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## Keeping Google “Googley” (Abridged)

Kim Scott, director of Google’s AdSense online sales and operations, just returned from one of Google’s quarterly meetings in 2008 and her mind was racing. The company was continuing to launch new products and services at a rapid pace, and it was hard to keep up with the innovation happening around her on a daily basis. Scott had started at Google during the summer of 2004. At the time the company had approximately 3,000 employees, and most were based at the company’s headquarters in Mountain View, California. In just four years, Google’s employee count had grown to over 17,000, and more than 40% were based outside of the U.S. Revenue growth was on an even faster trajectory, with \$3.2 billion annual revenues in 2004 growing to a \$20 billion run rate for 2008.

Scott had pursued a variety of entrepreneurial roles since she graduated from Harvard Business School in 1996, and she joined Google because she was attracted to the innovative culture and the can-do attitude of everyone she met. She was hired to help plan and manage the growth of Google AdSense (“AdSense”), one of Google’s two major advertising services. Scott shared the business leadership with her functional counterparts in product management and engineering. Nearly all important decisions were made together as a leadership team. She explained, “Google is a fast-moving, consensus-based organization. I thought those were mutually exclusive qualities before I got here.”

When Scott started at the company in 2004, she wondered if she would still be there in several years, as she had never been at the same company for more than three years in the past. Yet, now it was the middle of 2008, and she was pleased that Google still had the same entrepreneurial atmosphere it had when she started. Founders Sergey Brin and Larry Page and CEO Eric Schmidt established a culture that rewarded innovation and continuous improvement, and all job applicants were screened for “Googley” qualities that would enable them to thrive in such an environment. Some observers assumed that the increased size would inevitably lead to more bureaucracy, but Scott was pleased that employees throughout the company worked hard to keep potential negative byproducts of rapid growth to a minimum. As Scott walked past some young employees chatting in the courtyard, she reflected on what enabled Google to maintain its culture as the company kept doubling in size. She hoped she would still love working at Google in another four years and asked herself, “What else can we do to ensure that Google remains the same kind of entrepreneurial place that excited me in 2004?”

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Professors Boris Groysberg and David A. Thomas and Alison Berkley Wagonfeld, Executive Director of the HBS California Research Center, prepared the original version of this case, “Keeping Google ‘Googely,’” HBS No. 409-039. This is the abridged version of that case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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## AdSense Organization

The AdSense business was managed by the directors and managers of three functional groups: Kim Scott, director of online sales and operations (OSO); Brian Axe, product management director; and Joerg Heilig and Bhavesh Mehta, engineering directors. Gopi Kallayil, product marketing manager also contributed to the management of the business. Scott described the leadership team as a “mesh”; others described it as a matrixed structure. When asked “Who was in charge of AdSense?” Scott answered with a smile, “Nobody.” As the director of online sales and operations, Scott was responsible for the sign-up, management, optimization and payments of AdSense partners. The product management team defined the features and functionality of the product and worked closely with Scott’s group to get customer input. Product management also worked closely with engineering, as the engineers translated the product specifications into software code. Marketing worked with both online sales and operations and product management to help identify customer needs and to increase customer awareness. Axe believed, “Our functional organization prevented business unit fiefdoms from developing around the company.”

Scott was hired into her role in June 2004 by the vice president of online sales and operations, approximately one year after AdSense had been launched. Scott inherited a team of 90, the majority of which worked in the U.S. as account associates (“associates”) facilitating the sign-up of AdSense content sites and managing relationships with content publishers. Most associates interfaced with thousands of publishers, and Scott relied on the associates to gather customer insights that could be used to improve the AdSense business. Over the next four years, Scott added approximately 30 people to her team in the U.S., and another 80 people outside of the U.S, bringing her total team to 200. There were also approximately 100 people working on the AdSense business in Europe, Middle East and Africa region, but this group did not report directly to Scott. Scott could have hired faster, as AdSense revenues and the number of publishers grew over 500% during those three years, but she opted to keep the team “small and nimble.” Russ Laraway, director of online operations and one of Scott’s direct reports, explained Scott’s approach to adding headcount, “Kim didn’t want to over hire. When the hiring faucets were open, some went with buckets, but she went with teacups. Kim believed that keeping the team small would force us to innovate in how we managed the business. She pushes us to change our processes and use technology to automate our work. She wants us to deploy our resources in higher value ways.” Scott had eight direct reports who were collectively responsible for managing the current business and developing growth areas.

## Management

Google was considered a “flat” organization particularly in its early years when some engineering managers had up to 50 direct reports. By 2006, the company started hiring more managers with experience, reducing the number of direct reports per manager. Scott Sheffer, director of online operations and another of Scott’s direct reports, commented, “Kim has hired a number of experienced managers in the last two years. People made the assumption that the managers would suffocate innovation, but that has not been the case.” Scott elaborated on Sheffer’s comments, “My philosophy is that middle management should challenge people to do more, not less. Management should lift the organization and make life more exciting.” However, there were parts of the organization, particularly in engineering, that have continued to maintain very flat organizational structures. Laszlo Bock, vice president people operations, explained, “We believe that we hire people who are well-intentioned, curious and aware, and most have the capacity to self-govern with the help of their peers.”