

Organizing for Innovation

Organizing for Innovation at Google

Google was founded in 1998 by two Stanford Ph.D. students, Sergey Brin and Larry Page, who had developed a formula for rank ordering random search results by relevancy. Their formula gave rise to an incredibly powerful Internet search engine that rapidly attracted a loyal following. The search engine enabled users to quickly find information through a simple and intuitive user interface. It also enabled Google to sell highly targeted advertising space.

The company grew rapidly. In 2001, Brin and Page hired Eric Schmidt, former CTO of Sun Microsystems and former CEO of Novell, to be Google's CEO. In 2004, the company went public, raising \$1.6 billion in one of the most highly anticipated IPOs ever. Under Schmidt, the company adhered to a broad yet disciplined mission: "To organize the world's information and make it universally accessible and useful." This led the company to leverage its core search and advertising capabilities into blogging, online payments, social networks, and other information-driven businesses.

By 2014, Google had sales of over \$66 billion, and employed more than 57,000 people. Despite this size, however, the company eschewed hierarchy and bureaucracy and sought to maintain a small-company feel. As noted by Schmidt during an interview, "Innovation always has been driven by a person or a small team that has the luxury of thinking of a new idea and pursuing it. There are no counter examples. It was true 100 years ago and it'll be true for the next 100 years. Innovation is something that comes when you're not under the gun. So it's important that, even if you don't have balance in your life, you have some time for reflection. So that you could say, 'Well, maybe I'm not working on the right thing.' Or, 'maybe I should have this new idea.' The creative parts of one's mind are not on schedule."^a

In accordance with this belief, Google's engineers were organized into small technology teams with considerable decision-making authority. Every aspect of the headquarters, from the shared offices with couches, to the recreation facilities and the large communal cafe known as "Charlie's Place," was designed to