago that provides that. No one expects that to happen other than their own private enterprise around here. So there aren't any government sponsored incubators, that's just not a concept.

R Hancock: Tell us about your third contradiction - we're competitive and yet we're cooperative.

J Harris: Well that is very true and that is something that's very difficult for people outside the valley to appreciate. Some of it's an artefact of the industry, right. In the tech industry we've always had what we called co-opetition. So somebody who's a partner in one respect can be a competitor in another. But that attitude really does prevail a lot more systematically here than you find elsewhere.

So I think that if you look at them and you say well, they are ruthless competitors but they do also cooperate regularly towards larger goals. It's not just about well we'll have an alliance in this industry and we'll be competitors in that one. No, it's also about we're going to share around things like open source, we're going to go and try to get the word out about our attitudes about intellectual property or about data security. We're going to cooperate to try to keep the bad guys at bay. So there's a lot of ways in which that's a very intrinsic part of the culture here. Really it's just part of -- I think Jim Stogdill of O'Reilly Media said it's just part of the connected tissue for a lot of people in these companies. They're involved in open source, they're used to working together.

R Hancock: You have a daughter who came here to Stanford.

J Harris: Yes.

R Hancock: Do we have that right? And this happened in the course of you carrying out this study and these surveys and these findings.

J Harris: Well that's right.

R Hancock: Tell us about your daughter.

J Harris: Okay, at the risk of angering my daughter. My daughter was a child who grew up in the suburbs of Chicago and from the time she was actually a little tot she wanted to be a theoretical physicist. I don't know why but she did. So in third grade when everyone else wrote about their hero, most of the kids in the class wrote about their mum and dad, one girl did Walt Disney. My daughter wrote Einstein's Miracle Year.

R Hancock: It's terrific.

J Harris: It is, and so in my husband and my mind, from the time she was very little she was going to be a physicist and there was really nothing to think about. She studied it from a lab in high school, she went to Stanford which has an outstanding physics department and she was doing very well, and then one day - from my perspective more or less out of the blue - she called up and she said "Yeah, you know what, I'm not going to major in physics after all." She had almost all the requirements done. She was a junior already. She said "I'm going to major in this thing called symbolic systems instead." And I could just see over the course of the four years at Stanford how Stanford and the Valley worked their magic on someone.

R Hancock: That's why I asked you the question. She's undergone a transformation and apparently caught the bug, because symbolic systems people, they usually go into start-ups.

J Harris: Well that's true. At the moment she's working for an established tech company as a program manager. She's absolutely loving it but it was a big shock because I've been working in the tech industry for more than 35 years and she never showed the slightest interest in what I did. So it was fascinating to see how she started to absorb some of the culture here.

The first thing I have to tell you - this is a little bit of a segue Russ but it does have a point. The first thing that I noticed when my daughter went to Stanford is that she had a bit of an adjustment and the biggest adjustment was that people at Stanford do not whine.

R Hancock: Do not whine?

J Harris: They do not whine. Whining is a fine art the further away from California you go. You get as far as the east coast and whining is kind of their core expertise, and honestly, she missed it at first.

R Hancock: You can say it, you can.

J Harris: No, that's right, I can say it.

C DiGiorgio: I just think the motto should be we take the H out of whining.

J Harris: That's a good one. [LAUGHING] And so that actually was an adjustment and so it took a while to realise that, you know, being happy actually is a good thing and I think that's one of the last things that surprises me about the Valley, that people don't really understand is when they look at you they see a bunch of neurotic workaholics but what I see now after having spent time with my daughter, her friends who all seem to have gone into the tech industry and the people I see in the Valley, there's a reason that they work long hours and then they go home and code. You know, one person told me "Well sure, that's how I relax. I relax by coding." And I think there's a real truth, and so people don't understand when I was doing research for this I spent a lot of time on chat-rooms in other geographies amongst people trying to create ... you know, the Silicon Valley of the, let's say, Eastern Bloc or the Silicon Valley of Siberia and it's fascinating because the chat-rooms are very telling.

One of them was saying "Well of course we have everything Silicon Valley has. We have smart people, we have technology skills. Of course our unions would never allow us to do some of the things they do and we would never want to work those hours, they're inhumane and the government would have to play a much bigger role" and then it just went on and on and on till we realised they're nothing like Silicon Valley.

R Hancock: Your daughter, learning that she shouldn't be whining actually to me leads to the fourth contradiction that you surfaced in your study, which was that people here are pragmatic but optimistic. Talk about optimism.

J Harris: Well, you know, without getting too philosophical or providing too much historic context, Horatio Alger said "Go west young man" a very long time ago and the truth is there is a certain California idealism; people wanting to make their way in the world went west and so there is sort of this gold rush opportunity, there is this sort of unique American optimism that is difficult to find in other places, and so I think there is this sense that certainly failure is inevitable. But here failure is an opportunity to learn, it's an opportunity to... They think of it more like an experiment as opposed to true failure. I love the term pivot because that's such a Valley word.

R Hancock: It is.

J Harris: In fact, when we did our focus group of Silicon Valley CEOs it became almost a joke because we could probably string together a 10 minute video of CEOs just saying pivot, right. Nobody ever fails here, they just pivot. And so I think that is kind of a pragmatic approach to the challenges you face and I think there's been tremendous research around what makes people successful in life.

There was a landmark study many years ago based on a study of high achievers, presidential scholars and the one thing I took away from that study, which I think is very applicable here, is that good things and bad things happen to people in life. That's inevitable, it happens to everybody. The question is, how do you respond to that and so resilience is probably the defining characteristic of successful and happy people, and this is a very resilient culture.

R Hancock: I'm interested in your observation. I used to think that Silicon Valley was a crass place, the people coming here were gold-seekers, right, like the gold rush and all.

J Harris: That was my thought.

R Hancock: They're coming here to make money, that's why people come. More lately I feel like there's been a shift. People are fine with the money, that's okay if that happens but now they're talking about "No, we're here to solve problems. We're here to change the world."

J Harris: There's a solutionism here that other people will deride. I think it's great that they believe that solutions exist for complex, challenging, really the big wicked problems of the world. At least they're out there trying to do it. So I do think that there's some core values here. One, that technology can provide solutions to almost any endeavour and can enrich everyone's lives. The second one is that this is really a results oriented meritocracy. The best and the brightest are going to be successful here.

Now the caveat is if you're super smart and a technology wizard and willing to work insanely hard, you will succeed. If you're not willing to do those things, well you're going to be met with some congenial but pretty brutal honesty, right. So that's something that is very difficult to adjust to. So the person in Prague on the chat-room who was saying "Well I don't want to work hard. I don't want to do this. I don't want to..." I don't think they would do particularly well here, do you?

R Hancock: Yeah, I think you're right. Our guests, Jeanne Harris - she's with Accenture's Institute for High Performance; also Chris DiGiorgio, Emeritus at that same Institute, he formerly led the Northern California practice for Accenture. We're going to continue this conversation, it's all about Silicon Valley from a sort of a cultural/anthropological/sociological point of view. So join us for the final segment but it will be right after these important updates. [BREAK @ 37:25]

Welcome back. I'm Russell Hancock, you're listening to Inside Silicon Valley. This show comes to you every week right out of KLIV studios here in south San Jose. This week we're talking with Jeanne Harris and Chris DiGiorgio. They're both with Accenture and its Institute for High Performance and we've been talking about the recent study about Silicon Valley and it's entitled Decoding the Contradictory Culture of our region.

Where do you find the study? Tell us that.

J Harris: The study is available online at www.accenture.com/siliconvalley, all one word.

R Hancock: And you could probably just Google those -- the same sets of terms and it will come right up. Chris DiGiorgio, we've been talking in the previous segments about Silicon Valley, its rarefied atmosphere and all of these high octane people that are doing amazing things. But that probably captures a percentage of our population in our workforce. What about all the rest and what haven't we been talking about yet in this conversation?

C DiGiorgio: Yeah, Russ, that's a great point 'cause we have talked about those crazy hardworking entrepreneurs and everything that does it but the reality is there's two messages. One is that a rising tide lifts all boats and so when these folks who are creating these companies and when they do get ahead they generate a lot of business, they generate a lot of jobs and they generate a lot of wealth; it all flows back into the economy. In fact one of the recent studies out of the Bay Area Council Economic Institute found that a high tech job, not only does it pay more so there's more disposable income for those people, but it also most importantly generates about 4.5 more jobs in the local community. So a tech firm of 1,000 would also generate 4,500 more jobs in the area, providing services and other capabilities to those companies.

So when we see a big tech surge like we're having now, we see the freeway fills up and it's not just because of those extra 1,000 jobs, it's everybody else that is working with them and that's a big plus.

Now while that does lift many, many and more workers it does still leave a bit of a valley where there's two valleys now. We still have another contradiction which is not in the report but we see it when we live here is that we have the richest of the richest people in the world and yet we still have a large segment of our population that's living well below the poverty line in the same vicinity, so right down the street within miles of the richest companies in the world we have many Title 1 schools and many other folks, so we have some challenges still in our valley to help spread the wealth around and try and raise those folks as well.

R Hancock: Jeanne Harris, what do you think are the implications of this study, particularly for other parts of the world that are trying so hard to emulate what we do here?

J Harris: Well, you know, there's a lot of things, lessons that people can take away from the Valley and it really comes down to understanding how you can create -- how you can take the best of the Valley, because it is an idea as much as it is a place, and incorporate that into your own -- whether it's your own business and your own IT function or whether you're a tech company somewhere else. So how do you understand and really leverage some of those cultural attitudes and values to really help your own organisation become more innovative, become more agile.

So I think there's a lot of different things that people can use but here inside the Valley I think it's also important to be a little more self-aware about some of the things that are special about your culture and that make you really unique. I think when I talked to other geographies who want to create Graphene Valley and

Manchester or recreate a Silicon Valley in Siberia or wherever it is they want to do, I think they have to be realistic. There's certain things that they can emulate and other things that they can't, and so rather than simply copying Silicon Valley they need to think about well, what is it they have that really makes them special and unique? Because no matter how badly Siberia wants to be Silicon Valley they just don't have palm trees.

R Hancock: Mm, this is true. So here's a question for you. We've been talking a lot about tech and about IT and those kinds of companies, but what's interesting about the Valley lately is that there are all kinds of companies that are not tech companies that are nevertheless locating here, opening offices here, doing additional research, trying to bring Silicon Valley styles of innovation to bear on their business. So I want to ask you about that question. Does your study have implications for companies like Gap and Clorox and Wells Fargo?

J Harris: Absolutely. In our study we did find that the differences in attitudes of tech employees varied more by geography than it did by industry. So those companies who are based here in the Bay area have tech employees in their corporate IT department that have essentially the same attitudes and values that you would find in a high tech company, whether it's Google or Oracle, and so that has led to make those companies more innovative and, frankly, they have to deal with some of the challenges of retaining the top talent and they've had to be creative about how they can attract and retain and develop their talent because they are in competition with the Valley. So I think as that attitude starts to ripple out we're going to see that in more and more mainstream companies.

The other implication though, and maybe the broader implication, is that it's not just about the tech industry anymore. Today every business is a digital business. The tech industry plans to go Pacman across every industry and disrupt it just the way they have the entertainment industry. So whether you're in retail or utilities or manufacturing, increasingly people realise we need to understand, we need to become part of this technological revolution. We have to disrupt ourselves or Silicon Valley will do it to us, and I think that's one of the reasons you're seeing big mainstream companies, whether it's the auto manufacturers or retailers opening locations here in the Valley.

R Hancock: In one sense we're not a technology economy, we're an innovation economy and I want to know if you picked up on this. I get the impression that entrepreneurs are just saying any business out there is right for disruption.

J Harris: Absolutely.

R Hancock: We can introduce new business models, new ways of delivering commerce or services that haven't been thought of before.

J Harris: It's difficult to think of an industry that isn't going to be affected by technology, and I think that's one of the growing realisations all across the world and that's one of the reasons Silicon Valley is getting so much attention and scrutiny and so why many people are trying to emulate it.

R Hancock: You had a fifth contradiction in your report. I want to talk about that for a minute.

J Harris: Okay.

R Hancock: You say people are extrinsically motivated yet intrinsically fulfilled.

C DiGiorgio: Can you please define some words for those of us who weren't English majors.

J Harris: All right. I've been outed as an English major, oh no! Well the answer is extrinsically motivated - motivated by outside forces as opposed to internally motivated. It is certainly true here that people are motivated by money, as you said. I wouldn't say they are more motivated by money than they are in say New York, but the difference is a lot of their fulfilment comes from being recognised for their creativity and their innovation and they look to have recognition from their peers almost more so than their company. So in our survey, does money really talk? Well, yes, most Valley professionals in the tech industry said that making a lot of money was very important to them, and yet many of them said they would work for less money if it was an interesting problem - the challenge is really critical there.

So I think that that's really somewhat unique because what's important for professionals in the Valley is the ability to mix kind of business with pleasure. I think it goes back to that notion of they're not really workaholics because what they see as a seamless meshing of their work and personal lives, their friends are at work and their work is relaxing and those things tend to go together. Recognition by their peers is incredibly important here; more so than recognition by their supervisors - a clear distinction from other geographies. And certainly they do want recognition by their company, although it's not always the traditional ways. It has to do with actually being recognised as a senior engineer or getting some kind of recognition in that way. So I think that's a little bit different. I think it's not that other people don't want challenging and rewarding work in other geographies, I think they do but maybe it's Maslow's Hierarchy of Needs; maybe here in the Valley there's more opportunity to aspire to that.

R Hancock: Chris DiGiorgio, Jeanne Harris, tell us, what has been the reaction elsewhere to this report? Are you making waves?

J Harris: Well I think we certainly have been getting a lot of attention. I think we've had -- I don't even know what the statistics were, Chris, but over 1.5 million hits on our website, so a lot of interest in that. One thing that we developed as part of this research was a little infographic that attempts to show really the Silicon Valley ecosystem, and that's something that Chris really, as the insider here, really was invaluable in kind of just helping us illustrate all the different pieces that exist here and just how strong the many connections are, whether it's angel investors and venture capitalists - so the money people, or the wide spectrum of people who provide expertise and knowledge and support to start-ups to the talent who flock here for a variety of reasons. So just being able to illustrate and explain that whole ecosystem is quite a challenge and when you see it on paper like that and you see the numbers you realise just how stark the difference was.

Chris, I don't know if you recall some of those statistics about how much money goes to the Valley versus other geographies, but it was quite shocking.

C DiGiorgio: Well the ecosystem that she's referring to can also be found at the Accenture.com/SiliconValley if you want to look at it, but the point that Jeanne's making is right, is that there's an ecosystem here just like creating life from primordial ooze, right, so you need all these factors in the right proportions to make it work. And what's happened is that over time there's 60% of venture capital is right here in the Bay area, of all the United States - that's an amazing number of that and they generate thousands of new companies a year. Some don't make it. Most don't make it but some do and that's this whole ecosystem and survival of the fittest.

R Hancock: So what's next? Has this opened up a line of research that you're going to continue?

J Harris: Well, you know, I think we're going to continue to do some research in this area. So much is written about the Valley that at first I really hesitated to even step in and do anything, but we've been very gratified by the feedback so far and right now we're just trying to get the word out about it.

C DiGiorgio: And I think, Russ, from my point of view, what's been interesting to me is this topic has morphed a little bit into the challenges of innovation funding, which is a broader topic which is that these start-ups need money and even if they're going to fail most of the time they still need a lot of money and we've seen some recent pressures on the venture capital business, which has been the traditional source. We've seen pressures on the federal government which has also been a major funder, and we've seen pressures on corporate R&D functions which also have. So there's an interesting study to take a look at on what is the future of innovation funding and could that impact on Silicon Valley.

R Hancock: That'll be a good subject for this radio show and our listeners will be happy to know that we're also going to explore that subject at the State of the Valley Conference coming up on February 7th. You can learn more about that at JointVenture.org.

So Jeanne, have you caught the bug, are you going to move here?

J Harris: Well, you know, my husband and I do talk about that. I actually love Chicago, contrary to what you might think from this conversation today, it's a wonderful, great city and I have strong ties there but the pull of the lifestyle here is very attractive. So I don't know, we'll see.

R Hancock: Okay.

J Harris: Certainly expect to see more of me here.

R Hancock: One more car on the freeway.

J Harris: [LAUGHS]

R Hancock: You've been listening to Inside Silicon Valley. Our guests, Chris DiGiorgio, Jeanne Harris, both with Accenture's Institute for High Performance. We'll be back at you next week - our guest, Kim Maguire, the new managing director of San Jose's International Airport. This is Inside Silicon Valley, we'll see you next week.

About Accenture

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