

How microsoft sets
an example of a very
creative and
innovative company



Executive Summery

Microsoft sets an example of a very creative and innovative company whose vision has been to continually improve and advance software technology and make it easily available to the common man. Microsoft fosters creativity and innovation by organising research summit where researchers and leading academics from diverse fields interact and share their ideas. Microsoft honours and rewards its researchers, holds brain storming sessions and provides students, a platform to showcase their ideas. Microsoft was founded by Bill Gates with Paul Allen. Gates took the company to the heights of success guided by his foresight, vision, creativity, business sense and internal motivation. The organisational values of Microsoft are based on a new method of organisational management which is open to debate. Microsoft culture strives to provide a close net community which regularly interacts with each other. It provides a large range of perks and benefits to its employees. Microsoft is trying to change rapidly in order to compete with companies like Google and Yahoo. In order to maintain a competitive edge Microsoft must stop being cautious, conservative and cut through its bureaucracy system.

Introduction

This essay will discuss the concept of creativity, innovation and change as related to Microsoft.

Microsoft Corporation is a public multinational located in Redmond, Washington, USA and is the worldwide leader in services, software and solutions that help organisations, reach their full business potential. It has

various product divisions which manufacture, develops, licence and supports a wide range of products. It was established on April 4th, 1975 to develop and sell basic interpreters for the Altair 8800, Microsoft soon became the leader in home computers operating systems (OS) market with M-S DOS in the mid 1980's followed by the Microsoft Windows line of OS's. On March 13th, 1986 the company went public. The stock rose tremendously and made an estimated four billionaires and 12000 millionaires from Microsoft employees.

Microsoft Office was introduced in 1990. It had separate office applications such as Microsoft Word and Microsoft Excel. From 1995-2005 Microsoft expanded into new areas such as computer networking and World Wide Web. It then released Windows 95 on August 24, 1995. In 2001, the company entered the game console market by releasing the Xbox. In January 2007 they released Windows Vista, the next version of Windows.

Critics say that Microsoft puts unreasonable restrictions in the use of its software and uses monopolistic business practices, anti-competitive strategies in the business market, and its marketing tactics are misrepresentative. The company has been found misrepresenting antitrust laws by the U. S department of justice and European commission. With the exception of the electronic portion of its business, various studies have been favourable to Microsoft's diversity within the company.

CONCEPT OF CREATIVITY AND INNOVATION IN MICROSOFT

The term creativity applies to the generation of novel ideas by individuals and groups while innovation refers to the implementation of these ideas and converting them into novel, useful and viable commercial products, services and business practices. Under Bill Gates leadership Microsoft has strived to continually improve and advance software technology and to make it easy and cheaper for people to use computers and other hi-tech gadgets. The company is committed to a long term view and this is reflected in its industry which leads in investment, research and development each year.

Every year Microsoft research hosts an annual faculty research summit. Here educators and leading academic researchers collaborate with Microsoft researchers to collectively discuss the challenges faced by the community, look for the best approaches to meet these challenges, to explore the latest research results and identify new research opportunities. This also provides an opportunity for the meeting of colleagues and friends across the full range of computing disciplines. They go through a lively, creative, open discourse and investigate compelling research topics like, Future web, Architectures of the future, Challenge of large data and Natural user interaction.

Microsoft awarded 1. 4 million dollars in research grants through the faculty's fellows grand program to nearly 40 academic researchers who have been identified as emerging leaders in the fields. Microsoft provides opportunities to its employees for discovery and innovation.

Microsoft research collaborates with governments, universities and industry to jointly work and advance research and inspire technological innovation, enhance the learning experience and cultivate the next generation of thought leaders. At Microsoft faculty research summit, students from the best graduate design institutions put forward their designs and ideas. Microsoft thus encourages creativity by teaching techniques and strategies for facilitating creative performance.

Outstanding new faculty members who represent the best and brightest in their field are nominated by the universities. Microsoft research recognises this talent at the Microsoft research faculty summit.

Group brainstorming sessions is a commonly practised technique which enhances creative outcome. The group members are selected from diverse fields and are encouraged to openly share ideas without worrying whether these ideas are useful or not. The goal is to collect an abundance of ideas first and then something useful and original may come out through the process. Regular brain storming at Microsoft encourages creativity.

Microsoft hires the best in their fields to enhance creativity in business. These professionals are highly educated leaders in their respective fields.

On July 12th, 2010 at the annual Microsoft research faculty summit, Microsoft announced the latest version of the World Wide Telescope and unveiled the high resolution Spherical Map of the night sky. Through an ongoing collaboration with NASA, Microsoft has released the most complete pole to pole coverage of Mars images allowing World Wide Telescope users to virtually explore mars and make their own discoveries.

<https://assignbuster.com/how-microsoft-sets-an-example-of-a-very-creative-and-innovative-company/>

Founders Motivation

William Henry “ Bill” Gates 111 is an American business magnate and the founder of Microsoft along with Paul Allen. He took a key interest in programming when he was a student in 8th grade at lakeside school. In 1975 the Micro Instrumentation and Telemetry systems (MITS) Altair 8800 based on Intel 8080 CPU was released. Gates called MITS claiming to have an interpreter ready. MITS requested for a demonstration. They, however dint have either the interpreter or the processor. Allen converted a previously made Intel 8008 simulator for the new micro processor while Gates developed the BASIC interpreter. Their demonstration was successful and MITS agreed to distribute it marketing it as Altair BASIC. Bill and Allen went into business with their organisation and named it Microsoft.

It was Bill Gates internal motivation to create something new. He had an ambitious and strong passion combined with the desire for autonomy in testing his own ideas and being forward in promoting new perspectives. It was his confidence, willingness and ability to take calculated risks that enabled him to agree to the demonstration to MITS when he did not have the interpreter or the processor. Guided by his foresight, vision and a firm belief that in the near future the computer would be necessity on every office desktop and in every home, they also began developing software for personal computers. With his ingenious marketing schemes and fervent business practices computers worldwide accepted his standard operating system.

Organisational Structure of Microsoft

The formal arrangement of jobs within Microsoft defines the organisational structure of the company. A board of directors made up of company outsiders runs the company. As on June 2010 the board of directors consists of Steve Ballmer, Bill Gates (chairman), Dina Dublon, Maria Klawe, Reed Hastings, Raymond Gilmartin, David Marquardt, Helmut Panke and Charles Noski. A majority vote system is used to elect the board members every year. More specific matters are looked after by five committees within the board. The accounting issues are handled by the Audit Committee, the financial matters such as proposing mergers and acquisitions are handled by the Finance Committee, the compensation for employees of the company and the CEO are approved by the Compensation Committee, the corporate matters which are handled by the Governance and Nominating Committee and selection of board and the Antitrust Compliance Committee, which attempts to prevent company practices from violating antitrust laws. Bill Gates, the chief software architect and chairman, formulates the company's technical strategies and reviews developments, merits of architectural design, development schedules and R&D funding requirements.

Steve Ballmer is the Chief Executive Officer (CEO) who looks after all product development operations, sales, marketing, business development, consulting and support, administration and finance groups within the company. Under the CEO are the business division and the sales and marketing division. The business division is divided into various subdivisions on the basis of the various products of Microsoft. Some of them are platform product and services, entertainment and devices division and strategy and partnerships.

There are further sub divisions of each of these business divisions which are answerable to the presidents of these business divisions.

‘ Increase power by dispersing it: encourage creative dissent; built autonomous teams’. These quotes are from Geoffery James’s Giant Killers a book that tells us about the world dominated by Microsoft, Compaq, Dell and others. <http://www.thinkingmanagers.com/management/managing-people.php>

This is alternative management which has invented new ways of running organisations- methods that are based on people. At Microsoft managers, communicate directly with people and opportunities are created. Work is made fun. That means hiring people who are self motivated and put an end to the ‘ fancy perks’ that separate the boss from the working class and encouraging informal ways of working such as working from home or at night. The people have the freedom to voice their opinions without fear. Ballmer maintains that one of Microsoft’s strengths has been its adoption of self criticism.

This formula sounds attractive but has not been followed by the best business results. The employees are frustrated with swelling bureaucracy and the many proceedings and meetings that chief executive Ballmer has put in place for their motivation. The organisations past successes seem to stifle its current creativity. The employees spend a lot of time preparing for the many executive product reviews held several times a year. This preparation work cuts into their more interesting work of creating new products and techniques.

<https://assignbuster.com/how-microsoft-sets-an-example-of-a-very-creative-and-innovative-company/>

Organisational Culture

Microsoft creates an environment that lifts their employee's spirits rather than drains their energy. The Mobile and Embedded Devices Experience Design Centre or MEDX is a unique workspace where reclusive programmers are revered and there are no individual offices coveted. The walls are gleaming floor- to- ceiling white boards intended for collaborative brain storming.

Microsoft brings together a large number of researchers from various fields who work together on a particular project. An ethnographer for Microsoft, Donna Flynn a PHD in archaeology analyses how people from London to Beijing make daily use of their cell phones. She feeds her results two dozen designers, engineers and strategists working in an unusual research lab at Microsoft. Here strategies are made to sell cell phones that act like PC's.

Pre release and beta versions of the latest Microsoft products are used inside the company to test them in real world situations. Microsoft uses the expression “ eating our own dog food” to describe this policy. The products are tested and innovated further.

The Microsoft Developer Network (MSDN) provides technical reference for developers and articles for magazines such as Microsoft Systems Journal . MSDN offers subscriptions for people and companies and the more expensive subscriptions offer access to beta versions of Microsoft software before it has been released. There are community sites at Microsoft which provide daily videocasts and other services. Channel9 provides wiki and an internet.

Online Usenet newsgroups provide free technical support. These newsgroups

are provided for nearly every product Microsoft provides and are run by Microsoft employees. People who are helpful in these newsgroups can be elected by other employees or peers for Microsoft Most Valuable Professional (MVP) status which entitles people to a lot of additional benefits and a sort of a special status.

Microsoft hires both foreign and domestic workers and opposes the cap on H1B visas , which allow companies in the US to employ certain foreign visas. Bill Gates states that he would like to get rid of H1B cap. The 2010 Corporate Equality Index Report gave Microsoft 100% , a ranking of companies by how progressive the organisation is in its policies related to LGBT (lesbian, gay, bisexual and transsexual employees).

Perks and Incentives to employees

Microsoft offers benefits which are both formal and informal.

Financial incentives range from funds for software development and marketing to free tools and test handsets. The company would be distributing Windows Phone 7 laden devices to its roughly 90, 000 employees around the world.

Compensation to top performing employees who receive large amount of company stock.

Free beverages free juice, milk, coffee, soda and awesome cafeterias so that employees have no need to go off campus for lunch.

Transportation to and from work by the connector shuttle bus, free bus passes, van pools and car pool parking.

P. R. I. M. E discounts are given on brand name products and many local services like valet tickets and motorcycle repair.

Discounted financial services like banking, brokerage, financial planning and education.

Stay fit program allows them paid health club membership.

Tuition reimbursement program so that employees can continue their education.

Investment programs to help its people to set and meet financial goals.

Relocation if employees have to move to begin their Microsoft career they may be eligible for help with everything from packing and moving their things to temporary housing and a rental car.

Time off from their first year the employees get 15 paid vacation days, 8 paid US holidays, 10 paid sick leave days and 2 paid discretionary holidays.

Counselling is provided for employees and their family members.

Others flexibility to dress as they choose, flexi work hours, child care, drycleaning, grocery delivery and upgraded dining options product launch parties and annual Microsoft company meetings.

This is done to boost employee morale to attract, develop and retain innovative and creative people to drive success and stay competitive. This motivation is central to understanding the needs and expectations of the employees.

Changes in Microsoft

There has been an external trigger for change as more companies came into business and filed law suits against Microsoft for their underhand methods of competing with them. In December 1998 Microsoft tried to take over Netscape Communications Corporation. All large mergers are reviewed by justice where the government argued that Microsoft used its dominance in PC operating systems to squelch arrival internet browser that Netscape had made. Microsoft is changing and continuing to evolve. On July 19th, 2010 at the national press club Microsoft's general counsel, Brad Smith, has acknowledged that eight of the 12 new principles are from the guidelines hammered out of the settlement Microsoft came to with the U. S. Department of Justice following its legal battle. It has decided to set aside its old so called foul-ways of competing which have got it into a lot of trouble.

An external trigger that has brought change in Microsoft has been its competitor Google. Google has cemented itself as the operating system of the web, just as Gates had sub-planted IBM in the 80's and 90's by making sure all PC's ran on Microsoft operating systems. Microsoft Windows and Office still dominate desktops and turn over 50 billion dollars a year but Windows Vista was a near disaster which had performance issues and problems of wide spread compatibility. Microsoft's other cash cow, office is being threatened by Googles equivalent of Word, Excel, Power point and <https://assignbuster.com/how-microsoft-sets-an-example-of-a-very-creative-and-innovative-company/>

Outlook which are challenging office's consumer market share. Microsoft has started channelling all its energies into its attempt to catch Google and Yahoo.

A major internal trigger that has brought many changes in Microsoft has been the change in top management of the company as well as the changes in its executive ranks in recent months. The stepping down of Bill Gates as the chairman of the company and Steve Ballmer is the new CEO.

Many executives said that they looked for a change to rekindle the initial enthusiasm of the technology revolution decades ago.

Challenges faced by Microsoft

The biggest challenge to Microsoft comes from bruising competition from companies like Apple and Google in the consumer sector and IBM in corporate computing sector. The Linux open-source operating system's popularity is also one of the challenging factors. Despite, Microsoft's best efforts its ' social networking phone' has been an embarrassing flop. It could not compete with the sheer diversity of Apple's App Store. There has been a plague of viruses attacking its software. Microsoft's current operating system, Windows Mobile, powers 14. 2m phones and is way behind iphone, Googles Android and Nokia's Symian. Everyone in the computing world is now vying for connectivity and Microsoft has to contend with America Online. AOL plans to take over Time Warner and is making a foray into interactive TV. Microsoft has also tried to make a foray into interactive TV but the results have not been very encouraging. Many of Microsoft's most creative managers, marketers and software developers are going to Google and

Apple. When Microsoft hired computer scientist Kai-Fu Lee expertise in speech recognition was considered as the next big step in computing. Lee bolted from Microsoft to Google and painted a distinctly unflattering picture of company's inner working. Most recently, CFO Greg Maffei left. The annual attrition rate has also been rising steadily. There is discontent among its software programmers. Instead of innovating and working on the next great technology, Microsoft programmers have to look after its monopolies like upgrading windows. In spite of this Microsoft has made a lot of money out of its monopolies.

Conclusion

In order to maintain a competitive edge Microsoft must part with its established way of doing things, stop being cautious, conservative and must become fast to react to new ways of doing things. They have to cross the chasm from one era of business and technology to the next. It has to accept that it has been a failure in the hardware business after its flop of Zune player and its time for Microsoft to rethink that its' software took the company to what it is today. Product groups should be given increased autonomy with the authority to slash through red tape. Microsoft needs motivated and dedicated workers, labouring in their offices at all hours of day and night to compete with tenacious rivals such as Yahoo (YHOO), Google, Apple (AAPL), Sales force. com (CRM). It has to innovate instead of being too busy upgrading windows. These changes to windows will no doubt sell millions of copies as people upgrade to new PC's but this is not the stuff of cutting edge software engineering.

Microsoft can also be split up into small companies so that the teams are heavily empowered and can make fast decisions.