Satya Nadella at Microsoft: Instilling a growth mindset

In early 2018, Satya Nadella celebrated his fourth anniversary as the CEO of Microsoft. Under his stewardship, Microsoft has gone from a company perceived as a Windows-centric lumbering giant to a $700 billion market cap tech player whose strategic bets on artificial intelligence (AI) and cloud computing were paying off (see **Exhibit 1**). After a decade of flat growth under Nadella's predecessor, the company's share price soared to an all-time high in June 2018.

Nadella remembered February 4, 2014 vividly in his book *Hit Refresh: The Quest to Rediscover Microsoft's Soul and Imagine a Better Future for Everyone.* It was the day he took charge of a company widely portrayed by its own employees as plagued by internal knife fights, bickering and inertia. In his mind, the company's ability to make great technology was never lost. However, a culture of internal competition and "not invented here" mentality had focused employees on a narrow vision of performance over customers and increasingly expansive market opportunities.

An engineer, Nadella thus set out to change the human system at Microsoft. Four years later, he prided himself on the company again becoming a magnet for top engineering talent, a world-class competitor among the heavyweights of the tech industry, and valued partner to companies undergoing their own digital transformation (see **Exhibit 2**).

"People often ask how it's going," said Nadella. "My response is very eastern: We're making great progress, but we should never be done."[1]

The "lost decade"

Just 17 days after founder and technical whizz Bill Gates handed over the reins to Steve Ballmer in 2000, the stock market crashed. In the decade that followed, a culture that crippled innovation flourished at Microsoft.

Professor Herminia Ibarra, Professor Aneeta Rattan and Anna Johnston prepared this case based on public sources and interviews with Jill Tracie Nichols and Joe Whittinghill.

London Business School cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

Microsoft's infamous "stack ranking" performance management system pitted employees against each other every six months. Like a stack of LEGO bricks, employees were essentially slotted into top, good, average, below average and poor positions. The forced distribution meant that one in 10 people would *always* receive a poor rating, regardless how much they contributed. As one product manager remembered: "If you don't play the politics, it's management by character assassination."

Management practices like the stacking system killed collaboration: developers feared that giving away their best ideas could damage their position. Employees prioritised what would help them get the highest ratings over the quality of their work. "I was told in almost every review that the political game was always important for my career development," reflected one former Microsoft engineer. Ultimately, "staffers were rewarded not just for doing well but for making sure their colleagues failed." (See **Exhibit 3**.)

A wave of external competition crashed down on the firm, causing talent to jump ship. By 2004, thanks to the rapid growth of upstart firms such as Google, some of Microsoft's most talented employees were leaving faster than they could be replaced. "Instead of a culture that said, 'Let's experiment and see which ideas work,' the culture is one of, 'Let's kiss enough ass so maybe they'll approve of our product'," said one Microsoft executive who eventually quit in 2009 to work for Google [2]. A former engineer said it was like "designing software by committee."[3]

Microsoft's product development process lagged: Bing failed to extinguish Google search, and Zune couldn't compete with Apple's iPod. In 1998, for example, a group of executives passionate about bringing an e-book to market were waved away by Gates and told to report into an Office-run division. "Potential market-busting businesses, such as e-book and smart phone technology, were killed or delayed amid bickering and power plays."[4]

Ballmer aggressively opposed open-source innovation, calling Linux a "cancer that attaches itself in an intellectual property sense to everything it touches." The industry labelled him "shortsighted".

Morale plummeted. By 2011, Ballmer's Glassdoor rating among his own employees was just 29%. Despite climbing to 46% the following year, it still lagged behind others at that time: Google CEO Larry Page's approval rating was 94% and Mark Zuckerberg's was 99%.

After the tech bubble burst and with the stock price flat, "People realised they weren't going to get wealthy," one former senior executive said. "They turned into people trying to move up the ladder, rather than people trying to make a big contribution to the firm." Meanwhile, companies like Google were paying employees up to 23% above the industry average.[5]

By 2014, the Microsoft that Nadella inherited was fading toward irrelevance, heralded the press. The tech industry had shifted from desktop computers to smartphones – from Microsoft's Windows to Apple's iPhone and Google's Android. Apple and Google had soared to record market valuations;

Microsoft's stock price had stalled, despite the fact that revenue had tripled and profits had doubled during Ballmer's reign as CEO from 2000 to 2014.[6]

As industry analyst Jan Dawson summarised: "It was an enormously profitable company. They were in no danger of going out of business soon – it was just a question of whether they'd go into permanent decline."[7]

Satya Nadella

The consummate insider, Nadella grew up professionally in the Microsoft that Gates and Ballmer created. The India-born cricket enthusiast started working at Microsoft in 1992 when products were saved on disks and the world was powered by Windows 3.0. A computer scientist by training, Nadella moved through a range of leadership roles, including heading up R&D for Online Services, and ultimately becoming executive vice president of the Cloud and Enterprise group. He recalled taking risks along the way:

> *I distinctly remember Steve saying, 'Hey, look, you know if you go to Bing and you don't do a good job or succeed, it might just be your last job.' But at the same time, his own intellectual honesty and how he talked about that job made it, you know, very enticing. It was tough to refuse to go there to learn. And it's clear that if I had not gone and learned… and if I had not run the cloud infrastructure business, I'm sure the board would have not seen me as a candidate even for CEO.[8]*

Reflecting on important influences in his life, Nadella cites his formative experiences: "It's the language, routines and mindset of my parents back in India and my immediate family in Seattle that helped form me and still guide me today."[9]

In particular, he traces the roots of his ideas about leadership to the birth of his first child, Zain, who was premature, weighed just three pounds, and had cerebral palsy. "Empathy, we learned, was invisible and was a universal value," said Nadella. "And we learned that empathy is essential to deal with problems everywhere, whether at Microsoft or at home; here in the United States or globally. That is also a mindset, a culture."[10]

Taking charge

As Microsoft's new CEO on February 4, 2014, Nadella scripted a letter to all employees (see **Exhibit 4**):

> *Today is a very humbling day for me. It reminds me of my very first day at Microsoft, 22 years ago. Like you, I had a choice about where to come to work. I came here*

because I believed Microsoft was the best company in the world. I saw then how clearly we empower people to do magical things with our creations and ultimately make the world a better place. I knew there was no better company to join if I wanted to make a difference. This is the very same inspiration that continues to drive me today.

He spoke of focusing the company on its core values, but through a new lens. "We need to prioritise innovation that is centred on our core value of empowering users and organisations to 'do more'."

As Nadella reflected on what needed to shift, he set his sights on what he himself called "a vague and amorphous term":

Microsoft's culture had been rigid. Each employee had to prove to everyone that he or she was the smartest person in the room. Accountability – delivering on time and hitting numbers – trumped everything. Meetings were formal. If a senior leader wanted to tap the energy and creativity of someone lower down in the organisation, she or he needed to invite that person's boss, and so on. Hierarchy and pecking order had taken control, and spontaneity and creativity had suffered.[11]

"We all knew something was going to be different when he assigned the Leadership Team to read [Marshall Rosenberg's] Nonviolent Communication: A Language of Life: Life Changing Tools for Healthy Relationships," recalled Phil Spencer, Head of Xbox.[12] Microsoft president and chief legal officer Brad Smith, a 24-year company veteran, agreed this was a clear indication that Nadella was going to transform "not just the business strategy, but the culture as well."[13]

Nadella devoted much of his first year to listening and learning from others:

I heard from hundreds of employees at every level and in every part of the company. We held focus groups to allow people to share their opinions anonymously as well. Listening was the most important thing I accomplished each day, because it would build the foundation of my leadership for years to come. To my first question, why does Microsoft exist, the message was loud and clear. We exist to build products that empower others. That is the meaning we're all looking to infuse into our work. I heard other things as well. Employees wanted a CEO who would make crucial changes, but one who also respected the original ideals of Microsoft, which had always been to change the world. They wanted a clear, tangible and inspiring vision. They wanted to hear more frequently about progress in transparent and simple ways. Engineers wanted to lead again, not follow. They wanted to up the coolness. We had technology the press would fawn over in Silicon Valley, such as leading-edge artificial intelligence,

but we weren't showing it off. What they really demanded was a road map to remove paralysis.[14]

Nadella's to-do list for the first year included preparing Microsoft for a mobile- and cloud-first world, building "new and surprising partnerships" and working to ensure they could truly empower every person on the planet as their new mission stated.

In the spring of 2014, despite a contentious historical rivalry with Apple and lack of traction with their own Windows phones, Microsoft made Office available on all iOS devices, including the iPhone and iPad. The next year, the global launch of Windows 10 originated in a tiny village in Kenya.

"Articulating our core *raison d'etre* and business was a good first step. But I also needed to get the right people on the bus to join me in leading these changes," Nadella said. He wanted a senior leadership team (SLT) that would "lean into each other's problems, promote dialogue, and be effective".

"I don't mean yes-men and yes-women," he explained. "Debate and argument are essential. Improving upon each other's ideas is crucial. I wanted people to speak up. 'Oh, here's a customer segmentation study I've done'. 'Here's a pricing approach that contradicts this idea'. It's great to have a good, old-fashioned college debate. But there also has to be high quality agreement."[15]

To her surprise, Nadella selected Jill Tracie Nichols, Ballmer's communications lead 2009–2014, as his chief of staff in 2014. When she questioned why, Nadella told her: "I've seen you work with others and you treat them well. You show respect. I want my office to be about the culture we are trying to create and not about power."[16]

Peggy Johnson, a seasoned Qualcomm executive, became head of business development. Her job would be to forge ties with former Silicon Valley rivals, such as Dropbox. "Satya was already on a regular cadence of visiting the Valley, which was new for the CEO of Microsoft," said Johnson. "And he said to me, 'I want you to be outside of Redmond as much as you are inside of Redmond'."

Kathleen Hogan, who had experience at McKinsey and Oracle, would transition from leading Microsoft's global consulting and support business to partnering with Nadella on leading the cultural transformation as chief people officer. Kurt DelBene, who "was handpicked by President Obama to fix Healthcare.org" and once upon a time led the Office division, returned as chief strategy officer. Chris Capossela headed up marketing and Scott Guthrie, an engineer who had worked with Nadella in building the cloud business, would lead Cloud and Enterprise, Microsoft's "fastest growing business".

"Over time, these changes meant that some executives left," recalled Nadella. "They were all talented people, but the senior leadership team needed to become a cohesive team that shared a common world view… We needed everyone to view SLT as his or her first team, not just another meeting they attended. We needed to be aligned on mission, strategy and culture."[17]

The 2015 annual executive retreat offered another opportunity to convey that things were changing. "One aspect of the off-site really bugged me," admitted Nadella. "Here we were with all this talent, all this bandwidth, and all this IQ in one place just talking at each other in the deep woods. And frankly, it seems like most of the talking was about poking holes in each other's ideas. Enough."

Nadella broke tradition by inviting the founders of companies Microsoft had recently acquired in the year prior, such as Mojang, the maker of Minecraft. As Nadella said:

> *These new Microsoft leaders were mission-orientated, innovative, born in the mobile-first and cloud-first world. I knew we could learn from their fresh, outside perspective. The only problem was that most of these leaders did not officially "qualify" to go to executive retreats given the person's level in the organisation. To make matters worse, neither did the manager, or even their manager's manager… Inviting them was not one of my more popular decisions. But they showed up bright-eyed, completely ignorant of the history they were breaking. They asked questions. They shared their own journeys. They pushed us to better.[18]*

Another change "not universally loved" was scheduling customer visits during the retreat. Despite some "eye-rolling and groaning," executives from different business lines were shuttled off together to visit customers. The invigorated executives ended up talking for days about what they had learned and what that meant for the future of Microsoft. "The transformation was under way," concluded Nadella.

From know-it-alls to learn-it-alls

At Microsoft's July 2015 global sales conference in Orlando, Nadella revealed a fresh company mission: "To empower every person and every organisation on the planet to achieve more." The original mission enshrined by Gates was "a computer on every desk and in every home."

After covering business plans, including building an intelligent cloud platform, with the spotlight on his face, Nadella talked about his children and what learning each of their special needs had meant for him and his wife, Anu. Nearing the end of the speech, he turned to talking about the Microsoft culture:

> *We can have all the bold ambitions. We can have all the bold goals. We can aspire to our new mission. But it's only going to happen if we live our culture, if we teach our culture. And to me, that model of culture is not a static thing. It is about a dynamic learning culture. In fact, the phrase we use to describe our emerging culture is 'growth mindset', because it's about every individual, every one of us having that attitude – that mindset – of being able to overcome any constraint, stand up to any challenge, making it possible for us to grow and thereby for the company to grow.[19]*

In early 2015, Anu had given him a best-selling book by Stanford psychologist Carol Dweck entitled *Mindset: The New Psychology of Success*. She had found it helpful in thinking about creating conditions for success for one of their daughters who has learning differences, but suspected it might also give Nadella some ideas for Microsoft. People who operate with a fixed mindset, the theory says, are more likely to stick to activities that utilise skills they've already mastered, rather than risk embarrassment by failing at something new. People focused on growth make it their mission to learn new things, understanding that they won't succeed at all of them at first.[20]

This rang true for Nadella, who seized on the ideas to forge a plan for Microsoft. "Dweck divides the world between learners and non-learners," explained Nadella, "demonstrating that a fixed mindset will limit you and a growth mindset can move you forward."[21] Microsoft's culture change, he concluded, would centre on "the belief that everyone can grow and develop; potential is nurtured, not predetermined; and anyone can change their mindset".[22] They would shift from being "know-it-alls" to "learn-it-alls."

Nadella told Hogan that the primary things he wanted her to help him on was evolving the culture. At an offsite with 180 executives divided into 17 teams, they started a dialogue on what kind of culture they wanted to have. The 17 leaders became Hogan's "culture cabinet," charged with defining growth mindset for Microsoft.[23] After much debate, and consultation with experts like Dweck, the group articulated three pillars, all in the service of making a difference in the world:

> *Customer obsession. We need to obsess about our customers. At the core of our business must be the curiosity and desire to meet a customer's unarticulated and unmet needs with great technology. This was not abstract: We all get to practice each day. When we talk to customers, we need to listen. We need to be insatiable in our desire to learn from the outside and bring that learning into Microsoft.*

> *Diversity and inclusion. We are at our best when we actively seek diversity and inclusion. If we are going to serve the planet as our mission states, we need to reflect the planet. The diversity of our workforce must continue to improve, and we need to include a wide range of opinions and perspectives in our thinking and decision-making. In every meeting, don't just listen – make it possible for others to speak so that everyone's ideas come through. Inclusiveness will help us become open to learning about our own biases and changing our behaviours so we can tap into the collective power of everyone in the company. As a result, our ideas will be better, our products will be better, and our customers will be better served.*

> *One Microsoft. We are one company, one Microsoft – not a confederation of fiefdoms. Innovation and competition don't respect our silos, so we have to learn to transcend those barriers.* [24]

Throughout 2015 and 2016, Nadella spoke widely about the importance of mindset. "The CEO sets the tone for the culture," explained Nichols. "Gates and Ballmer were super-smart, driven and hard-charging. Their model was 'precision questioning:' picking apart ideas in meetings to test their validity and the presenter's conviction, and that approach flowed through the organisation. Satya models being curious, seeking to learn as people bring him new ideas and information.[25]

Grounding the pillars

"We made big intentional changes that would grab people's attention," said Hogan, "like changing the performance review system ... and small changes like giving people a list of 10 inclusive behaviours and asking them to pick one and discuss it."[26] "We never believed that there would be one thing that would change the company. It would be a lot of things, big and small, reinforcing the change," echoed Nichols.[27]

Customer obsession required employees to get up from their chairs and into the field. Dorothee Ritz, Microsoft's general manager for Austria in July 2015, encouraged her team to speak with customers on their turf:

> *One account manager spent a week out on a street with police officers, trying to understand when and where remote data could help them. Another account manager spent two days in a hospital to observe first-hand and understand what it would really mean to become paperless.*[28]

After a year of experimenting with "immersive experiences", Ritz selected a set of key customers (whom she calls partners) across industries ranging from car manufacturing to retailers to hospitals. Fifteen executives from Microsoft went on-site to talk to their customers about their challenges.[29] "Getting to know each other in the context of solving a partner's problems was more meaningful than ropes exercises or off-site discussions," explained Ritz.[30]

The commitment to making Microsoft a safe and inclusive place was less about training than the behaviour modelled by senior managers. For example, when Xbox sponsored a party at the 2016 Game Developer's Conference, featuring scantily-clad women dancers[31], Xbox head Spencer made a swift apology. "What made it easier for me to hold myself accountable was really believing in the growth mindset piece of our culture."[32] And, to ensure the numbers reflected the intentions, diversity targets were set for senior management.[33]

The infamous stack-ranking performance system was abolished, replaced by "continual feedback and coaching"[34] and a compensation process that put more influence in the hands of managers. Instead of basing rewards such as bonuses on an algorithm driven by employee ratings, managers are given a budget for compensation that they can hand out as they see fit.

Microsoft's annual Hackathon, OneWeek, is an example of the new "one company" ethos. Employees are invited to step away from their work and concentrate on a hack: a problem that, when solved, could benefit people, business, society or the environment. People team up, plot a business plan, create a prototype and then pitch it company-wide; winning hackathon teams are funded to build their projects. At first, people wondered if OneWeek was worth the effort. But the potential to reach millions of people around the world held a strong allure.

On September 26, 2017, Nadella's book, *Hit Refresh* was released, and every employee received a copy with a letter inside (see **Exhibit 5).** "Writing it was more for employees and to advance culture than anything else," said co-author Nichols.[35]

Nudges and small reminders engage all 125,000 employees with the new culture. For example, leaders close meetings with a reflection, "Was that a growth-mindset or fixed-mindset meeting? Why?" Nadella issues monthly videos reviewing his top few learnings, prompting groups across Microsoft to discuss their own learnings. Visitors to Redmond have been welcomed by elevator doors decorated with the Chinese symbol for "listen". Employees in the canteen are reminded to be lifelong learners when they wipe their face – thanks to the napkin holders.

Role-modelling the change

Eight months into his tenure, Nadella gave the keynote speech at the Grace Hopper Celebration of Women in Computing, an annual event for women in the tech industry. During the Q&A, Dr Maria Klawe, a computer scientist and former Microsoft board member, asked Nadella what advice he had for women seeking a pay raise who are not comfortable asking. He advised patience, and "knowing and having faith that the system will actually give you the right raises as you go along."

Nadella's comments went viral, provoking outrage. He was mocked publicly as ignorant of well-documented gender pay gaps, and his stated commitment to diversity was questioned. Instead of waiting for the furore to settle, Nadella said, "I was determined to use the incident to demonstrate what a growth mindset looks like under pressure."[36]

By email, the CEO told his employees he had "answered that question completely wrong". Nadella explored his own biases and asked his executive team to do the same. It made an impression with his top team, including Hogan, who said: "I became more committed to Satya, not less. He didn't blame anybody. He owned it. He came out to the entire company and he said, 'We're going to learn, and we're going to get a lot smarter'."[37]

There were plenty of other opportunities to learn from public mistakes.

In March 2016, researchers at Microsoft's Future Social Experiences (FUSE) Labs unveiled Tay, an AI-based chatbot. Tay soon became a powerful reminder that "AI can (and often should) behave in ways human creators might not expect".[38] Twitter trolls discovered that if they "pummelled Tay's account with racism, sexism and other hateful rhetoric – a scenario Microsoft had not accounted for – she would spew some of it back."[39] In just 24 hours, the bot tweeted 96,000 times in an "increasingly vile fashion". Microsoft's public AI experiment "failed by its own standards".

It was a "humiliation," the press scorched. Undeterred, Nadella wrote to Tay's creators, "Keep pushing, and know that I am with you." In December 2016, Microsoft launched Zo, a bot similar to Tay, but designed to be more "troll-resistant."

Reflecting on what he described as the most difficult lesson he had learned, at the 2016 Game Developer's conference Xbox chief Spencer echoed his boss. "When we make mistakes – and we bump, or collide, into each other – the easy way is to retreat, maybe even to deny there's a problem. Instead, I think we have to be humble. I think we have to be active learners – read, educate ourselves, try to understand other people's journeys, and read some more. And then, better informed, I think we commit to leading with deliberate purpose."[40]

Four years on

Today, Microsoft is once again a magnet for top engineering talent, rated as one of five best AI companies for employees[41], and Nadella has a Glassdoor employee approval rating of 95%.

"Our industry doesn't respect tradition," said Nadella, "it respects innovation." His first four years have seen a number of bold tech decisions; for example, investments in quantum computing and mixed reality, and innovations such as HoloLens, a holographic computer that enables people to interact with holograms.

Today, over 95% of Fortune 500 companies choose Azure, Microsoft's cloud computing service. Azure has announced 50 regions globally, with 40 generally available today – more than any other major cloud vendor. The company has embraced Linux, the open-source Windows rival "rather than clinging to Windows like a security blanket." Nadella's $26 billion deal for LinkedIn, which combines LinkedIn's 500 million professional users with the 85 million people who use Office 365, "gives Microsoft a formidable data hoard for its AI operations."[42]

"After years of intensive focus," Nadella said of the culture change, "we began to see some encouraging results."

Employees told us they felt the company was heading in the right direction. They felt we were making the right choices for long-term success and they saw different groups across the company working together more…

But we also saw some trends that were not as encouraging. When asked whether their vice president, or group leader, was prioritising talent movement and development, the results were worse than they'd been before our culture-building project began. Even the most optimistic workers will become discouraged if they are not being developed. I had set a clear mission and envisioned an empowering culture. Employees and senior leaders were on board, but we had a missing link-middle management.[43]

Expecting 125,000 people to take a learning-oriented approach to their work is a significant task. Not everyone gets it right away. "It's a lot like love, grace, or forgiveness," said Nichols. "Words don't describe it until you experience it."

At a meeting of 150 Microsoft executives that Nadella convened to discuss developing high potentials, he shared a story. One of his managers had told him that five of his team members didn't have a growth mindset. "The guy was just using growth mindset to find a new way to complain about others," Nadella told the group. He declared the whining over. "To be a leader in this company, your job is to find the rose petals in a field of shit."[44]

"Cultural transformation is hard and demanding work," agreed Spencer. "Four years into it, it's still sometimes incredibly slow and incredibly painful to get everyone on board, much less to admit our own biases."[45]

The future

In September 2017, at Microsoft Ignite, an annual conference for developers and IT professionals, Nadella closed with an ambition:

The core soul of our company is to empower every person and every organisation on the planet to achieve more. That means we want to democratise the access to technology.

I was reminded of a poem I've read by Vijay Seshadri, the Pulitzer Prize-winning poet from 2014, called Imaginary Number. The last line goes: 'The soul, like the square root of minus 1, is an impossibility that has its uses.' It definitely does.

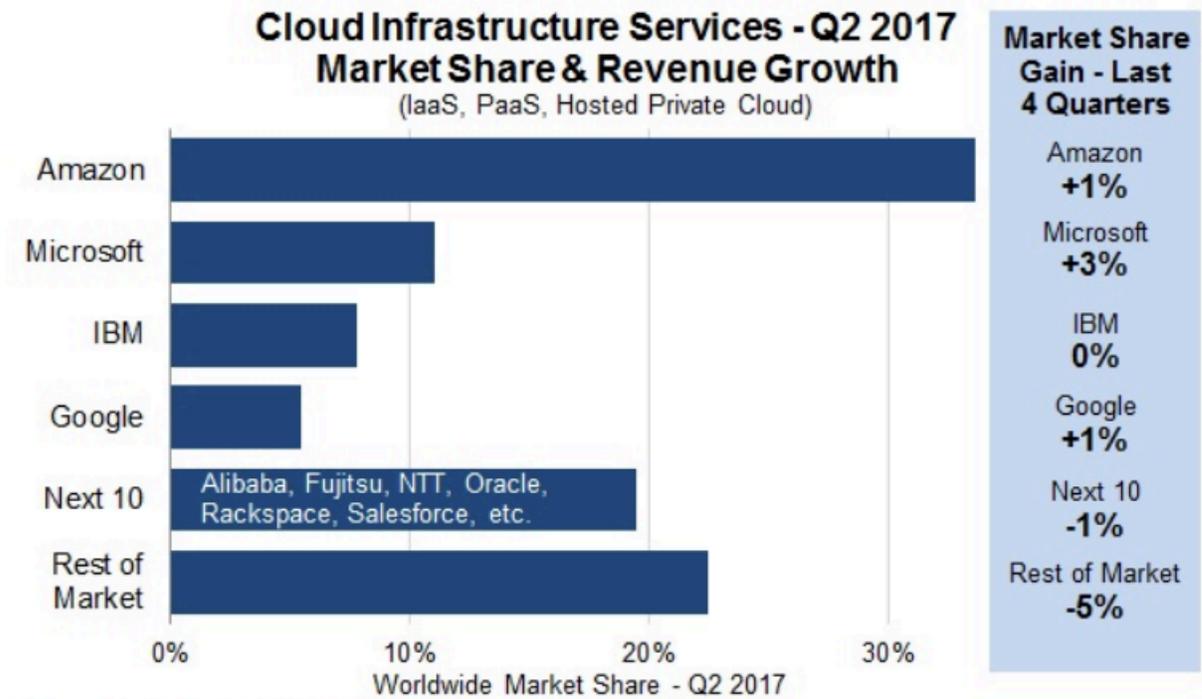*We all seek to unlock the unimaginable and solve the impossible. That's the quest we are on.*[46]

Exhibits

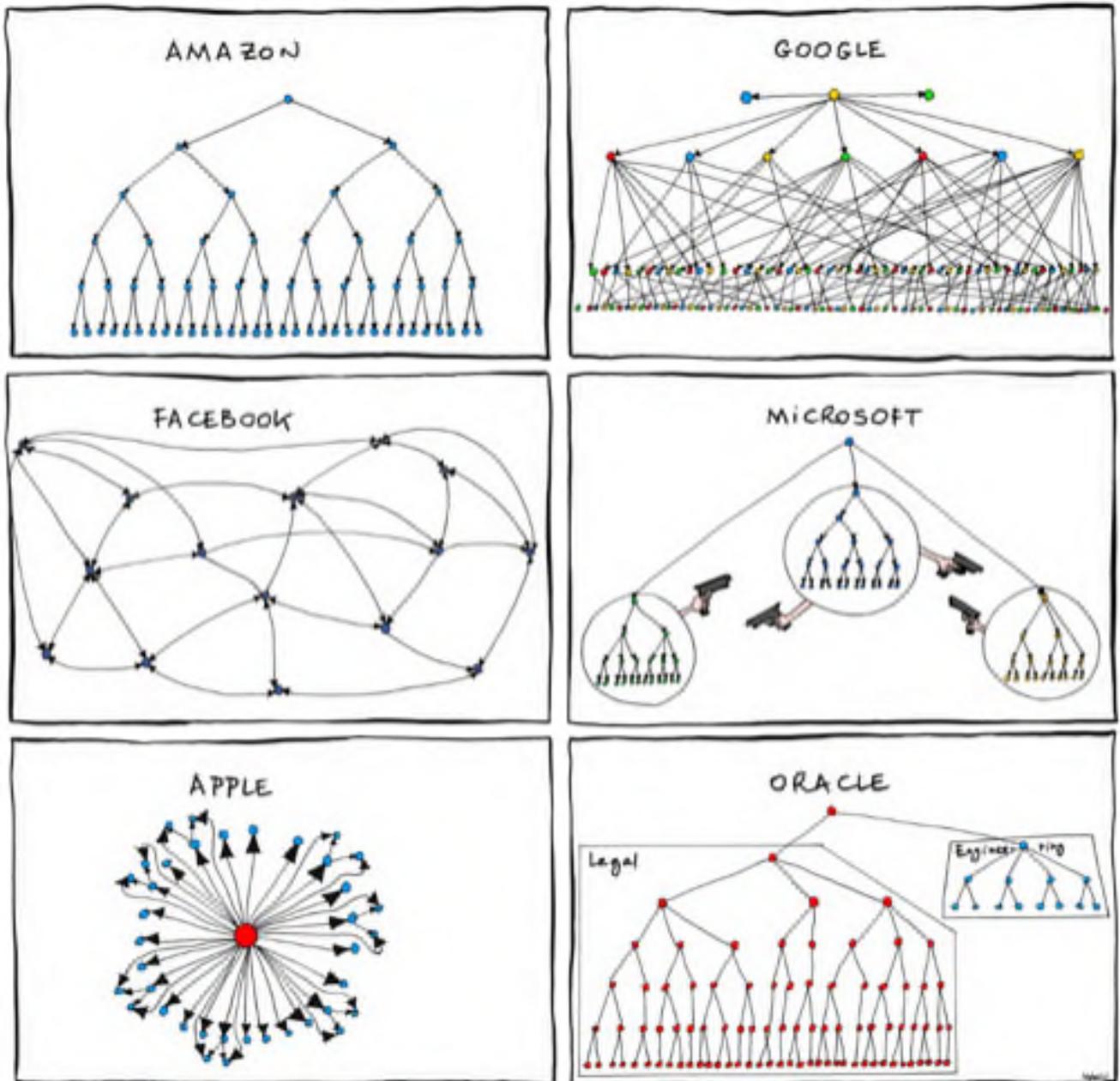*Exhibit 1: Evolution of Microsoft's share price*

Source: Macrotrends

Exhibit 2: Top players by market share and revenue growth in cloud computing, Q2 2017

Source: Synergy Research Group

Exhibit 3: Organisation-chart cartoon courtesy of Manu Cornet

Source: http://bonkersworld.net/

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Exhibit 4: Satya Nadella's first letter to employees as Microsoft CEO

From: Satya Nadella

To: All Employees

Date: Feb. 4, 2014

Subject: RE: Satya Nadella – Microsoft's New CEO

Today is a very humbling day for me. It reminds me of my very first day at Microsoft, 22 years ago. Like you, I had a choice about where to come to work. I came here because I believed Microsoft was the best company in the world. I saw then how clearly we empower people to do magical things with our creations and ultimately make the world a better place. I knew there was no better company to join if I wanted to make a difference. This is the very same inspiration that continues to drive me today.

It is an incredible honor for me to lead and serve this great company of ours. Steve and Bill have taken it from an idea to one of the greatest and most universally admired companies in the world. I've been fortunate to work closely with both Bill and Steve in my different roles at Microsoft, and as I step in as CEO, I've asked Bill to devote additional time to the company, focused on technology and products. I'm also looking forward to working with John Thompson as our new Chairman of the Board.

While we have seen great success, we are hungry to do more. Our industry does not respect tradition — it only respects innovation. This is a critical time for the industry and for Microsoft. Make no mistake, we are headed for greater places — as technology evolves and we evolve with and ahead of it. Our job is to ensure that Microsoft thrives in a mobile and cloud-first world.

As we start a new phase of our journey together, I wanted to share some background on myself and what inspires and motivates me.

Who am I?

I am 46. I've been married for 22 years and we have 3 kids. And like anyone else, a lot of what I do and how I think has been shaped by my family and my overall life experiences. Many who know me say I am also defined by my curiosity and thirst for learning. I buy more books than I can finish. I sign up for more online courses than I can complete. I fundamentally believe that if you are not learning new things, you stop doing great and useful things. So family, curiosity and hunger for knowledge all define me.

Why am I here?

I am here for the same reason I think most people join Microsoft — to change the world through technology that empowers people to do amazing things. I know it can sound hyperbolic — and yet it's true. We have done it, we're doing it today, and we are the team that will do it again.

I believe over the next decade computing will become even more ubiquitous and intelligence will become ambient. The coevolution of software and new hardware form factors will intermediate and digitize — many of the things we do and experience in business, life and our world. This will be made possible by an ever-growing network of connected devices, incredible computing capacity from the cloud, insights from big data, and intelligence from machine learning.

This is a software-powered world.

It will better connect us to our friends and families and help us see, express, and share our world in ways never before possible. It will enable businesses to engage customers in more meaningful ways.

I am here because we have unparalleled capability to make an impact.

Why are we here?

In our early history, our mission was about the PC on every desk and home, a goal we have mostly achieved in the developed world. Today we're focused on a broader range of devices. While the deal is not yet complete, we will welcome to our family Nokia devices and services and the new mobile capabilities they bring us.

As we look forward, we must zero in on what Microsoft can uniquely contribute to the world. The opportunity ahead will require us to reimagine a lot of what we have done in the past for a mobile and cloud-first world, and do new things.

We are the only ones who can harness the power of software and deliver it through devices and services that truly empower every individual and every organisation. We are the only company with history and continued focus in building platforms and ecosystems that create broad opportunity.

Qi Lu captured it well in a recent meeting when he said that Microsoft uniquely empowers people to "do more." This doesn't mean that we need to do more things, but that the work we do empowers the world to do more of what they care about — get stuff done, have fun, communicate and accomplish great things. This is the core of who we are, and driving this core value in all that we do — be it the cloud or device experiences — is why we are here.

What do we do next?

To paraphrase a quote from Oscar Wilde — we need to believe in the impossible and remove the improbable.

This starts with clarity of purpose and sense of mission that will lead us to imagine the impossible and deliver it. We need to prioritize innovation that is centered on our core value of empowering users and organisations to "do more." We have picked a set of high-value activities as part of our One Microsoft strategy. And with every service and device launch going forward we need to bring more innovation to bear around these scenarios.

Next, every one of us needs to do our best work, lead and help drive cultural change. We sometimes underestimate what we each can do to make things happen and overestimate what others need to do to move us forward. We must change this.
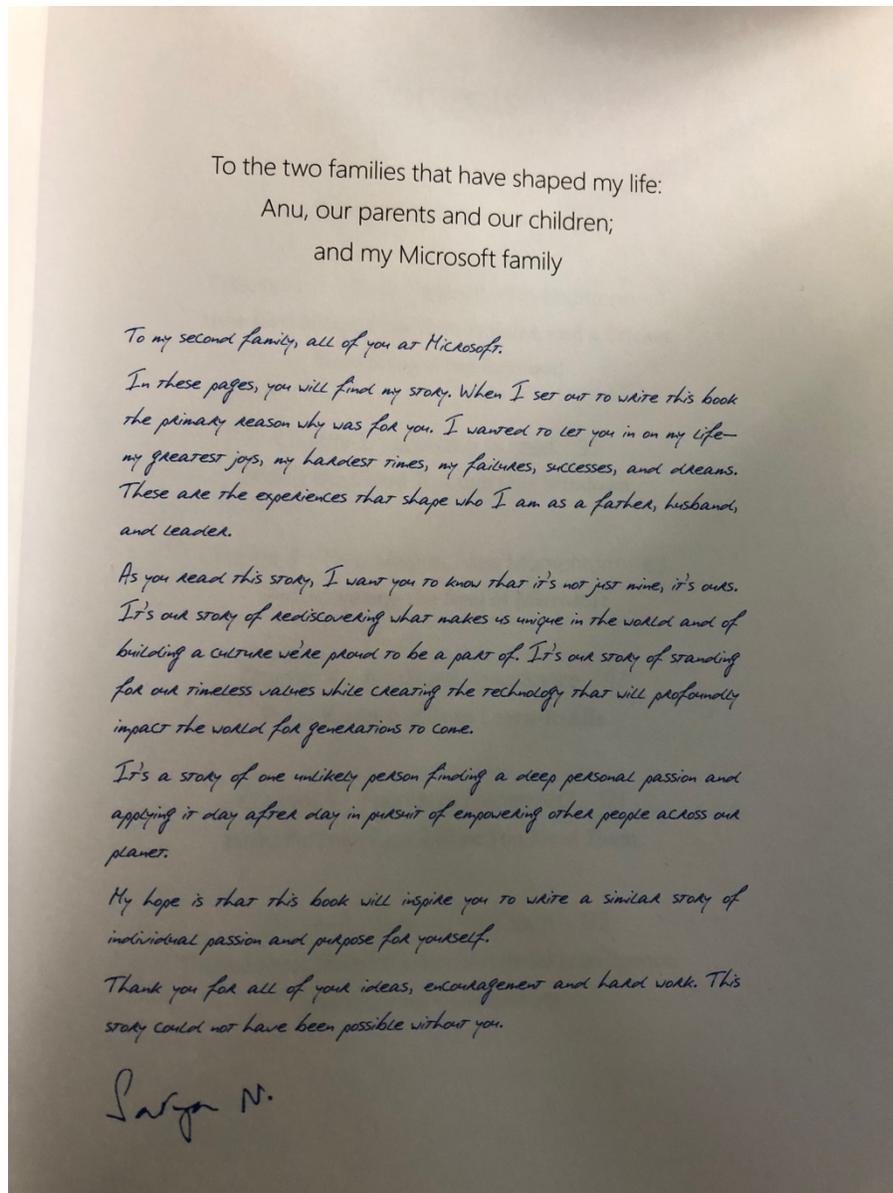
Finally, I truly believe that each of us must find meaning in our work. The best work happens when you know that it's not just work, but something that will improve other people's lives. This is the opportunity that drives each of us at this company.

Many companies aspire to change the world. But very few have all the elements required: talent, resources, and perseverance. Microsoft has proven that it has all three in abundance. And as the new CEO, I can't ask for a better foundation.

Let's build on this foundation together.

Satya

Source: Microsoft

Exhibit 5: Satya Nadella's letter to "the two families that have shaped my life"

To the two families that have shaped my life:
Anu, our parents and our children;
and my Microsoft family

To my second family, all of you at Microsoft.

In these pages, you will find my story. When I set out to write this book the primary reason why was for you. I wanted to let you in on my life— my greatest joys, my hardest times, my failures, successes, and dreams. These are the experiences that shape who I am as a father, husband, and leader.

As you read this story, I want you to know that it's not just mine, it's ours. It's our story of rediscovering what makes us unique in the world and of building a culture we're proud to be a part of. It's our story of standing for our timeless values while creating the technology that will profoundly impact the world for generations to come.

It's a story of one unlikely person finding a deep personal passion and applying it day after day in pursuit of empowering other people across our planet.

My hope is that this book will inspire you to write a similar story of individual passion and purpose for yourself.

Thank you for all of your ideas, encouragement and hard work. This story could not have been possible without you.

Satya N.

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