Star Gazer Bill Campbell – Chairman of Intuit

Mr. Campbell assumed his role as chairman of the board of directors of Intuit in August 1998. During his tenure at Intuit, the company's market value grew from approximately $700 million to nearly $3.0 billion as the company solidified its position as the clear leader in tax, personal finance and small business accounting software. During that time, the company also invented a whole new class of Web-based finance businesses delivered through Quicken.com, Intuit's Web site.

Before entering the industry, Mr. Campbell was the head football coach at Columbia University for six years and he was recently appointed to the university's Board of Trustees. He is presently a director of the National Football Foundation and Hall of Fame. In August 1997, he was appointed to the board of directors at Apple Computer Inc. He also serves on the board of Opsware, Inc. (formerly Loudcloud). Mr. Campbell holds a Bachelors degree in economics and a Masters degree from Columbia University.

[start box] "I'm not an investor and for the last number of years, I stepped down at Intuit as the CEO and in 1998, went back in about a year later for another period of time. And since 2000, I have been working with early stage companies.

When I first came to Apple in 1983, I had a couple of guys that had a lot of wisdom help me out. Like Floyd Kvamme, who you know is the tech czar for Bush today and was a partner at Kleiner Perkins. Of course, at the time when I went to Apple, he was the executive vice president there and that went on to Kleiner Perkins right after that.

Regis McKenna, who you may know was a consultant, but he was more of a strategy guy that helped Apple and a lot of other companies in Silicon Valley. What those guys did, for me, was help me tremendously about learning how to adapt to Silicon Valley and what it was gonna take to grow great companies. And they did that with no remuneration and could care less that they got anything from it, except from my view, hopefully, good friendship.

I thought when my opportunity to step down and when I wasn't going out trying to chase sales or chase a buck, that I would try to give back in that way. So that's what I do. I try to work with companies – I don't take anything, I don't want anything – I just want to make sure that some of us in Silicon Valley are interested in growing durable companies, companies that have lasting value.

I don't pick 'em, I let other people do that. But what I try to do is see if I can't bring these companies to life. It's what I do. I go and meet entrepreneurs and founders, and determine if I think not whether the company's going to be successful. As much as I believe, they believe that they can drive their companies to success and that they can make something with durable value, lasting value.

I'm not interested in market cap companies only, I'm interested in companies that really believe that they can build something of lasting value. If that's the case, I believe the company will be successful financially as well.

I have had the good fortune to work with great venture capital firms. I spent more of my time with Kleiner Perkins, Benchmark and Maveron. I do others, but those are my closest relationships.

I had good times working with companies like Opsware and Drugstore and Tellme and Good and Google and Shopping. Some of them successes, some of them modest successes and others, the jury's still out.

Let's start with picking them. I said I don't do it, but like everybody else, I've got my own views about it. I think too many people today love the idea. I mean they love the category, they love the market opportunity, they think it's great. But I think most of you know after awhile that the ideas are only good as the execution.

Great technology people invent things or they can take great technologies and apply them well. But, hopefully, when you're looking at a founder and entrepreneur, they know how to surround themselves with great people who can compliment what they do.

I judge people on their ability to attract those kinds of people, those founder/entrepreneurs, to bring people in that are capable of supplementing, complimenting of what their abilities are and they're not afraid to surround themselves with strong people. That's all I can say about picking them. I just think that part of that has to be, most of that has to be, your responsibility.

I think VCs have the biggest clout. Venture capitalists with an operating bias are enormously helpful. If you could look at ones that have conceptual ability, understand what market opportunities exist. If they don't compliment themselves with people that know how to help run a company, then the company is not going to be successful. Too many companies are good at this – too many of the venture capitalists are good at this and don't market themselves that way.

I think that managing a company to life is an art. I wish it was a science. Watching great VCs do this is a wonderful thing for me to see. People that have good hands-on approach; it does give me comfort that great ideas can become great companies.

If I go back in time and think about some of those ones that have been legendary – you don't want to go back too far. One of the ones that I've always been enamored with is what John Doerr did at Macromedia. Kind of put companies together in related fields and watched them come out as a company that ultimately became successful. Or Dan Levitan and what he did at Drugstore. Or Bill Gurley taking Epinions and turning it into Shopping.com. Or what Mike Moritz and John Doerr and Ram Shriram did bringing management in and assuring that Google had that kind of discipline. Or Kevin Harvey with one that's still a private company in Tellme, seeing how he made the model change from consumer voice portal to an enterprise approach to utilization of that technology.

Going back to my comment about it's an art and not a science. Campbell's unique view – I'm not sure it's universally believed, but let me see if it can't start with this. I am a strong believer that you need a management team early. There are people in this room that would argue that and I know that I get arguments from VCs about that all the time.

The first time I did my first startup, my own company, Claris, I put together a management team of Donna Davinski and Bruce Chizen and Randy Komisar and Yougan Dillal and Dan McCammon. It was a wonderful management team. And that great strength begat strength underneath– it became a very strong company in a very short period of time.

A lot of people didn't think I should get early stage people. I'm not sure what that means. Others thought I should get people who know how to work in small environments. I'm not sure what that means. My belief is get great people. Find ones that really know how to manage an organization and a function and great people then will beget great people and hire that at cascades.

The first issue that you deal with when you're doing that is the CEO the right guy? Is that person who founded the company good enough to do that? I have a bias toward trying to coach people and make them better. So my view there is I stick with them until I can ensure that they are good enough to do it or not good enough. If I coach them everyday and know what kind of response they're providing me about the issues that they face, I know damn well that they're gonna be good or not good and they'll know it too. You have to recognize the limitations.

My belief is if you can keep people with great vision in the company that can continue to drive it, that that company will continue to be successful. Scott Cook drove Intuit until it was about $100 million. Just before he stepped down, they agreed to merge with ChipSoft, which is about an $85 million company. Brought in a CEO. At that point, Scott Cook was no longer the CEO, but there has never been a more engaged founder. Stayed with it, stayed in the management team and is still active and involved with Intuit today.

There is no sense in trashing founders or putting them away, but there is a lot of sense toward recognizing if they have the ability to be a CEO. Do you remember who worked with Bill Gates in those early days as a COO that guided him towards success? From TI fame, John Shirley.

I was just talking to a company yesterday where the CEO is fighting me hard about putting in a finance person. I don't want just a finance person, I want a CFO. I want somebody that's big time to be able to come in and do right things for the company. And there are many times when people say to me, "Oh you're not gonna get those people. If we get those at the company and the cash flow break even, we'll get better people."

I don't believe that at all. I find that there are wonderful entrepreneurs, particularly in Silicon Valley, that are dying for opportunities to come in at an early stage when they can help shape the culture, shape the management team and make a big difference. It's no different with finance people, certainly not a difference with CEOs. Go back and think about getting Jim Barksdale and what the probability was at that time.

Why not get a great CFO? A CFO can help with everything. Obviously control, but also financial planning and analysis. You get a lot of young, bright people; they want to do models and planning. But a good CFO can help with operations, and they have good experiences. It's an important function. I can't imagine that any company that I've done through the early stage, startup or early stage, where the CFO wasn't the single most important person that I had come onto that team.

Second, a strange one is a product marketing person. Now you'll notice I didn't say a marketing person. I said a product marketing person. I've gone around Silicon Valley these last couple of years and people have been saying, "Why has marketing lost its clout?" I said, "Because it forgot its first name." It's product.

Surprisingly, I put engineering next. And I had product marketing in front of that. Most often, you'll see the entrepreneurs that come with you are the ones that have the great ideas that have the technology background, that really are the ones that have conceived of and know how to implement the product.

If you can think about even Google – when I look at the wonderful, wonderful founder capability that they had from the technical standpoint. When Wayne Rosing went in there to be the vice president of engineering, it made a big difference in terms of structure.

Hiring, hiring practices. Think about it, how important it is. Architecture, schedules, adherence to schedule. Putting people on teams, breaking ties. Scale -- what does that mean? How do we think about that in terms of growth?

After management, I learned this from venture capitalists who have a lot of courage about these things, don't be afraid to change. Sometimes you've got to have changes. For instance, there may be model adjustments or channel adjustments. Think about Opsware and they got rid of the full-managed service business and went to a software model. Still use the same technology, had to revitalize it in a different way. Good technology. Had to make some model changes. It's gone from direct sales force to a carrier model.

Some of them are a major target market changes and these take even more courage. Think about Shopping.com that went from an advertising portal to CPC. Or Tellme, that I mentioned earlier, from consumer voice portal to an enterprise business. These are people that have had courage to make those kinds of changes.

If it isn't working, evaluate it, force the change. I used to say that even from my coaching days. There's no improvement without change. And believe me, there's no change without trauma.

I really believe strongly in this, start the management discipline early. Be quantitative about everything. If you put a quantitative rigor into your culture, it will last forever. We need to measure everything. As silly as it sounds, even the effectiveness of the advertising and I'm not talking about the stuff that goes through Google or Yahoo.

We've got to make sure that measurement is a part of what this company does. Operating reviews – spend a lot of time with the people, making sure that they understand the responsibilities of each function. Where the dollars are spent and how they spend them. How to manage and meet deadlines. What do we do about channels and how do those things affect our business? And sales targeting, which is simple one that people sometimes forget.

Rigorous operating reviews. Force accountability – I think everyone can say that, "What does that mean?" The companies that I work with, we do quarterly reviews. Mid-quarter, look at carefully. What did they say they were gonna do at the beginning of the quarter? Where are they at mid-quarter? What kind of mid-quarter corrections do we have to make? What results do we have so far? What does that mean for the following quarter? Are we behind? Are we ahead? Should we spend more? Should we spend less?

I think the last characteristics are innovation and best practices. I really believe today that there is so much innovation going on in the world in every aspect of it. Not just technology, not just breakthroughs, but every day are you thinking about what somebody else is doing. Have you seen the best practice? Can you accommodate it in your company?

Finding the Next Starbucks

Now those are the kinds of things from an operational standpoint that I believe that make companies, growth companies, come to life. Market size, yep I'm sure it's important. Right category, sure it's important. Technology appropriate for it, sure it's important. But if they don't operate it, they're gonna go out of business, because they didn't manage it properly.

You can see that I feel very deeply about building the next Apple, the next Intel, the next HP. I have great pride in seeing companies go from startup to some kind of durability. It takes great people, my belief, particularly CEO can manage, lead, set direction, make changes, drive a company to both inventiveness and rigor, if you could put the both of those in the same sentence.

Too often we build things with the attitude that "this is a startup." That means we can be a little less rigorous, we can be a little more slovenly. We can allow 1,000 flowers to bloom. I don't agree.

The year that I stepped down as CEO of Intuit, I've watched too many great opportunities go away because of bad management, because of a bad team, because VCs didn't pay attention, because even the other investors, the late-stage investors who came into the room were focused on their own things.

My view for investors is that before they put their dollars anywhere, they should make sure the company has a team with a vision, and make sure that they have a rigorous operating structure and philosophy." [end box]