

INTUIT CEO SPEAKS

BRAD SMITH HAS BEEN THE CEO of Intuit, the personal-finance software company, since 2008. He is only the third CEO Intuit has had since it was founded in 1983. Intuit's stock has quintupled under Smith's leadership. The following Q&A is edited from a conversation I had with Smith on March 24, 2017, at Intuit's headquarters in Mountain View, California.

Rich Karlgaard: How does a midsize (\$5 billion in sales), middle-aged (34-year-old) tech company like Intuit stay fresh?

Brad Smith: Our management style is rapid experimentation. You identify a hypothesis about customer needs and then run a rapid experiment. Then you offer proof why Intuit should invest in the outcome. We fund projects on 90-day experiments.

Q Employees become territorial and defensive as companies get larger. How do you guard against that?

One thing we do is use speed and transparency to knock down fences. We often consult with [retired four-star] General Stanley McChrystal, who was head of the Joint Strategic Operations Command and who wrote a great book, *Team of Teams*. He's consulted with us for several years. We've changed all of our company staff meetings and operating mechanisms to run more like Stan's did. Shared consciousness is when we broadcast live to everybody so they all hear the same information at the same time and are empowered to act. We just spent the last three days at our most recent leadership conference talking about speed as a habit. The second thing we do is reward the right things. Employees who win Intuit Innovation Awards get 50 percent time, which means that for six months they can either use 50 percent of their time to work on the project of their choice, or they can take three months off to get their project out to market. They get to work on what makes their hearts beat really fast.

Q Success can breed insularity.

That's why we study other successful companies. I've shadowed Sheryl Sandberg at Facebook and Andy Jassy at Amazon Web Services. We had Satya Nadella come to speak yesterday on how he's leading transformation at Microsoft.



Q What has shadowing other companies taught you?

First: Use small teams that are cross-functional in nature. And by small, I really mean small. It's the Amazon rule—no bigger than two pizzas can feed. Second: The customer breaks all ties. Third: Speed and quality are not tradeoffs. Speed forces you to focus.

Q When you think of yourself as a leader, how do you see yourself?

Our job as leaders, or as people managers, is to remove barriers that get in the way of our teams. It is to reduce the friction,

break the ties and get things out of the way so they can move fast. We put a lot of energy into that. It's basically so we can break down 8,000 people into small, mission-based teams. They know what we're trying to do; they have a common cause; and they're able to move fast.


Q Fintech. Disruptive threat to Intuit?

Scary. You can just feel it. We see about eight trends that will fundamentally shape the next 10 years for our company. I took our top 30 executives and formed them into teams of three and four and said, "Learn everything you can about these trends."

Q What are the trends?

Blockchain, AI, augmented reality, machine learning, speech and mobile are some of them. The US isn't the leader in mobile apps. We spent time in China studying Alipay and WeChat.

Q The threat of disruption cuts both ways. You can react too slowly. But companies can also overreact, squandering energy, time and capital.

It helps to look at industries outside your own, to see how companies handled disruption and change. Satya talks about this. Be intellectually curious and force yourself to look outside yourself for inspiration. So many times you'll find there are solutions that apply to your industry or problems that you wouldn't have thought about. We have a phrase we put particular emphasis on: "Fall in love with the problem, not the solution." The Toyota Production System teaches this, too. "You have to have seven ideas before you can narrow into one." 

Rich Karlgaard is the publisher at Forbes



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