



The following information contains Tom's personal notes and opinions/ key takeaways that he gained whilst reading 'What You Do Is Who You Are', and also valued statements and examples that Ben Horowitz has used in his writing.

NOTES – WHAT YOU DO IS WHO YOU ARE – BEN HOROWITZ

Ben Horowitz, a leading venture capitalist and combines lessons both from history and from modern organizational practice with practical and often surprising advice to help business leaders build cultures that can weather both good and bad times.

To Horowitz, culture is how a company makes decisions. It is the set of assumptions employees use to resolve everyday problems: should I stay at the Red Roof Inn, or the Four Seasons? Should we discuss the color of this product for five minutes or thirty hours? If culture is not purposeful, it will be an accident or a mistake.

Horowitz connects historical leadership examples to modern case-studies of cultural techniques to those used by modern companies to successfully influence their culture to be in line with the direction they wish their company to head.

Who you are is not the values you list on the wall. It's not what you say in company-wide meeting. It's not your marketing campaign. It's not even what you believe. Who you are is *what you do*. This book aims to help you do the things you need to become the kind of leader you want to be—and others want to follow.

Revel in being discarded, or having all your energies exhausted in vain, only those who have endured hardship will be of use. Samurai who have never erred before will never have what it takes – Hagakure
What is culture and how can I affect mine?

Is culture dogs at work and yoga in the breakroom? – no these are perks.

Is it your corporate values? – No these are inspirations

Is it the personality and priorities of the CEO? – That helps shape the culture, but it is far from the thing itself.

We all have corporate values and a mission statement, but how many of the following questions can they accurately answer:

- Is that phone call so important I need to return it today, or can it wait until tomorrow?
- Is the quality of work on this document good enough or should I keep working on it?
- When I negotiate this deal, what's more important, the price or the partnership?
- Should I point out what my peers do wrong, or what they do right?
- Should I go home at 5pm or 6pm?
- Should we discuss this client issue for 5 minutes or thirty hours;
- If I know something is badly broken in the company, should I say something? Whom should I tell?
- Is winning more important than ethics?



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Contact
info@walshaccountants.com
Phone 07 5592 3644
www.walshaccountants.com

Address
Unit 10
The Pegasus Centre
42 Bundall Road, Bundall QLD 4217

Postal
PO Box 7826
Gold Coast MC
Bundall QLD 9726

Liability limited by a scheme approved under Professional Standards Legislation

Your culture is how your company makes decisions when the leaders are not there. It's the set of assumptions your people use to resolve problems they face every day. It is how we behave when no one is looking.

If you don't methodically set your culture then two-thirds of it will end up being accidental, and the rest will be a mistake.

Identifying the right culture for your business is hard. The culture that works for Apple would never work for Amazon. At Apple generating the most brilliant designs in the world is paramount. To reinforce this message, it spent \$5 billion on its sleek new headquarters. At Amazon Jeff Bezos famously said 'your fat margins are my opportunity'. To reinforce this message, he made the company be frugal in everything leading to its employees ten dollar desks. Both cultures work, Apple designs dramatically more beautiful products than Amazon, while Amazon's products are dramatically cheaper than Apple's. Culture is not like a mission statement; you can't just set it up and have it last forever. As conditions shift it needs to evolve. The target is always moving.

Culture isn't a magical set of rules that makes everyone behave the way we would like. It's a system of behaviours that we hope people will follow, most of the time.

We know that critics love to attack companies for having a 'broken culture' or being 'morally corrupt' but it's actually a minor miracle if a culture isn't dysfunctional. No company ever gets 100% compliance on every value, but some do much better than others. Our aim is to be better, not perfect.

A great culture does not get you a great company. If your product isn't superior or the market doesn't want it, your company will fail no matter how good the culture is.

Culture is to a company as nutrition and training are to an aspiring professional athlete. If the athlete is talented enough, he'll succeed despite relatively poor nutrition and below average training regimen. If he lacks talent, perfect nutrition and relentless training will not qualify him for the Olympics. But great nutrition and training make every athlete better.

If a great culture won't ensure success – why bother? Because, in the end the people who work for you won't remember the press releases and the awards – they may even forget the products. But they will never forget how it felt to work there, or the kind of people they became as a result.

The culture will be the glue that holds them together when things go wrong. It will be their guide to the tiny, daily decisions they make that add up to a sense of genuine purpose.

There is no one ideal culture – a culture's strengths may also be its weaknesses, and sometimes you have to break a core principle of your culture to survive. Culture is crucial, but if the company fails because you insist on cultural purity, you're doing it wrong.

Keep what works

Louverture who was born into slavery in Haiti, schooled himself in French and Roman history and led a Slave revolution ousting the French and British in 1801.

He himself had had slaves. He knew he had to elevate his fighters culture to make his army effective, but he also knew that his slave culture had great strengths and that creating a new civilisation out of whole cloth (as Lenin would later try and fail) would never succeed. People don't easily adopt new cultural norms and they simply can't absorb an entirely new system all at once.

He used two pre-existing cultural strengths to great effect. The first was the songs the slaves sang in their midnight celebrations of voodoo (he was a devout catholic who would later outlaw voodoo) but he was also a pragmatist who used his tools at hand. He used these songs as a vocal template that would be simple for long range communication and the Europeans would not understand. He also used their known guerrilla tactics to fight in the woods.

When Steve Jobs went back to Apple it had 90 days of cash reserves left. At an early meeting he asked 'what's wrong with this place' – he answered himself – 'the products – the products suck'. Integrating hardware and software had always been Apples' core strength. Apple did integration better than anyone else. Part of the magic was its ability to control the entire product, from the user interface to



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Contact
info@walshaccountants.com
Phone 07 5592 3644
www.walshaccountants.com

Address
Unit 10
The Pegasus Centre
42 Bundall Road, Bundall QLD 4217

Postal
PO Box 7826
Gold Coast MC
Bundall QLD 9726

Liability limited by a scheme approved under Professional Standards Legislation

the precise colour of the hardware. Jobs made sure he kept the people who understood this, user experience perfectionists like him.

Create Shocking rules

Creating shocking roles can be super powerful to reinforce the culture for many years. Here are the rules

1. It must be memorable – if people forget the rule, they forget the culture;
2. It must raise the questions ‘why’ – your rule should be so bizarre and shocking that everybody who hears it is compelled to ask ‘are you serious?’
3. Its cultural impact must be straightforward
4. People must encounter the rule almost daily.

Examples

Amazon – no PowerPoint presentations in meetings

To convene a meeting at Amazon you must prepare a short written document explaining the issues to be discussed and your position on them. Everyone reads silently as the meeting begins – then the discussion starts with everyone up to speed on a share set of background info.

Why – if you want to talk about something complicated, you want to load the data into people’s brains as quickly as possible so you can have intelligent, facts based conversation.

Facebook - move fast and break things

Imagine as an engineer you hear this for the first time – break things – I thought the point was to make things.

Why – well he’s telling you so that when you come up with an innovative product and you are not sure whether it’s worth destabilising the code base to push the product along, you already have your answer. Moving fast is the virtue; breaking things is the acceptable by – product.

Zuckerberg later observed that the reason the rule was so powerful was that it stated not only what Facebook wanted but what it was prepared to give up to get it.

As a result they caught up and passed Myspace – at this point the Move fast virtue became more of a liability than an asset so in 2014 they replaced it with ‘Move fast with stable infrastructure - Cultures must evolve with the mission.

Yahoo – no work from home

When Marissa Mayer become CEO of Yahoo in 2012 – she knew it had a reputation as a company whose workforce didn’t give it all. She knew that to compete with her old company Google – it would need a better effort from the team. She began by leading by example – long hours working hard. Yet she kept arriving at work to see an empty parking lot.

In 2013 she created a rule so shocking it created massive backlash – even outside the company.

During work hours – you must be at work. Nobody is allowed to work from home.

This was a tech company.

As the world exploded in anger she calmly explained her position – she had examined the virtual private networking logs of people who were working from home and was shocked to see that they hadn’t been working at all.

It is worth noting –that while she succeeded in building assiduousness back into Yahoo’s culture – she never quite turned the company around – that’s the nature of culture – it helps you do what you are doing better, but it can’t fix your strategy or thwart a dominant competitor.

General Motors

When Mary Barra took over in 2014 as CEO she wanted to dismantle the company’s powerful bureaucracy. It stifled employees and disempowered managers; rather than communicating with



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Contact
info@walshaccountants.com
Phone 07 5592 3644
www.walshaccountants.com

Address
Unit 10
The Pegasus Centre
42 Bundall Road, Bundall QLD 4217

Postal
PO Box 7826
Gold Coast MC
Bundall QLD 9726

Liability limited by a scheme approved under Professional Standards Legislation

employees and giving guidance, the managers relied in the extensive system of rules to do the job for them. The ten page dress code was the worst example.

To shock the system and change culture she reduced 10 pages to 2 words

Dress appropriately

The HR department started arguing saying that they needed specific like – don't wear t shirts that say inappropriate things or statements that could be misinterpreted.

Bara was perplexed – what does inappropriate in the context of a T-shirt even mean?

She stuck with the 2 words, then an executive emailed her and said that it wouldn't work as occasionally some people on his team had to meet with Government officials on short notice and needed to be dressed appropriately for that – she told him to talk to his team and find a solution - he did – the people who occasionally met with Gov officials will keep a pair of dress pants and Jacket in the lockers – problem solved.

Create stories around values

Netscape – disagree and commit – Commit to what your idea or mine?

CEO said this:

We have three rules here at Netscape:

The first rule is if you see a snake, don't call committee, don't call your buddies, don't form a team, don't get a meeting together – just kill the snake

The second rule is don't go back and play with dead snakes – too many people waste too much time on decisions that have already been made.

The third rule of snakes is; all opportunities start out looking like snakes.

Shaka Senghor (Prison gang leader)

Two lessons jump out from Senghor's experience

1. Your own experience on the culture is not that relevant. Your view or your executive's view of the culture is rarely what your employee's experience. When Senghor saw a prisoner stabbed and killed in the library so callously – he got the culture and it transformed him. The question is what must employees do to survive and succeed in your company. What behaviours get them included or excluded from the power base – what gets them ahead?
2. You must start from first principles – every eco system has a default culture – don't just blindly adopt it. Such as casual dress for IT – Intel created this to promote meritocracy – many companies adopt the dress code without realising the purpose that underpinned it. If you are in fast food – Intel's culture is unlikely to work for you.

Change the culture through constant contact

CEO had a cash collections problem and couldn't get her team to care enough about it.

CEO – I am really worried about cash collections. We use this outsourced finance firm and they don't care. We have a low cash balance and we got surprised last month. A couple of more surprises and we are in deep trouble.

Ben – is there a team on it – how much do you need to collect this month?

CEO – Yes, and its\$1.1m

Ben – if you have a crises situation and you need the team to execute, meet with them every day and even twice a day if needed. That will show this is a top priority. At the beginning you as 'Where is the money' they will start making excuses like blah was supposed to call but didn't, the system didn't tell me then right thing. Those excuses are the key, because they are the knowledge you are missing. Once you know that the exclude is that 'Fred didn't answer my email' you can deal with Fred and then the



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Contact
info@walshaccountants.com
Phone 07 5592 3644
www.walshaccountants.com

Address
Unit 10
The Pegasus Centre
42 Bundall Road, Bundall QLD 4217

Postal
PO Box 7826
Gold Coast MC
Bundall QLD 9726

Liability limited by a scheme approved under Professional Standards Legislation

person complaining will be able to have more persistent, the meetings will start out long , but by two weeks later they' be short.

Once they feel the urgency.

Mustering inclusion

People who come from different backgrounds and cultures bring different skills, different communication styles, and different mores to the organisation.

When testing for helpfulness – women score higher (though there are helpful men too)

If you wanted to test or assess candidate for helpfulness where would you look? Start with those who do volunteer work, which helpful people naturally like to do.

Ability to create a relationship – African – Americans score higher,

All cultures are aspirational. In a company of any significant size there will always be violations. The point is not to be perfect just better than you were yesterday.

As Leader, be mindful of your own personality and counterprogram the culture against your own inclination in 2 ways

1. Surround yourself with people who have the opposite personality traits
2. Make rules to help manage yourself

For younger leader – written feedback has more impact than verbal.

When Jeff Bezos created Amazon's long term strategy a key element was a lower cost structure – so a cultural attentiveness to frugality made perfect sense.

For Apple – a company whose strategy depended on building the most beautiful, perfectly designed products in the world, frugality would have been counterproductive.

If you want to create a strategic advantage by being the fastest innovating company in the world then Facebook's original motto – move fast and break things makes perfect sense.

If you are Airbus, making planes – it might not be such a good idea.

Pick the virtues that will help you company accomplish its mission.

Subcultures

When you ask an n engineer a question – their instinct is to answer with great precision.

When you ask a salesperson – they'll try and figure out why you are asking?

When a customer asks ' do you have feature x'? a good engineer will always answer yes or no, a good sales person will ask themselves why are they asking about that – which competitor has that feature – they will replay something like ' why do you think feature x is important'?

Great salespeople are more like boxers – they may enjoy what they do, but no one sells software on the weekend for fun. Like prize fighting, selling is done for the money and the competition. Greta sales cultures are competitive, aggressive and highly compensated – but only for results.

CEO of Slack, orientated his culture around the type of people he wanted and things improved dramatically: He looked for 4 things

1. Smart – not high IQ – but disposed towards learning and adopting best practice. If they could turn as much as possible into routine so then focus on the few things that require human intellect and creativity. They would ask
 - a. Tell me something you learned about how to do your last job better:
 - b. What's something you have automated:
 - c. What a process you have had to tear down as a company?



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Contact
info@walshaccountants.com
Phone 07 5592 3644
www.walshaccountants.com

Address
Unit 10
The Pegasus Centre
42 Bundall Road, Bundall QLD 4217

Postal
PO Box 7826
Gold Coast MC
Bundall QLD 9726

Liability limited by a scheme approved under Professional Standards Legislation

2. Humble – not meek or unambitious – but humble like Steph Curry if you are humble people want you to succeed. If you're selfish they want you to fail. It also gives you the ability to be self-aware.
3. Hardworking – doesn't mean long hours. But means disciplined, competitive, determined, resourceful, resilient and gritty.
4. Collaborative – not submissive – leadership everywhere. Collaborative people know that success is limited by the worst performer.
 - a. Tell me about a situation in your last company where something was substandard and you had to fix it?

How to tell if your culture is messed up

Is hard – it would be easy if you could trust your employees to tell you, but

1. They would need the courage
2. The person complaining would need to be a good cultural fit or the complaint might actually be a compliment (i.e. your culture is working and the complainer doesn't like it)
3. Most complaints about culture are too abstract to be useful

The most common complaints like 'our culture is broken' or 'we are not living up to our culture' – may be true but doesn't tell you anything.

So how do you know if you are off track?

1. The wrong people are quitting too often – those who you think fit the culture you want
2. You are failing at your top priorities – customer service falling down
3. An employee does something that truly shocks you

Culture Breakers

The Heretic

Every company needs lots of smart, super engaged people who can identify weaknesses and improve them. But some employees look for faults not so they can fix them, but so they can build a case – so then people are much more likely to listen to them. He will encourage people to question every management decision and break trust.

Why would a smart person try to destroy the company he works for?

- He is disempowered – not able to access people in charge - so complains
- He is fundamentally a rebel – these people often actually make better CEO's
- He is immature and naïve – he cannot believe the people running the company do not know every minute detail of operations.

Dealing with layoffs and restructures

1. State the facts clearly – we have to lay off 30 people because we are four million dollars short of projections
2. If your leadership caused or contributed to the setbacks that necessitated the layoff – cop that. What was the thinking that led you to expand the company faster than you should have? What did you learn that will prevent you from making the same mistake again?
3. Explain why taking the action you're taking is essential to the larger mission and how important that mission is.



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Contact
info@walshaccountants.com
Phone 07 5592 3644
www.walshaccountants.com

Address
Unit 10
The Pegasus Centre
42 Bundall Road, Bundall QLD 4217

Postal
PO Box 7826
Gold Coast MC
Bundall QLD 9726

Liability limited by a scheme approved under Professional Standards Legislation

Openness to Bad news

If you manage a large business you can be sure that at any given moment, something somewhere has gone terribly wrong. Some of your managers know of the brewing disaster, but for the reasons below they haven't told you – even though the mess is only going to grow the longer it stays hidden.

How do you build a culture that enables you to discover these problems sooner rather than later?

Reasons employees don't naturally tend to volunteer bad news:

1. It seems to conflict with an ownership culture. – Don't bring me a problem without a solution - this encourages ownership and responsibility but it has a dark side – what if you know of a problem but can't solve it? What if you are an engineer who see a fundamental weakness but doesn't have the expertise or authority to fix it?
2. The company's long term goals may not align with an employee's short term incentives. Bonus to ship a product this quarter might have a bonus attached but product has some flaws.
3. Nobody likes to get yelled at – if you know about a problem, there is a reasonable chance that you caused it and have no idea how to fix it. Revealing it means guilt – who likes that?

How do you build a culture that airs problems, without diluting the virtues of ownership and empowerment – and without making everyone feel defeated or encourage a culture of whining?

- Encourage bad news -isn't it great we found this before it killed us or this is going to make the company stronger once we solve it. People take their cues from the leader.
- Focus on issues, not people – find the root cause and fix the underlying issue – usually a communication or prioritization issue
- Look for bad news in the regular course of business. Is there anything that's preventing you from getting your job done?

Final thoughts

Your goal is to have the best possible culture for your company, so it stays aimed at target.

If you want people to treat every corporate nickel like it's their own then having them stay at the Red Roof Inn sends a better cultural signal than having them stay at the Four Seasons – but if you want them to have the confidence to ask for a \$5 million order, the opposite might be true. If you don't know what you want – there's no chance you will get it.

Culture begins with deciding what you value most, then you must help everyone in your organisation practice behaviours that reflect those virtues.

