

Case study: sun microsystems: we're the dot in .com

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Case Study Summary

Sun Microsystems is a company established by Andreas Bechtolsheim, Vinod Khosla, Bill Joy and Scott McNealy in 1982 based on the Unix operating system mostly developed by Joy. McNealy took hold of the presidency by 1984 and at that time established Sun in the high end of the market. Although its market was not directly competitive to Microsoft at that time, Bill Gates' tenacity in the computer world made Sun reposition itself by preparing for the internet revolution.

Throughout the company's history, McNealy had always tried to outperform Microsoft by trying to divert the public's attention from personal computers to the importance of the internet. It created a rival for Windows, a software called Java. Sun created ways for other gadgets such as televisions, mobile phones and cars to access the internet via Java. However, Sun failed to overthrow the public need for personal computers because PCs still can perform more functions compared to Sun's ideal gadgets. Sun also made alliances with other giants like AOL so that it could use Netscape to pit against Microsoft's Internet Explorer. From this partnership also evolved iPlanet E-Commerce Solutions which was a business to business commerce platform that helps companies do their buying, selling, billing and much more. This proved to be a success overseas as it made sun comparatively stable compared to the other technological companies during the early part of the century. McNealy believed that Sun can also outperform Microsoft in the internet revolution by marketing its products as better in making websites for many companies and government agencies. This also proved to

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be a successful strategy to keep it at the top of 2001. However, Sun's attention on developing Java has made it lag behind Microsoft in other web services and research which affected its dominance in the market. Although McNealy's leadership and persistence in the computer world is admirable, this may still not make Sun lead because Microsoft is just as tenacious.

Answers to Review Questions:

1. Discuss the authors' definition of high performance organizations. Is there anything you would add or delete?

Although the author has stressed out in his last paragraph that Sun's high performance was due to McNealy's skills in total quality management (doing tasks correctly the first time with continuous innovation), demonstration of a vision that cultivated admirable intellectual capital and cultivation of a company culture to support this vision, I believe that Sun still could have a better image among its rivals if McNealy disciplined his mouth more. His zeal and lack of tact in blurting out what he wants for the company may also cause his rivals to be more adamant in crushing his visions which could also be bad for the company.

2. Analyze Sun Microsystems based on the authors' five key characteristics of High Performance Organizations, as found on page 23 of the textbook.

One of the key characteristics of High Performance Organizations is its will to set ambitious targets and consistently and continuously achieve those objectives. Sun exemplifies this with its delivery of great service. An example would be with their contract with the New York Stock Exchange wherein the client wanted a system that would deliver required uptime of 99.

9%. Sun not only achieves the very high expectation but also exceeds it by delivering 100%.

Another key characteristic is the display of a strong sense of purpose through shared values within and outside the company. McNealy's strong emphasis on good relations extends not only to his business partners but with employees as well. To achieve high level performance within Sun, he ensures that all his employees' worries are taken care of. He makes sure that family is taken care of by giving financial assistance to adoptive parents, providing lactation rooms for breastfeeding moms, creating special day-care centers for the ill children of his employees, etc. He listens well to his employees' occupational needs such as when he allowed the Menlo Park, California campus to be built with offices instead of dividers to give the engineers the privacy they wanted at work. His respect for his people's time is obvious when he allowed flexible hours and telecommuting. He also strengthens the ties he makes with partners by delivering what is expected from the company. An example would be the alliance with Netscape wherein Sun provided the framework for the success of iPlanet E-Commerce Solutions which catered to the needs of 170 countries outside of the U. S. This venture reaped over 18 billion for the companies.

Although the article did not clearly specify any evidence that the company has strategic focus for the employees to realize that their contribution creates results for the organization, the hard work at research and the products that Sun has developed attest to this.

Another key characteristic is the company's agility to adapt to changing circumstances quickly. This can be seen by Sun's creation of business
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solutions for a market that would rather outsource its web hosting, payroll and other departmental needs.

I believe that each employee in Sun is aware of what direction McNealy wants the company to go to since he is very vocal about it. McNealy's sensitivity to the needs of his employees have created a structure that resounds his beliefs.

3. McNealey has positioned Sun as a rival of Bill Gates' Microsoft. How could that have contributed to the effectiveness of Sun?

I believe that pitting Sun against Microsoft was a good idea in the sense that it helped the hightechnologyarena recognize the company as a persistent one Its vision to topple Microsoft could also have driven Sun's employees to consistently strive to create better results for the company. For these two reasons, positioning Sun as a rival against Microsoft has proven to be very effective.

Summary for Managers

Managers can definitely learn more things than one on the example provided by Scott McNealy as head of Sun Microsystems.

Like McNealy, a good manager must be able to create a vision that employees themselves understand and can follow. McNealy is very vocal about his aspirations for Sun and this allows his employees to create the structures he needs to keep the company on track. He also shows his industrious qualities by constantly looking for new opportunities to put Sun on the top. His good example of being a consistent workman himself is an inspiration to his employees.

A good manager must be sensitive to the needs of his employees and find these as opportunities to help the company cultivate a culture of flexibility. The example of Sun allowing its employees to telecommute makes use of the time in traffic to create more results for the company. This would not have been possible if a manager was not sensitive to the problems of his employees.

Good managers also ensure good client relations by exceeding their expectations. This can be seen by Sun's consistency in delivering 100% uptime for the New York Stock Exchange. When clients fail to get what they were made to expect, it would be easy to lose them. However, going beyond what they need gives them no reason to back out from any contract.

Ensure good relations with partners by fully maximizing both resources to produce great financial profit. Sun benefited well by combining its resources with Netscape although there were theories that it could be more disadvantageous for the company. Good managers are willing to take risks by fully understanding the alliances they are entering and maximizing all resources to profit.

A good manager is always aware of his clients' needs to be able to innovate or introduce a new product. This includes being aware of what the competition is doing. McNealy was known to be "everywhere" in the computer industry and this created many opportunities for Sun. Being up to date keeps the company either ahead of the competition or positioned to make new products that could outsmart an opponent.