

Google and Innovation: What Every Organization Can Learn!

Facilitated by Jeff De Cagna

Chief Strategist and Founder, Principled Innovation LLC

April 18, 2005 • Phoenix, Arizona

Many thanks to my hosts!



Special thanks to Cheryl Deem, Margarita Passero and the ASTA staff for all of their fine assistance!

**Innovation distinguishes
between a leader and a follower.**

– Steve Jobs

**By the way, Apple is now the
#1 global brand, edging out Google.**

“Managers are not paid to make the inevitable happen. In most organizations, the ordinary routines of business chug along without much managerial oversight.

The job of managers, therefore, is to make the business do more than chug – to move it forward in innovative, surprising ways.”

– Heike Bruch and Sumantra Ghoshal

**“Beware the Busy Manager”
*Harvard Business Review (2/02)***



**My company's
growth depends
on innovation.**

BCG Innovation Survey (12/04)

(500 senior executives in 47 countries and all major industries)

- 73 percent of companies worldwide will **increase spending on innovation in 2005**, up from 64 percent in 2004.
- 67 percent of executives ranked innovation as one of their company's **top three strategic priorities for 2005**.
- On average, executives said that their companies plan to **boost spending on innovation by 15 percent in 2005**.
- More than 90 percent said that generating growth through innovation has become **essential for success in their industry**.



**What are the most
significant obstacles
to innovation in your
company?**

The four biggest obstacles

(Adapted from Gary Hamel)

Cognitive

The inability to escape denial and nostalgia

“Can’t see the future”

Political

The inability to move resources away from what isn’t working

“Can’t invest/afford”

Strategic

The inability to develop new strategic options

“Can’t overcome CW”

Ideological

The inability to get beyond optimization

“Can’t question what we do”

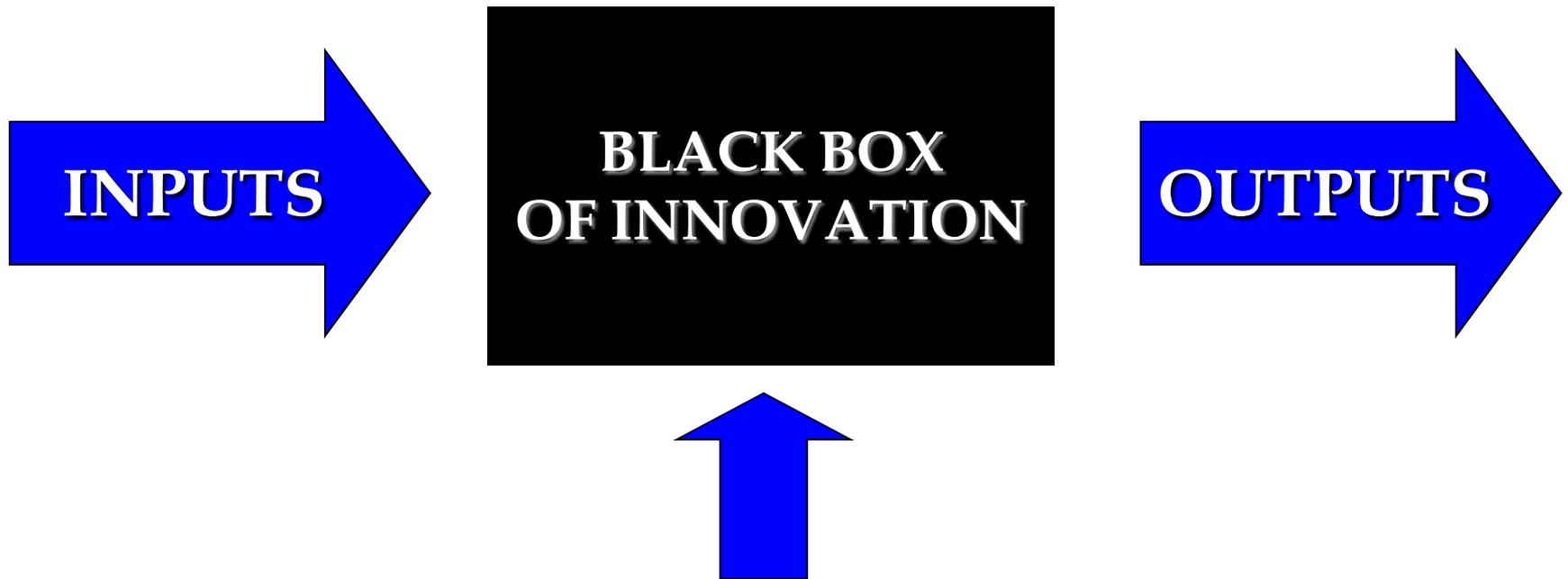
How do you define innovation?

What does it mean to you and to your company?

*Innovation lives in the careful balance
of **systemic freedom** and **systemic
discipline** necessary for discovering and
developing ideas to create new value.*

**What I'm really talking about
is innovation democracy!**

Considering innovation democracy



What happens inside here?

Innovation democracy at Google

“Google has no strategic-planning department. CEO Eric Schmidt hasn't decreed which technologies his engineers should dabble in or which products they must deliver. **Innovation at Google is as democratic as the search technology itself.** The more popular an idea, the more traction it wins, and the better its chances.”

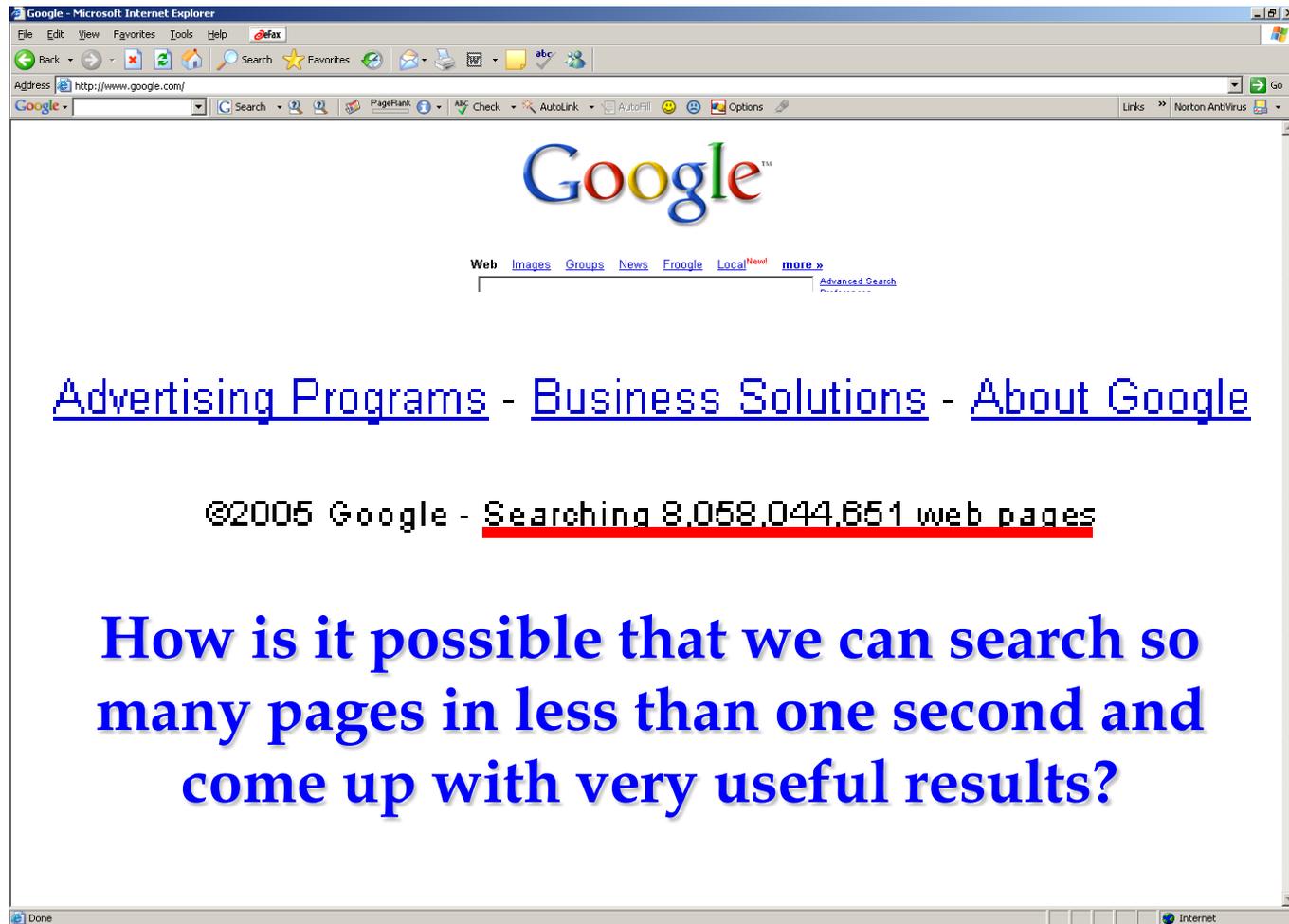
– Keith H. Hammonds

“How Google Grows...and Grows...and Grows”

Fast Company (4/03)



Why Google?



Advertising Programs - Business Solutions - About Google

©2005 Google - Searching 8,058,044,651 web pages

How is it possible that we can search so many pages in less than one second and come up with very useful results?

Google stars on Sex in the City

Posted Jan 5, 2004, 11:03 AM ET by Ja

Did anyone see that *Sex in the City* last around Google? They even took the time of fake search results for Carrie's love in Google paid for that? I'm sure they had t Anyone know of any other mentions of C or film?

[Read](#) 

BBC NEWS WORLD EDITION

Last Updated: Tuesday, 19 October, 2004, 08:40 GMT 09:40 UK

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Google 'saved' Australian hostage

An Australian journalist kidnapped in Iraq was freed after his captors checked the popular internet search engine Google to confirm his identity.



John Martinkus was working for Australia's SBS Television

John Martinkus was seized in Baghdad on Saturday, the first Australian held hostage in Iraq since the US-led invasion.

But his captors agreed to release him after they were convinced he was not working for the CIA or a US contractor.

He was reported to be making his way home to Australia on Tuesday.

His executive producer at Australia's SBS network, Mike Carey, said Google probably saved freelance journalist Martinkus.

"They Googled him and then went onto a web site - either his own or his book publisher's web site, I don't know which one - and saw that he was who he was, and that was instrumental in letting him go, I think, or swinging their decision," he told AP news agency.



"The One"

[The Whack Stack](#)

[Record Your Whack!](#)

[GW H](#)

Googlewhacks are in [The Whack Stack](#)... or see

..., so I coined a richly meaningful name: **Googlewhack**

ry (two words - no quote marks) with a single, solid

See how the [Googlewhack craze began](#), or [record](#)

anks to Googlewhackers for discovering the [Goog](#)

arting on our second anniversary, we tracked [Goog](#)

12-25: The multifariou, mysteriou [Crisis in Suffixe](#)



**What do you like
best about Google?**

**What do you dislike
about Google?**

The Google Timeline: Part I



**Sergey Brin and
Larry Page met at
Stanford in 1995.**



1996

Yahoo! is the dominant search engine on the Web; project that became Google begins

1997

Sergey and Larry continue to perfect the PageRank search technology

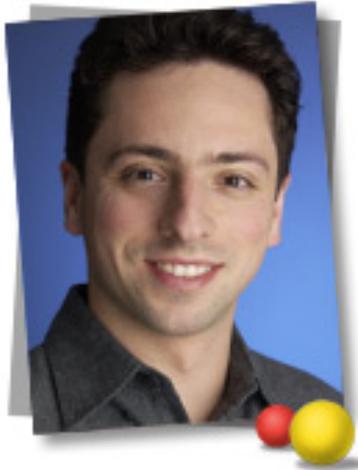
1998

Google, Inc. founded (9/98); Named one Top 100 sites of the year by *PC Magazine* (12/98)

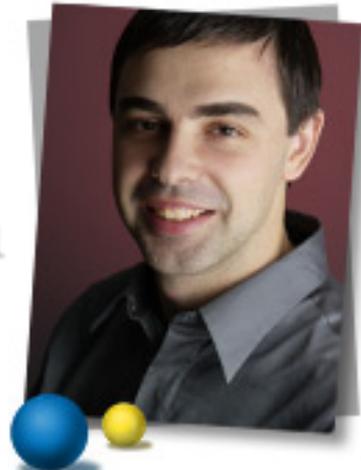
1999



The Google Timeline: Part II



**Google's first HQ
was in an house in
Menlo Park.**



1999

Google moves to 165 University Ave in Palo Alto (2/99); receives \$25M in VC funding (6/99)

2000

Google moves to Mountain View "Googleplex"; beta label removed from the site (9/99)

2001

Google search index reaches 1B pages (6/00); Google partners with Yahoo! and launches AdWords

Google launches Google Toolbar and reaches 100 million search queries per day

Google: 2001-2004

- Eric Schmidt becomes CEO (2001)
- PageRank is granted patent (2001)
- Google News beta launched (2002)
- Froogle test begins (2002)
- Google acquires Blogger (2003)
- Google AdSense program begins (2003)
- Gmail beta launched (2004)
- Google Desktop Search beta launched (2004)



Google 2005

- 3000+ employees worldwide, mostly engineers and salespeople
- 56% of Internet search referrals
- 22 worldwide offices, both sales and R&D centers
- 100+ interface languages and international domains.
- Market capitalization of about \$10 billion



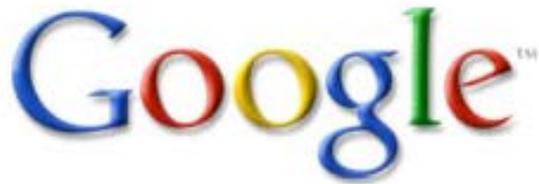
What Google is all about...

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

Google's focus at all times is on the end user. The goal is to get the end user “the right answer in exactly the right language at exactly the right time.”



How does Google make money?

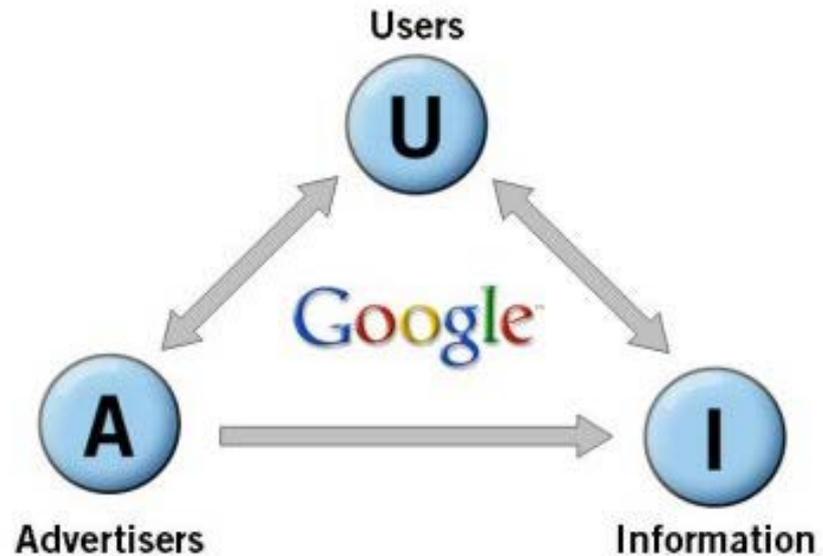


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10:00 AM PT

Navigation icons: back, forward, search, refresh, and a 'Paused' indicator.

Slide 55

The Google Architecture



Google AdWords

Google Search: associations - Microsoft Internet Explorer

Address: http://www.google.com/search?hl=en&q=associations

Google Search: associations

Web

the leading international body representing the interests of library and ...
www.ifla.org/ - 8k - [Cached](#) - [Similar pages](#)

[UIA.org](http://uia.org/)
The Union of International **Associations** (UIA) (Union des **associations** internationales (UAI) | Unión de Asociaciones Internacionales | Union der ...
www.uia.org/ - 75k - [Cached](#) - [Similar pages](#)

The [Directory of Professional, Business, Trade **Associations**](#), and ...
Directory of 501c nonprc
www.market

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[Communi](http://communi.org/)
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Eastlake Avenue East, Suite 200 Seattle, Washington 98102 ...
www.paralegals.org/index.cfm - 40k - Mar 10, 2005 - [Cached](#) - [Similar pages](#)

[United States Postal Service - City, State, ZIP Code **Associations**](#)
Back to the United States Postal Service Website, City/State/ZIP Code **Associations**. City and State. To locate associated ZIP Codes, enter ...
www.usps.com/ncsc/lookups/lookup_ctystzip.html - 3k - Mar 10, 2005 - [Cached](#) - [Similar pages](#)

http://froogle.google.com/froogle?q=associations&hl=en&lr=&sa=N&ab=wf

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[Directory of Associations](#)

Marketing database of 35,000 **associations** and non-profits
marketingsource.com

[Software for Associations](#)

Custom Association Relationship Mgmt software. Manage events & more
www.quateams.com

[Associations](#)

Great deals on **Associations**
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www.eBay.com

[Association Info](#)

Get Relevant Info For Association
From 14 Search Engines in 1
www.info.com

[Get Unorthodox](#)

Associations Unorthodox is the 1st podcast for association leaders!
www.associationsunorthodox.com

[Conference Organisers](#)

Conferences, Exhibitions, Meetings
Seminars and Special Events
www.conferenceconsultants.com.au

[Wife Is Wearing a size 6](#)

She Lost 40 Lbs in 2 Months
All Natural Metabolism Booster
www.azdiet.com

Google AdSense

This screenshot shows the PetPlace.com website. The page features a navigation menu on the left, a main content area with various articles and guides, and several AdSense advertisements. The ads are for pet supplies, including discounted pet supplies, pet supplies at low prices, high tech pet products, and pet supplies shipped free. The ads are integrated into the website's layout, appearing as part of the content.

Ads by Google

Discounted Pet Supplies
Toys for dogs & cats, treats, coats, toothpaste, Frontline, & more
www.pup-n-stuff.com

Pet Supplies
Great Selection at Low Prices. Fast Shipping Available-Order Now!
www.dicksportingoods.com

High Tech Pet Products
24 Hour Sale! Pet Doors, Training, Bark Collars, Invisible Fences
hightechpet.com

Pet Supplies Shipped Free
Dog, cat, rabbit, ferret & more Large selection to meet your needs
www.petstorecentral.com

AdSense for Content

This screenshot shows a search results page for the query 'dvd'. The page features a search bar at the top, a list of search results, and several AdSense advertisements. The ads are for DVD-related products, including discounted DVD prices, DVD FAQs, DVD Empire, and Anime on DVD. The ads are integrated into the search results, appearing as part of the content.

Ads by Google

Your Searched DVD for £7
www.dvd4you.co.uk LOTR 3, Paycheck, 21 Grams, Cat In A Hat, Monster, Big Fish, Try Us!

49¢ DVDs - Columbia House
www.couponsanddeals.com 5 DVD for 49¢ ea. at Columbia House Huge Selection and More. Affiliate.

DVDs Discount Superstore
www.kazbooks.com Low Prices, Huge Selection in Stock: Movies, Music, Games. Free Shipping

Columbia House DVD Club
www.ColumbiaHouse.com Join now and receive 7 DVDs of your choice starting at 49¢ each.

DVD FAQ
The official DVD FAQ (Frequently Asked Questions about DVD) of the Internet DVD newsgroups. The most comprehensive source of DVD ...
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www.dvtemple.com/ - May 31, 2004 - Similar pages

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www.animeondvd.com/ - May 31, 2004 - Similar pages

AdSense for Search

Google Partner Network



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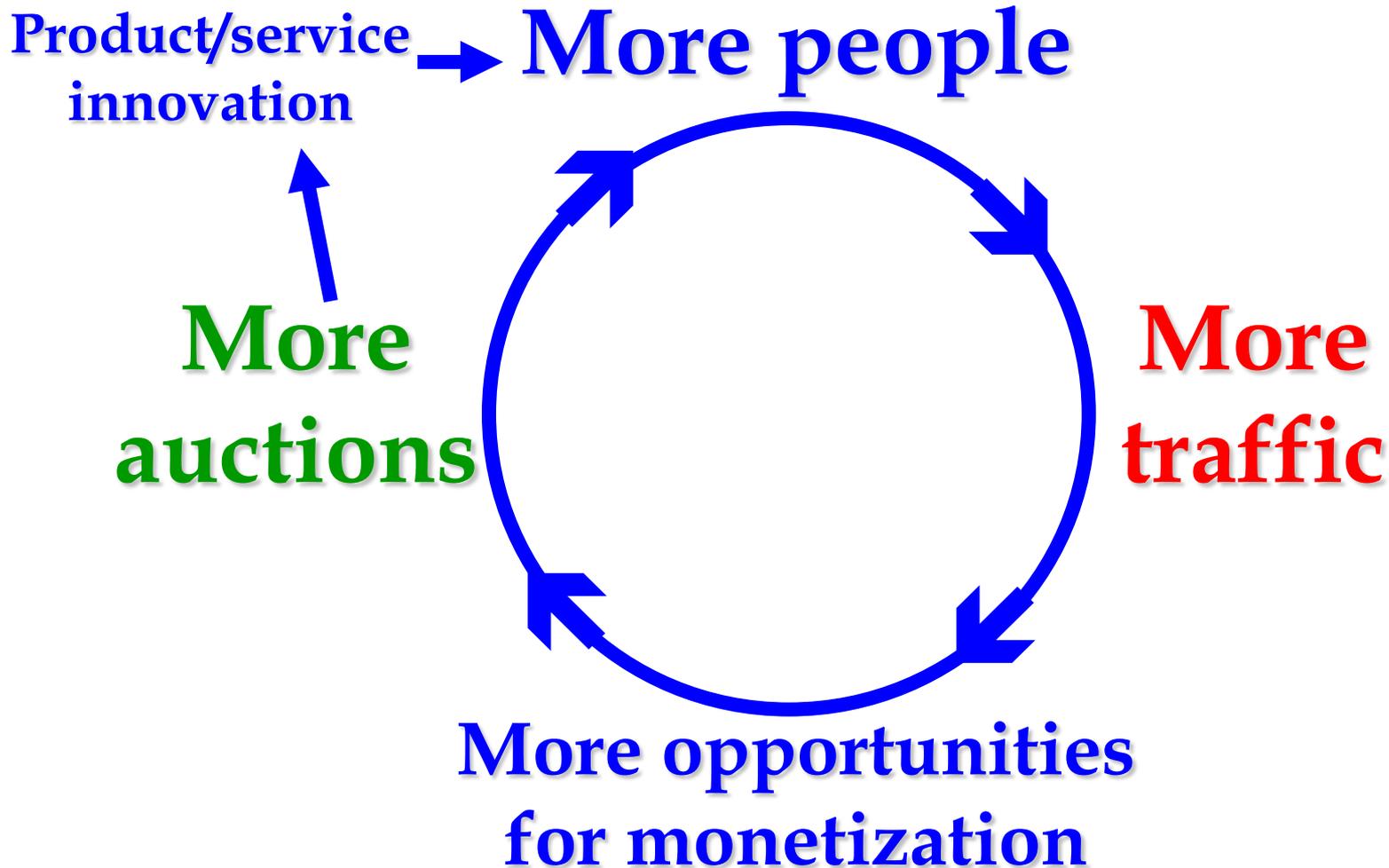
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Our Expanding Partner Network



Google's Virtuous Cycle



Google's Long Tail Strategy



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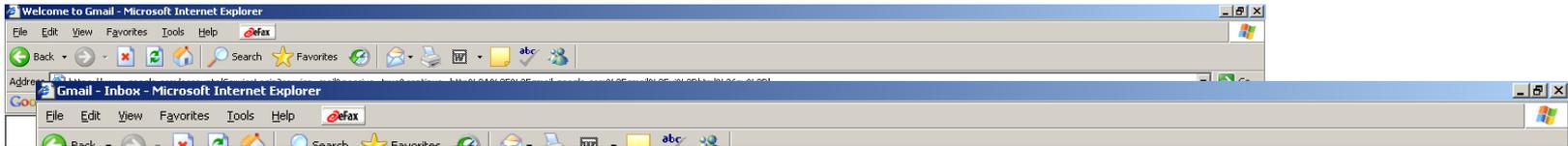
◀ Slide 10 ▼ ▶



Long Tail defeats the 80-20 "rule."

**What can your company
learn from Google's
"Long Tail" strategy?**

Using technology to learn



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- How to write compelling ads and choose effective keywords.
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Why does Google love beta?

- The product/service truly isn't ready for primetime; chance to get user feedback.
- Google has not figured out how to monetize it or it is still experimenting with it.
- Google isn't quite ready to bring it out formally because it may be part of a still developing business strategy.



Don't be evil.

“Don't be evil. We believe strongly that in the long term, we will be better served – as shareholders and in all other ways – by a company that does good things for the world even if we forgo some short term gains. This is an important aspect of our culture and is broadly shared within the company.”

**– Sergey Brin and Larry Page
August 2004 IPO filing to SEC**



Google takes hiring very seriously



Google places a premium on hiring the best possible talent, provides them with a great place to work and challenges them “to solve problems that matter to many, many, many people” worldwide.

A sample form for the Google Labs Aptitude Test (GLAT). The form is titled 'GLAT' and 'GOOGLE LABS APTITUDE TEST'. It includes a test code 'WR-426F' and instructions for taking the test. The instructions state: 'How much aptitude do you have for the sort of mind-bending engineering problems encountered each day at Google Labs? Take the GLAT and find out. Simply answer all questions to the best of your abilities (cheaters will answer to the karma police), fold completed exam into attached envelope and send to Google Labs. Score high enough and we'll be in touch. Good luck.' The form also includes a registration section with fields for 'Last Name', 'First Name', 'Email Address', 'Phone', 'Company Name', and 'Country'. A vertical disclaimer on the right side reads: 'PLEASE PRINT NEATLY. WE WILL NOT DISTRIBUTE OR DISCLOSE ANY OF YOUR PERSONAL INFORMATION WE PROVIDE (IF YOU'D LIKE TO INCLUDE YOUR RESUME, WE'D LIKE TO SEE IT!).'

Google's 20% Rule



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Google News



Google Scholar



Google Alerts

20% time

orkut



Much of
Google Labs



Froogle Wireless

The relationship between talent and risk at Google

“The best way to manage our business risk is to have the best people working on the problem. That’s always the best answer.”

– Eric Schmidt, CEO

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Labs.google.com, Google's technology playground.

Google labs showcases a few of our favorite ideas that aren't quite ready for prime time. Your feedback can help us improve them. Please play with these prototypes and send your comments directly to the Googlers who developed them.

New! [Googleサジェスト日本語版](#) (Google Suggest in Japanese)

検索窓に入力中に、検索用語の候補が表示され、矢印キーで選択することができます。

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-  [Search by Location](#)
Restrict your search to a particular geographic area
-  [Google Glossary](#)
Find definitions for words, phrases and acronyms
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Specify a topic and receive email updates when news breaks

Google's financial commitment to innovation

“We really like the word ‘free.’ We believe that the simplest way to overcome a pricing issue with an end user is to have the product be free and to make the money through other mechanisms, typically advertising.”

— Eric Schmidt

How Google manages innovation



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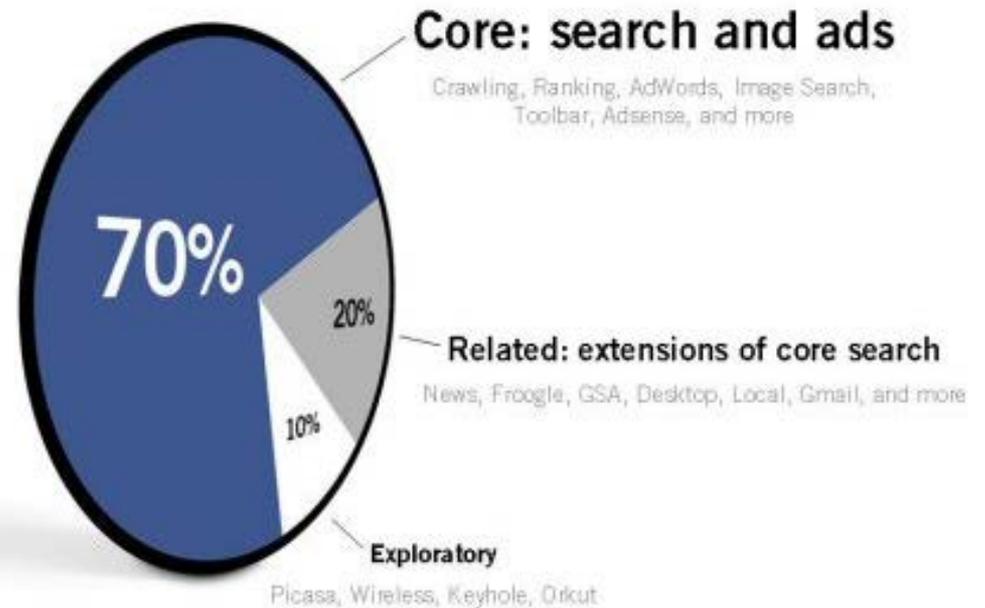


Navigation icons: back, forward, search, refresh, home, and a small window icon.

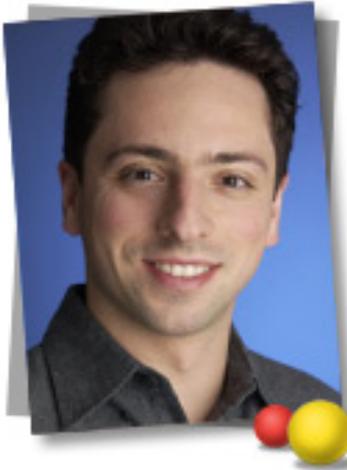
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The 70-20-10 Question



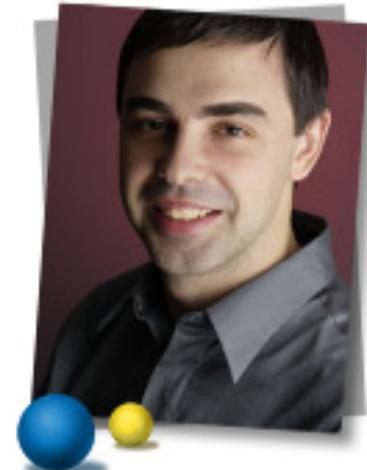
The Google triumvirate



**Sergey Brin,
Co-Founder
and President,
Technology**



**Eric Schmidt,
Chairman and
CEO**



**Larry Page,
Co-Founder
and President,
Products**

**What do we learn about
innovation from Google?**

The four biggest obstacles

(Adapted from Gary Hamel)

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The inability to develop new strategic options

“Can’t overcome CW”

Ideological

The inability to get beyond optimization

“Can’t question what we do”

What do we learn from Google?

- Innovation begins and ends with the customer.
- Innovation is a long-term mission, as well as a short-term strategy.
- Innovation is found in surprising places, if you're just willing to look for it, and help others help you find it!



What do we learn from Google?

- Technology is as much a strategic platform for advancing innovation as it is the subject of innovation itself.
- The challenge of innovation attracts talented people who will create extraordinary things when given the freedom to do so.
- The risk of innovation always creates an opportunity to build a better organization as well as deliver a better product, service or experience.



What do we learn from Google?

- There is so much more to innovation than money.
- When there is a discipline around how innovation will be managed, so much more is possible.
- Leadership is an essential ingredient in focusing and driving the work of innovation in any organization.





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