



Marcus Ryu, CEO of Guidewire Software



Art of Leading

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Monthly Series

Lots of People Write Reviews of Their Company's Culture. But Should They?

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If you sit down with [Marcus Ryu](#), the CEO of [Guidewire Software](#), for a long conversation — as I have done a couple of times over the years — one thing is certain: he will make you think. Ryu, who studied philosophy at Oxford as a graduate student, often upends conventional wisdom, raising important questions about everything from the unintended consequences of compensation plans to whether employees should see themselves as “consumers” of culture or as “citizens.” Guaranteed you will find our conversation filled with provocative insights.

Q. Your company has grown quite a bit in recent years. What’s changed about how you lead?

A. As the organization has grown, it’s also become more complex. People’s loyalties become more grounded to their immediate neighbors in their department as opposed to the overall company. So it becomes a very different challenge to reinvigorate people’s sense of shared purpose.

Part of it is ritualizing a few of the things that people associate with the company. The values of the company have to not be just felt, but they have to be continuously reiterated and evidenced by the leaders of the company, and then cited as the basis for decision-making.

There’s a lot of in-person time, as well. You have to just show up. Our recent management team meeting was in Dublin, Ireland. It’s a meaningful expense to have the whole leadership team fly from Silicon Valley to Ireland, but if we say Europe is extremely important to us, then we have to walk the talk and show up in person. The connections have to be very personalized and reiterated over and over for them to matter.

Q. You mentioned during our last conversation that “tunneling through granite” was a favorite

phrase of yours to talk about the work you do at Guidewire.

A. "Tunneling through granite" is a reminder that everything we do is extremely difficult, and it's something I've come to appreciate about leadership — how much of the role is repetition. It's not about mindless repetition, but there has to be a kind of constancy, so you don't say, "This is the most important thing" and then a month later say something else.

People look for continuity and logical connection, and if leaders are thrashing around between different objectives, they become cynical. It's very important that you evince a sense of calm and stability, even when situations are volatile and even when the strategy has areas of uncertainty. I've become more appreciative of how much people really want that element of repetition.

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We're in a time of change as a company right now – moving to cloud services from licensed software that was delivered to companies. There has to be continuous and quiet reassurance that all the same principles and promises to our customers still apply, even though there is vastly more complexity. If people are not going to lose their minds in that complexity, there has to be an undercurrent of consistency that links it all to something that has remained very stable.

Q. You've also talked about the idea of "no wishful thinking."

A. That's probably the most important principle. We have to be optimistic, but we should never kid ourselves. There are so many ways to do that, especially in the technology business, and to imagine things will work out smoothly all the time. So let's not kid ourselves.

But that has to also go hand in hand with a culture where people don't get blamed, because if you create a context where people suffer negative career consequences if they're associated with a failure, then people will feel like they can't speak the truth. Eventually people start spinning and they politicize. You can only have a no-wishful-thinking culture if you also have a no-blame culture. That doesn't mean that there's no accountability. But you have to somehow find a way to drive accountability without blame.

Q. So how do you separate them?

A. Accountability means that you have committed yourself to an outcome and that you will do everything that's professionally within your power to achieve it. But the world's a complex and uncertain place, and so things may not work out for lots of reasons. The only thing that would be blameworthy is if you did something unethical or if you didn't contribute the necessary effort.

There are many cultures where if the outcome doesn't happen as you wish, then somebody has to be held to account, and that means someone has to be blamed and sacrificed for that. But then what happens? It creates all kinds of unintended consequences because people don't want to be associated with a risky problem. People become more risk-averse, or people allocate more of their energies to making sure that they get associated with positive stuff.

You can generate a surplus of productivity if people feel like their colleagues trust them, they know they're doing the right thing, and that the outcome is up to the gods after that and they will own that result together. That way, the failure and the success is kind of collectivized. But again, that's not the way that most companies operate.

Q. But you have had to let people go over the years, I'm sure.

A. Yes, but I'd never put it in terms of blame. Maybe someone just did not live up to their professional promise, and we say, look, there has to be a consequence. That's different. It's more about not making individuals or teams bear the variance that the world brings and suffer the consequences of randomness that's beyond their power. You have to insulate people from that while saying, "We're going to do everything within our power to achieve our goals."

Instead, a lot of organizations will say to a salesperson, "If you make your number, you're a hero. If you don't make your number, you're a loser." That ignores the fact that a lot of sales is random, and that you have a finite ability to change the appetite to buy.

In those situations, you have a compensation model that's linked to that sales target, but you end up paying a huge price in people's collaboration, their willingness to take risks, their loyalty to an organization. You do get clarity from simple targets and they are objective, but it comes at a terrible price, in my view.

Q. So how do you construct your incentive-pay systems?

A. We don't want to be a socialist society here, where every outcome good or bad is completely collectivized. That undermines people's motivation in a different way. But to the degree possible, we try to emphasize the positives, and the negatives are borne by the team. And we compensate sales people differently from engineers, for example, so there is a bit of tailoring specific to the work

practices and profiles of each job.

Broadly speaking, there is a very large portion of incentive comp that is tied to company outcomes, with the rest to team and individual outcomes. But the individual judgment is generally evaluated on an effort basis — does the person have the relevant competencies, and are they approaching the job with the right heart?

Q. What else is top-of-mind for you these days in terms of building culture?

A. I recently wrote a long email to the company about different archetypes of the kinds of relationship that people can have to a company. You could be a mercenary saying, "I am paid for a service, and as soon as that service is discharged, then I'm done." You could be a cult member, and attach yourself to a company because you think the CEO is the messiah.

"Citizenship has certain duties, and one of those duties is that this organization continues to thrive." But these are not the right models. I said, "You're a citizen," because what a citizen says is, "I want to belong to this collectivity because I believe in its principles. I want it to succeed, and therefore I have a duty." Citizenship has certain duties, and one of those duties is that this organization continues to thrive.

Sometimes you hear CEOs as though they don't want citizens; they want cult followers. They want people who are crazed and are just maniacs for the success of the company. We do not want zealots because zealotry is based on delusion and it's also not sustainable. And if you're crazy in that way, you're probably crazy in other respects.

So we don't want zealots, and we certainly don't want mercenaries, because as soon as the winds change, then they're out the door. You want a citizen. In a democracy, you get the government you choose and you deserve, and whatever its flaws, you had some say in it. And democracy conveys certain, important obligations on its citizens.

Q. What prompted you to write that memo?

A. It was Glassdoor. We had gotten very high scores on Glassdoor, but I was very frustrated because there had been a couple of posts by people who were venting about their frustrations with the company. And I said, I want to be clear. I don't want people to just write good reviews. In fact, I don't like this review stuff. You write reviews when you are a consumer. If you stay a hotel and you had a good or bad experience, then you go to TripAdvisor and you write a review. If you buy a product and you don't like it, you write a review on Amazon.

But if you're an employee, you don't write a review of the company, just like you don't write a review of being an American. You are a citizen of this country. You can be critical of it, but your responsibilities as a citizen are not discharged by writing a review. That's completely the wrong paradigm. You don't consume your citizenship. You are a citizen. That's the way I would love people to think about this company.

Q. You're in a small club of founder CEOs who have managed to scale themselves as leaders along with the company. What's an example of how you've done that?

A. It changes from actually doing things or having real insights to almost everything becoming about people, and trying to increase the leverage factors on the relationships you have. You're not even making deep strategic decisions, because the strategic decisions themselves are complex and subtle enough that you have to rely on other people to make them. The CEO's job is about meta-questions, like whether I have the right person doing the evaluation as opposed to whether my opinion of the evaluation is right.

I try to remove myself as the nexus of decision making. It's about reframing the role of the CEO or leader in any context. It's not about being the decider; it's about facilitating the steps to get to the right decision. My job is to create the clearing where the decision is going to happen and to ensure that the right parties are in the room, the agenda is efficient, and that irrelevant people are not being distracted by the discussion. You're thinking of all the framing, as opposed to the decision itself.

An important insight I've had is around the infinite power of the CEO when it comes to setting agendas for meetings. Who will be there? What material will be distributed in advance, and how much time will be allocated to which question? It really is the superpower of the CEO to exercise to say, "I want half an hour on this topic and I want these people here, and at the end I want a decision on whether we're going east or west, and we're not leaving until that's decided."

Adam Bryant's post: "If you're an employee, you don't write a review of the company, just like you d..."