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Work Rules!: Insights from Inside Google That Will Transform How You Live and Lead

Laszlo Bock

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It just didn't make sense to me that no matter where I turned, people weren't treated better in their jobs. You spend more time working than doing anything else in life.¹ It's not right that the experience of work, even at some of the best employers, should be so demotivating and dehumanizing.

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Most CEOs are very good at many things, but they become CEOs for being superbly distinctive at one or two, which tend to be matched to a company's needs at that time. Even CEOs need to declare a major. Welch is best known for Six Sigma—a set of tools to improve quality and efficiency—and his focus on people. Immelt instead emphasized sales and marketing, most visibly through GE's branded “ecomagination” efforts to make and be perceived as a maker of greener products.

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“Our CEO, Danny Wegman, says that ‘leading with your heart can make a successful business.’ Our employees are empowered around this vision to give their best and let no customer leave unhappy. And we use it to always make our decisions to do the right thing with our people, regardless of cost.”

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“When employees trust the leadership, they become brand ambassadors and in turn cause progressive change in their families, society, and environment. The return on investment to business is automatic, with greater productivity, business growth, and inspired customers.”

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If you're solving for what is most fair across the entire organization, which in turn helps employees have greater trust in the company and makes rewards more meaningful, managers must give up this power and allow outcomes to be calibrated across groups.

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"Managers serve the team,"

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The irony is that the best way to arrive at the beating heart of great management is to strip away all the tools on which managers most rely.

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In short, only when companies took steps to give their people more freedom did performance improve.¹⁶

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Before I could muster a response, another CHRO argued back, "What do you mean? Freedom is free. Any of us can do this." He was right. All it takes is a belief that people are fundamentally good—and enough courage to treat your people like owners instead of machines. Machines do their jobs; owners do whatever is needed to make their companies and teams successful.

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You are a founder Building an exceptional team or institution starts with a founder. But being a founder doesn't mean starting a new company. It is within anyone's grasp to be the founder and culture-creator of their own team, whether you are the first employee or joining a company that has existed for decades.

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The fundamental lesson from Google's experience is that you must first choose whether you want to be a founder or an employee. It's not a question of literal ownership. It's a question of attitude.

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If you give people freedom, they will amaze you

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"10 Things We Know to Be True," a list of ten beliefs that guide how we run our business.vi

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Our mission is “to organize the world’s information and make it universally accessible and useful.”

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The broad scope of our mission allows Google to move forward by steering with a compass rather than a speedometer.

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So what is Adam’s insight? Having workers meet the people they are helping is the greatest motivator, even if they only meet for a few minutes. It imbues one’s work with a significance that transcends careerism or money.

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If you believe people are good, you must be unafraid to share information with them

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One of the serendipitous benefits of transparency is that simply by sharing data, performance improves.

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Dr. Marty Makary, a surgeon at the Johns Hopkins Hospital in Baltimore, Maryland, points to when New York State started requiring hospitals to post death rates from coronary artery bypass surgeries. Over the next four years, deaths from heart surgery fell 41 percent.⁵⁵ The simple act of making performance transparent was sufficient to transform patient outcomes.

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Bridgewater’s founder, Ray Dalio, explains: “My most important principle is that getting at the truth... is essential for getting better. We get at truth through radical transparency and putting aside our ego barriers in order to explore our mistakes and personal weaknesses so that we can improve.”⁵⁷

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The way we solve the “backstabbing” problem, for example, is that if you write a nasty email about someone, you shouldn’t be surprised if they are added to the email thread. I remember the first time I complained about somebody in an email and my manager promptly copied that person, which forced us to quickly resolve the issue. It was a stark lesson in the importance of having a direct conversation with my colleagues!

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Voice means giving employees a real say in how the company is run. Either you believe people are good and you welcome their input, or you don't. For many organizations this is terrifying, but it is the only way to live in adherence to your values.

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If you give people freedom, they will amaze you

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I reflected on our debates as a leadership team and saw that, just as in China, we consistently made decisions based not on economics, but on what supported our values.

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and resolving them into clear strategies: Our culture was shaping our strategy, and not the other way around.

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We enjoy a constant paranoia about losing the culture, and a constant, creeping sense of dissatisfaction with the current culture. This is a good sign! This feeling of teetering on the brink of losing our culture causes people to be vigilant about threats to it. I'd be concerned if people stopped worrying.

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Given that over two-thirds of mergers and acquisitions fail to create value when the products and businesses are kept alive,⁶⁹ there would have to be something special about acqui-hired employees to make this strategy work. This isn't to say that acqui-hires are a bad idea. Just that they're not obviously a great idea.

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Buying the best seems like the way to go if you're building a baseball team, but it's much trickier if you're building a company.

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There are examples of people who were mediocre performers and went on to greatness, though most of those successes are a result of changing the context and type of work, rather than a benefit of training.

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How can you tell if you have found someone exceptional? My simple rule of thumb—and the second big change to make in how you hire—is: "Only hire people who are better than you."

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And I waited a long time to hire each one. Karen turned me down for four years before I eventually hired her. It takes longer to find these exceptional people, but it's always worth the wait.

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We now prefer to take a bright, hardworking student who graduated from the top of her class at a state school over an average or even above-average Ivy League grad.

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The pedigree of your college education matters far less than what you have accomplished. For some roles, it's not important whether you went at all. What matters is what you bring to the company and how you've distinguished yourself. Which in a way is as it should be, considering that one of our founders never finished his university education either. Though we now recruit computer scientists from over three hundred schools in the United States and more from all over the world, some of our best performers never set foot on a college campus.

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making sure someone will thrive in your environment becomes critical. In chapter 5 I'll detail how we do this at Google by looking for a wide range of attributes, among the most important of which are humility and conscientiousness.

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The lesson of "The Talent Myth" was not "Don't hire smart people." It was "Don't hire exclusively for smarts." Sound advice.

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As you get bigger, there will also be more temptation to hire a friend or customer's child to help them out or build the relationship. These are almost always a compromise of quality. The result is that you go from hiring stellar people as a small company or team to hiring average people as a big company.

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A small company can't afford to hire someone who turns out to be awful. Bad performers and political people have a toxic effect on an entire team and require substantial management time to coach or exit.

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To address these issues, we drastically reduced the number of interviews each candidate went through. We also developed a white-glove service for referrals, where referred candidates get a call within forty-eight hours and the referring Googler is provided weekly updates on the status of their candidates.

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The very best people aren't out there looking for work. Great-performing people are happy and being amply rewarded where they are today. They don't occur to people as referrals, because why would you bother referring someone who is happy at their current job? And they certainly don't apply for jobs.

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Psychologists call this confirmation bias, "the tendency to search for, interpret, or prioritize information in a way that confirms one's beliefs or hypotheses."⁸² Based on the slightest interaction, we make a snap, unconscious judgment heavily influenced by our existing biases and beliefs. Without realizing it, we then shift from assessing a candidate to hunting for evidence that confirms our initial impression.^{xxi}

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This is in part because of the irrelevance of the task (how many times in your day job do you have to estimate how many gas stations there are?), in part because there's no correlation between fluid intelligence (which is predictive of job performance) and insight problems like brainteasers, and in part because there is no way to distinguish between someone who is innately bright and someone who has just practiced this skill.

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The best predictor of how someone will perform in a job is a work sample test (29 percent).

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The second-best predictors of performance are tests of general cognitive ability (26 percent).

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Tied with tests of general cognitive ability are structured interviews (26 percent), where candidates are asked a consistent set of questions with clear criteria to assess the quality of responses. Structured interviews are used all the time in survey research.

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My experience is that people who score high on conscientiousness "work to completion"—meaning they don't stop until a job is done rather than quitting at good

enough—and are more likely to feel responsibility for their teams and the environment around them. In other words, they are more likely to act like owners rather than employees.

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The goal of our interview process is to predict how candidates will perform once they join the team. We achieve that goal by doing what the science says: combining behavioral and situational structured interviews with assessments of cognitive ability, conscientiousness, and leadership.xxvi

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If you don't want to build all this yourself, it's easy enough to find online examples of structured interview questions that you can adapt and use in your environments. For example, the US Department of Veterans Affairs has a site with almost a hundred sample questions at www.va.gov/pbi/questions.asp. Use them. You'll do better at hiring immediately.

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But they're making a bigger decision than you are. After all, companies have many employees, but a person has only one job. I make a point of always asking candidates how the recruiting process has been so far, and leaving at least ten minutes for their questions.

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we realized that there were four distinct attributes that predicted whether someone would be successful at Google: General Cognitive Ability. Not surprisingly, we want smart people who can learn and adapt to new situations. Remember that this is about understanding how candidates have solved hard problems in real life and how they learn, not checking GPAs and SATs.

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Leadership. Also not surprising, right? Every company wants leaders. But Google looks for a particular type of leadership, called "emergent leadership." This is a form of leadership that ignores formal designations—at Google there is rarely a formal leader of any effort. I

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We have a strong bias against leaders who champion themselves: people who use "I" far more than "we" and focus exclusively on what they accomplished, rather than how.

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As you can tell, we invest a lot in hiring great people. But our operating assumption is that anything we're doing, we can do better.

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The most common reason for rejection at this stage in the process? Culture.^{xxxi} While Googlers possess the gamut of political views, the cultural values of transparency and voice are widely held and core to how we operate. As Jeff Huber recently said about one candidate, “This is a great candidate—strong technical interview scores, clearly very smart and well-qualified—but sufficiently arrogant that none of the interviewers want him on their team. This is a great candidate, but not for Google.”

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Set a high bar for quality. Before you start recruiting, decide what attributes you want and define as a group what great looks like. A good rule of thumb is to hire only people who are better than you. Do not compromise. Ever.

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If you’re committed to transforming your team or your organization, hiring better is the single best way to do it. It takes will and patience, but it works. Be willing to concentrate your people investment on hiring. And never settle.

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Remember that the primary definition of “asylum” is “a place of refuge.” One of the nobler aspirations of a workplace should be that it’s a place of refuge where people are free to create, build, and grow. Why not let the inmates run the asylum?

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We had banned “global” because it’s both self-evident and self-aggrandizing. Isn’t every job global, unless it specifically says it isn’t? “Strategy” is similarly grandiose. Sun Tzu was a strategist. Alexander the Great was a strategist. Having been a so-called strategy consultant for many years, I can tell you that putting the word “strategy” in a title is a great way to get people to apply for a job, but it does little to change the nature of the work. We policed the titles as people were hired, but failed to consistently scrub our employee database to catch the titles people gave themselves after joining.^{xxxvi} We just hope our efforts make them matter less than in most other places.

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That’s why it matters that Patrick Pichette wears jeans and an orange backpack instead of a suit and a briefcase. Yes, he’s the CFO of Google, charged with balancing Google’s unbounded appetite for moon shots with ensuring our economics are thoughtfully and responsibly managed. But he’s also accessible, warm, human. When he rockets around our campus on a bicycle, he’s showing that even our most senior leaders are just people.

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Make decisions based on data, not based on managers' opinions In addition to minimizing the trappings and affectations of power, we rely on data to make decisions.

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At the same time, Barksdale highlights the tremendous opportunity for all of us as individuals. Relying on data—indeed, expecting every conversation to be rooted in data—upends the traditional role of managers. It transforms them from being providers of intuition to facilitators in a search for truth, with the most useful facts being brought to bear on each decision.

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We use data—evidence—to guard against rumor, bias, and plain old wrongheadedness.

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We test ourselves and Google products frequently to make sure our decisions are fact based.

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Why not carve out ten or fifty or a hundred people and try something different? Or try something first with a small group? As they used to say, "If you're not careful, you may learn something before you're done."

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There is a well-documented average salary difference between men and women. One source of this is a difference in men's and women's propensity to negotiate when they are being hired. For example, Linda Babcock of Carnegie Mellon University and author Sara Laschever reported that starting salaries for male MBA graduates from Carnegie Mellon were higher than for females, largely because men were more likely to ask for higher salaries. Fifty-seven percent of men negotiated, compared to 7 percent of women.¹⁰⁵

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If your employees are 80 percent engaged, what does that even mean?"xl

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Googlegeist instead focuses on the most important outcome variables we have: innovation (maintaining an environment that values and encourages both relentlessly improving existing products and taking enormous, visionary bets), execution (launching high-quality products quickly), and retention (keeping the people we want to keep).

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We ask Googlers to suggest fixes that would benefit lots of their colleagues and that we can implement within two or three months. In 2012, we received 1,310 ideas and over 90,000 votes on them.

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But hierarchy in decision-making is important. It's the only way to break ties and is ultimately one of the primary responsibilities of management. The mistake leaders make is that they manage too much.

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You don't need to have Google's size or analytical horsepower to unleash the creativity of your people. As a leader, giving up status symbols is the most powerful message you can send that you care about what your teams have to say.

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"Do I need to review this?" I went away again. On my fourth try, he asked the same question and I told him, "No. You don't need to review it. It's ready for the client." He answered, "Terrific. Nice work." And sent it to the client without even glancing at it. If you expect little, that's what you'll get. Richard Bach, the author of the 1970s bestselling novel *Jonathan Livingston Seagull*, later wrote in *Illusions*, "Argue for your limitations, and sure enough, they're yours."¹⁰⁹

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Managers find many reasons not to trust their people. Most organizations are designed to resist change and enfeeble employees.

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But it does work. You just need to fight the petty seductions of management and the command-and-control impulses that accompany seniority. Organizations put tremendous effort into finding great people but then restrict their ability to have impact on any area but their own tasks.

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The major problem with performance management systems today is that they have become substitutes for the vital act of actually managing people.

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Most real-time feedback systems quickly turn into "attaboy" systems, as people only like telling each other nice things. And how often are your comments structured in a way that actually causes behavior to change?

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As Larry often points out, “If you set a crazy, ambitious goal and miss it, you’ll still achieve something remarkable.”

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Finally, Larry’s OKRs, followed by his quarterly report on how the company has performed, set the standard for transparency in communication and an appropriately high bar for our goals.

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fair to say that without calibration, our rating process would be far less fair, trusted, and effective. I believe that calibration is the reason why Googlers were twice as favorable toward our rating system as people at other companies were to theirs.

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Before this draft rating becomes final, groups of managers sit down together and review all of their employees’ draft ratings together in a process we call calibration.

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The power of calibration in assessing people for ratings is not that different from the power of having people compare notes after interviewing candidates.

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This was an early, small study, but it demonstrated the power of incentives, as well as the debilitating effect of removing the incentives. Deci and Ryan concluded that the introduction of an extrinsic reward caused people to think of their work differently from that point on by reducing intrinsic motivation.

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First, set goals correctly. Make them public. Make them ambitious. Second, gather peer feedback.

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“Google Spreadsheets survey form” into your browser.) People don’t like being labeled, unless they are labeled as extraordinary. But they love useful information that helps them do their jobs better.

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Third, for evaluation, adopt some kind of calibration process. We prefer meetings where managers sit together and review people as a group. It takes more time, but it gives you a reliable, just process for assessment and decision-making.

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Fourth, split reward conversations from development conversations. Combining the two kills learning. This holds true at companies of any size.

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“instead of a massive group of average performers dominating... through sheer numbers, a small group of elite performers [dominate] through massive performance.”¹³⁰ Most organizations undervalue and underreward their best people, without even knowing they are doing it.

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It would be madness to force the manager of a team of all superstars to rank someone as failing. So this is a human process, not an algorithmic one, where managers and the People Operations team look at individuals.

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Poor performance is rarely because the person is incompetent or a bad person. It's typically a result of a gap in skill (which is either fixable or not) or will (where the person is not motivated to do the work). In the latter case, it could be a personal issue or a useful sign that there is something bigger wrong with the team that needs to be addressed.

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Michelle proposed Project Oxygen, because “having a good manager is essential, like breathing. And if we make managers better, it would be like a breath of fresh air.”

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And did managers ever make a difference! The sixty-five people who moved to worse managers scored significantly lower on thirty-four of forty-two Googlegeist items. The next year, those moving to better managers saw significant improvements on six of the forty-two items.

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So managers did matter. And not only that, but amazing managers mattered a lot.

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Most don't hold regular 1:1 meetings where they partner with the employee to diagnose problems and together come up with ideas tailored to the employee's strengths. Most don't combine praise and areas to work on.

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The specific prescription for managers is to prepare for meetings by thinking hard about employees' individual strengths and the unique circumstances they face, and then use the meeting to ask questions rather than dictate answers.

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She was right. Divorcing developmental and evaluative feedback is essential. We later checked Stacy's instincts, and I was relieved to see that people were using the Upward Feedback Survey as intended: Even in cases where managers gave employees low performance ratings, the employees didn't retaliate by dinging the manager in the next Upward Feedback cycle.

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Care about upgrading your organization. Everyone says they do, but few really take action.

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Gather the data. Group your managers by performance and employee survey results, and see if there are differences.

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Survey teams twice a year and see how managers are doing.

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Have the people who are best at each attribute train everyone else.

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Moreover, addressing the two tails is where you'll see the biggest performance improvements: There's little benefit in moving a 40th percentile performer to be a 50th percentile performer, but going from the 5th percentile to the 50th is major.

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The average employee received thirty-one hours of training over the year, which works out to more than thirty minutes each week. Most of that money and time is wasted. Not because the training is necessarily bad, but because there's no measure of what is actually learned and what behaviors change as a result.

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Why then is so much invested in corporate learning, with so little return? Because most corporate learning is insufficiently targeted, delivered by the wrong people, and measured incorrectly.

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He spent four hours standing in the rain, hitting the same shot from the same spot, pursuing perfection in an intensely specific skill. It turns out that's the best way to learn. K. Anders Ericsson, a professor of psychology at Florida State University, has studied the acquisition of expert-level skill for decades.

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Ericsson instead found that it's not about how much time you spend learning, but rather how you spend that time.

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As we'll discuss later, most organizations measure training based on the time spent, not on the behaviors changed. It's a better investment to deliver less content and have people retain it, than it is to deliver more hours of "learning" that is quickly forgotten.

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Every meeting ended with immediate feedback and a plan for what to continue to do or change for next time.

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The largest number is infinity, but the largest number between one and ten is ten. Yo-Yo Ma is considered the best cellist in the world by many. In South Korea, the very gifted Sung-Won Yang is the most prominent cellist. Yang is the local maximum.

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Remember that Groysberg found that exceptional success rarely follows an individual from company to company. Sending your salespeople to the most expensive sales seminars, led by someone who sold products for someone else, is unlikely to revolutionize your sales performance, because the specifics of what your company does matter.

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Let's imagine your best salesperson brings in \$1 million in sales each year, and that you have ten other salespeople each selling \$500,000 per year. Let's further imagine you pull your best salesperson out of the field for 10 percent of her time—five weeks a year—to train the others.

She spends those five weeks teaching, following the others around, and generally giving them focused advice as they work to improve small, discrete sales tasks. Before any training happens, you have revenues of \$6 million ($\$1M + 10 \times \$500k$). In the first year where your best person is training, she brings in only \$900,000 because she's teaching instead of selling 10 percent of the time. But if she can improve the other people by just 10 percent, they'll each sell \$550,000, and your total firm revenues will now be \$6.4 million.

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Training is, quite simply, one of the highest-leverage activities a manager can perform. Consider for a moment the possibility of your putting on a series of four lectures for members of your department. Let's count on three hours of preparation for each hour of course time—twelve hours of work in total. Say that you have ten students in your class. Next year they will work a total of about twenty thousand hours for your organization. If your training results in a 1 percent improvement in your subordinates' performance, your company will gain the equivalent of two hundred hours of work as the result of the expenditure of your twelve hours.¹⁴⁶

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It is generally far better to learn from people who are doing the work today, who can answer deeper questions and draw on current, real-life examples. They understand your context better, they are always available to provide immediate feedback, and they are mostly free.

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Having Googlers coach one another not only saves money (I've been told that some external coaches charge \$300 per hour or more), but also creates a much more intimate community. As Becky puts it, "You can automate a lot of things, but you can't automate relationships." Becky still coaches 150 people each year, and reports that people often stop her in the halls to tell her, "I would not still be at Google if not for the Guru I spoke to."

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At a global meeting of our development team, one of our sales trainers asked if they would be getting more resources. I told her: You won't. Demand for what you can do will always outstrip what you can deliver, because you're doing something that helps people learn and makes them better. You'll always want to do more, since you're a thoughtful, conscientious person. So you'll always be a bit frustrated that you can't do more. Worse, Googlers will always want more from you. Even worse than that, as we grow you'll need to stop doing things that you and your Googlers love, because there will be other, more important things you need to do. You are a precious resource. Our challenge is to figure out together how to help our Googlers teach themselves.

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came up with a model that prescribed four levels of measurement in learning programs: reaction, learning, behavior, and results. Kirkpatrick's model shares a property of many brilliant ideas: Once it's explained to you, it seems obvious.

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He went on to explain that it's a constant trade-off between being engaging and imparting knowledge. Stories key into a human hunger for narrative, rooted in wisdom that's passed from generation to generation through myths and folklore. They are an essential part of effective teaching.

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Kirkpatrick's third level of assessment—behavior—is where his framework becomes powerful. He asks to what extent participants changed their behavior as a result of the training.

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Start by deciding what your training is supposed to achieve. Let's imagine it's higher sales. Divide your team or organization into two groups, making them as similar as possible. That's hard to do outside of a lab, but at least eliminate obvious differences by having comparable geography, product mix, gender mix, years of experience, and so on. One group then becomes your control group, meaning that nothing changes for them. No classes, no training, no special attention. The second group is your experimental group, and they go through your training. Then you wait.

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A thoughtfully designed experiment, and the patience to wait for and measure the results, will reveal reality to you. Your training program may work, or it may not. The only way to know for sure is to try it on one group and compare it to another group.

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Frank Oppenheimer, the younger brother of noted physicist J. Robert Oppenheimer, purportedly said that "the best way to learn is to teach."¹⁵⁸ He was right. Because to teach well, you really have to think about your content. You need mastery of your subject and an elegant way to convey it to someone else.

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WORK RULES...FOR BUILDING A LEARNING INSTITUTION Engage in deliberate practice: Break lessons down into small, digestible pieces with clear feedback and do them again and again. Have your best people teach. Invest only in courses that you can prove change people's behavior.

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“Work hard, but don’t show off.”

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“It became a point of pride and a point of design intent to not throw lots of distractions at you. Our job was to get you from here to there as laser-fast as we could.”

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because if you’re hiring people who are better than yourself, most other people issues tend to sort themselves out.

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Despite this much-higher cost structure, and buoyed by a more affluent customer base and more big-ticket items, Costco generated \$21,805 in operating profit per hourly-paid employee compared to \$11,615 at Sam’s Club: 55 percent higher wages but 88 percent higher profit. Cascio explained that “In return for its generous wages and benefits, Costco gets one of the most loyal and productive workforces in all of retailing and... the lowest shrinkage (employee theft) figures in the industry.... Costco’s stable, productive workforce more than offsets its higher cost.”

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Fairness is when pay is commensurate with contribution. As a result, there ought to be tremendous variance in pay for individuals.

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It’s hard work to have pay ranges where someone can make two or even ten times more than someone else. But it’s much harder to watch your highest-potential and best people walk out the door.

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So, do the shortcomings of this program contradict my earlier advice to pay exceptional people exceptionally well? Actually, no. You should absolutely provide exceptional rewards. But you should do it in a way that’s just.

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The result was astounding. Despite telling us they would prefer cash over experiences, the experimental group was happier. Much happier. They thought their awards were 28 percent more fun, 28 percent more memorable, and 15 percent more thoughtful.

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And they stayed happier for a longer period of time than Googlers who received money. When resurveyed five months later, the cash recipients' levels of happiness with their awards had dropped by about 25 percent. The experimental group was even happier about the award than when they received it. The joy of money is fleeting, but memories last forever.¹⁸⁷

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"The biggest thing I learned [from working as a commercial fisherman when I was twenty-three] was that hard work doesn't always pay off. If you work on the wrong thing, it doesn't really matter how hard you work, because it's not going to make a difference."¹⁸⁸

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in which he looked at the performance of Harvard Business School graduates ten years after graduation. By and large, they got stuck in middle management, when they had all hoped to become CEOs and captains of industry. What happened? Argyris found that when they inevitably hit a roadblock, their ability to learn collapsed:

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Celebrate success with actions, not dollars.

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As Larry often says: If your goals are ambitious and crazy enough, even failure will be a pretty good achievement.

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We use our people programs to achieve three goals: efficiency, community, and innovation. Every one of our programs exists to further at least one of these goals, and often more than one.

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Ronald Burt, a sociologist at the University of Chicago, has shown that innovation tends to occur in the structural holes between social groups. These could be the gaps between business functional units, teams that tend not to interact, or even the quiet person at the end of the conference table who never says anything. Burt has a delicious way of putting it: "People who stand near the holes in a social structure are at higher risk of having good ideas."¹⁹⁶

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Burt explains: "The usual image of creativity is that it's some sort of genetic gift, some heroic act.... But creativity is an import-export game. It's not a creation game.... Tracing the origin of

an idea is an interesting academic exercise, but it's largely irrelevant.... The trick is, can you get an idea which is mundane and well known in one place to another place where people would get value out of it."

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Find ways to say yes. Employees will reward you by making your workplace more vibrant, fun, and productive.

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As they explain, "Your eyes can make out fine detail only in a keyhole-sized circle at the very center of your gaze covering one-tenth of one percent of your retina.... [Y]our vision is ninety-nine point nine percent garbage." But it doesn't feel that way because of saccades: rapid, intermittent movements of your eyes as they flit from one point to another. Your brain "edits out the motion blurs" and creates the illusion of continuous reality.²⁰⁵

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In other words, nudges are about influencing choice, not dictating it. Some argue that nudges are unethical, forcing people into choices they would not otherwise make or want.

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One could argue that all management is an attempt to get people to be more productive, though I'll grant you that increasing happiness is not a universal management goal (although it should be—it works). Are nudges in the office completely different from a bonus plan that dictates how much a salesperson must sell?

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But nudges don't need to be secret. At Google we believe in transparency as one of our cultural cornerstones. We typically don't tell Googlers about our experiments as they are running, since that can change their behavior. After the experiment, however, we share what we found and how we intend to go forward.

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Even the gentlest of reminders can make a difference. A nudge doesn't have to be expensive or elaborate. It only needs to be timely, relevant, and simple to put into action.

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It reduces cognitive load if we provide clear instructions rather than asking them to invent practices from scratch or internalize a new behavior, and this lowers the chance that an extra step might discourage them from taking action.

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He mentioned research that shows the simple act of making decisions degrades one's ability to make further decisions. It's why shopping is so exhausting. 'You need to focus your decision-making energy. You need to routinize yourself. You can't be going through the day distracted by trivia.' "221

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As an experiment, we added a fifteen-minute segment to Noogler orientation for some people that explained the benefits of being proactive, provided five specific actions Nooglers could take to find the things they needed, and reiterated how this behavior fits with Google's entrepreneurial mindset: Ask questions, lots of questions! Schedule regular 1:1s with your manager. Get to know your team. Actively solicit feedback—don't wait for it! Accept the challenge (i.e., take risks and don't be afraid to fail... other Googlers will support you). Two weeks later, they received a follow-up email reminding them of the five actions. Again, this doesn't look like rocket science, does it?

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I was skeptical when I read this because it seemed too obvious. The secret to being wealthy is just to save more money while you're young? And yet, even at the lowest income levels, some people were able to amass disproportionate wealth even when researchers controlled for the effects of the random financial triumphs and tragedies that beset us all.

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Which means that very small differences in available information can significantly change people's behavior.

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In 2009, the more than five thousand Googlers who had not yet contributed the maximum and were not on track to do so received an email noting their year-to-date 401(k) contributions and one of four messages: A basic reminder about the 401(k) program, which was our control for the study The same as (1), but with an illustrative 1 percent increase The same as (1), but with an illustrative 10 percent increase The same as (1), but with a reminder that they could contribute up to 60 percent of their income in any pay period to help them catch up What we didn't expect was that every one of these emails would trigger a reaction. Twenty-seven percent of Googlers receiving an email changed their contribution rates, and the average savings rate increased to 11.5 percent from 8.7 percent, regardless of which email someone received. Assuming an 8 percent annual return, this one year of contribution will add a total of \$32 million to these Googlers' retirement funds. Assuming they continue at Google and keep contributing at that rate each year, every one of these Googlers will retire with an additional \$262,000 in their 401(k)s. Even better, the people with the lowest savings rates increased the most, averaging a 60 percent higher increase than those in the control group. As one Googler wrote, "Thank you! I

had no idea I was putting so little away!” Each year since, we have continued to send out nudges, constantly tweaking them to further increase Googler savings. And each year, Googlers save more. The nudge itself is cheap, though it results in greater expenditures for us as we continue to match retirement contributions. That said, it’s money I’m delighted to spend.

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These interventions together suggest that increasing savings, and better preparing individuals for retirement, is well within reach of most organizations. All it takes is a little nudge.

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Our goal is to nudge in a direction that Googlers would agree makes their lives better, not by taking away choice but by making it easier to make good choices.

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It was a superb firm and training ground. But that moment stayed with me because in an environment with such a focus on values, even the slightest perceived compromises are felt disproportionately by people in the organization.

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The test of the company, and of the management style I’m advocating in this book, is not whether it delivers perfection. It’s whether we stay true to our values and continue to do the right thing even when tested.

Page: 325

Each time we make changes to Google’s performance management system, two truths become self-evident: No one likes the system. No one likes the proposed change to the current system.

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The key to balancing individual freedom with overall direction is to be transparent.

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I realized that these kinds of enormous, brawling, wildly inconclusive debates are part of a culture of transparency and voice. Not every problem can be resolved with data. Reasonable people can look at the same set of facts and disagree, particularly where values are concerned.

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But unlike other environments I’ve seen, we recognize that our aspirations will always exceed our grasp. It’s why achieving 70 percent of our OKRs each quarter is pretty good.

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Other leaders will prove to be made of sterner stuff. Those of you who, in the face of fear and failure, persevere and hold true to your principles, who interpose yourselves between the forces and faces buffeting the organization, will mold the soul of the institution with your words and deeds. And these will be the organizations that people will want to be a part of.

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That level of attention carries with it responsibility. Our failures are more public, and since we're run by regular, fallible people, we have the same feet of clay as anyone else. We strive to apologize for and fix any mistakes. Our insights are also more public, and when we discover something, it creates an opportunity to share it with a much wider audience than we perhaps deserve.

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You either believe people are fundamentally good or you don't. If you do believe they're good, then as an entrepreneur, team member, team leader, manager, or CEO, you should act in a way that's consistent with your beliefs. If people are good, they should be free.

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The heart of this book is my belief that you can choose what type of organization you want to create, and I've shown you some of the tools to do so. The "low-freedom" extreme is the command-and-control organization, where employees are managed tightly, worked intensely, and discarded. The "high-freedom" extreme is based on liberty, where employees are treated with dignity and given a voice in how the company evolves.

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Both models can be very profitable, but this book presumes that the most talented people on the planet will want to be part of a freedom-driven company.

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And everyone wants their work to have purpose.

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Google organizes the world's information and makes it accessible and useful.

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But it is an error ever to compromise on hiring quality. A bad hire is toxic, not only destroying their own performance, but also dragging down the performance, morale, and energy of those

around them. If being down a person means everyone else has to work harder in the short term, just remind them of the last jerk they had to work with.

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The proof that you are hiring well is that nine out of ten new hires are better than you are. If they're not, stop hiring until you find better people. You'll move more slowly in the short term, but you'll have a much stronger team in the end.

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5. Focus on the two tails Put your best people under a microscope. Through a combination of circumstance, skill, and grit they have figured out how to excel. Identify not just your best all-around athletes, but the best specialists. Don't find the best salesperson; find the person who sells best to new accounts of a certain size. Find the person who excels at hitting golf balls at night in the rain. The more specific you can be in slicing expertise, the easier it will be to study your stars and discern why they are more successful than others.

Blue highlight | Page: 344

One of the best ways to learn a skill is to teach it.

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Ninety percent or more of the value on your teams comes from the top 10 percent. As a result, your best people are worth far more than your average people. They might be worth 50 percent more than your average people or fifty times more, but they are absolutely worth more. Make sure they feel it. Even if you don't have the financial resources to provide huge differences in pay, providing greater differences will mean something.

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I'm belaboring the point, but people tend not to change their savings rate. Figure out what percent of your income you save today, and then save a little bit more from now on. It is never easy. It is always worth it.

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you can still be a founder by choosing how you interact with those around you, how you design your workspace, and how you lead. In doing so, you'll help create a place that will attract the most talented people on the planet.

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If you believe people are good, then live your beliefs through your work.

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I picked the graphic of blood cells to illustrate “HR that just works” to underscore the point that our programs are as ubiquitous, and need to be as reliable, as the body’s circulatory system. We must deliver the basics, flawlessly, every time. No errors in offer letters or bonuses, every job filled on time with a great candidate, smooth and fair promotion processes, speedy resolution of employee concerns, and so on. This level of consistent, high quality in all our operations was how we would earn the right to do more.

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And then, when we run that process next time, the first conversation the compensation team has with Google’s leadership team starts with, “Here’s what we agreed to last time, and here’s what we did. Here’s the things you told us to do that we will not do, and here’s why. And now, let’s proceed.”

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Mass customization, the second step on the path to nirvana, was a departure from our past approach. The notion of mass customization comes from author Stan Davis, who wrote a book called Future Perfect in 1987, describing a world where companies will produce goods and services to meet individual customers’ needs with near-mass production efficiency. And that’s what we try to do. The visual metaphor was a forest: every plant unique in size and shape, but nevertheless having more in common with the others than not.

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If you’re an HR practitioner, you must constantly ask yourself whether the principle underpinning each rule is relevant to the case at hand, and fearlessly abandon practice and policy when the situation merits it.

Page: 355

People are happy when you give them what they ask for. People are delighted when you anticipate what they didn’t think to ask for. It’s proof that they’re wholly visible to you as people, not just as workers from whom you’re trying to squeeze productivity.

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As you think about creating your own french fry moments, keep in mind that they are thankless. You rarely get praised for avoiding a problem.

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Prasad Setty describes the evolution of analytics as moving from description to analysis and insight to prediction, using employee attrition as an illustration.

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So step one, and it's a big step, is agreeing on a common set of definitions for all people data.

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For new salespeople, once you hold constant the effects of performance, pay, and employee level, the big factor that causes retention to drop is lack of promotion. In fact, someone who is not promoted after sixteen quarters is all but guaranteed to quit.

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Be open to crazy ideas. Find some way to say yes. The ultimate source of innovation for us is Googlers across the company.

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Like "HR that just works," running your HR department or team with the same standards of clear objectives, continuous improvement, and reliability that are used in the rest of your company will make your organization credible and trusted.

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By applying our three-thirds model, we recruit a portfolio of capabilities: HR people teach us about influencing and recognizing patterns in people and organizations; the consultants improve our understanding of the business and the level of our problem solving; the analytics people raise the quality of everything we do. There is little in this book that we could have accomplished without this combination of talent. In the HR profession, it is an error to hire only HR people.

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I once had a Googler ask me, "If we tell everyone all our people secrets, won't they copy us? Won't we lose our advantage?" I told him it wouldn't hurt us. "Getting better at recruiting, for example, doesn't mean that you'll hire more people. It means that you'll get better at identifying which people will be more successful in your company. We want the people who will perform their best here, not the ones who will perform better elsewhere."