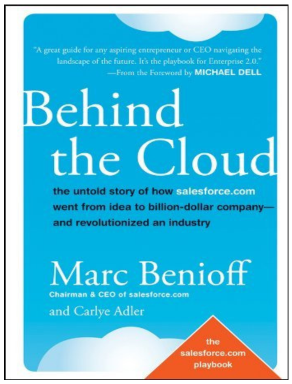
Dental WEALTH Builder
By Dr Bhavna Doshi

Behind the Cloud

The Untold Story of How Salesforce.com Went from Idea to Billion-Dollar Company — and Revolutionized an Industry



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About the Author/s

Marc. R. Benioff is chairman and CEO of salesforce.com, which he cofounded in 1999. Prior to launching salesforce.com, Benioff spent 13 years at Oracle Corporation. He founded his first company, Liberty Software, when he was 15 years old. Benioff was also the 2007 Ernst & Young Entrepreneur of the Year.

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Carlye Adler is an award-winning journalist whose articles have appeared in Business Week, Departures, Fast Company, Fortune, Forbes, Portfolio, Wired, and Time. She co-wrote The Business of Changing the World. She has twice been named one of the most influential business journalists under the age of 30 by the Journalist & Financial Reporting group.

■ The Big Idea

Leaders of a successful entrepreneurial venture must clearly define five key elements of the company's mission:

1. A vision that defines what the venture wants to do. One of salesforce.com's visions was global leadership in proving the viability of software as a service (SaaS).

2. Values that is important in achieving the vision. At a clean energy company, these might include "zero emissions," "low cost of entry," and a "well-run supply chain."

3. Methods to achieve the vision and values. These include such practical factors as hiring, product development, building partnerships, funding, and a launch plan.

4. Obstacles to overcome. Salesforce.com defined and overcame a lack of developers, a lack of venture capital, and a perception of lack of data security in SaaS.

5. Measures of the results. Salesforce.com favored soft-edged measures like a "high-quality functional system," but an entrepreneur may define harder-edged measures like "product release by May 2011."

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FEATURES OF THE BOOK

Reading time: 6 hours, 260 pages

Dell Chairman and CEO Michael Dell sets the tone for **Behind the Cloud**, with a pull-no-punches five-page introduction describing how salesforce.com precipitated “The End of Software.”

The book is organized into 111 strategies (called “plays”) over nine chapters (called “playbooks”). The playbooks cover the breadth of Benioff’s strategies for launching a startup; marketing; recruiting customers as salespeople; developing product, and so on. Each of the 111 plays is a distinct strategy, best read in whole.

Readers may comfortably read the nine playbooks out of order. However, much of the success of salesforce.com stems from its tight integration of strategies and functions. A marketing executive can learn strategies from “The Technology Playbook,” and HR directors will learn much about what motivates Generation Y recruits in “The Corporate Philanthropy Playbook.” That is how salesforce.com operated, and readers will benefit most by reading the book in its entirety.

The reader may be puzzled at first by the unusual inspirations for Benioff’s plays: he credits Apple’s Steve Jobs and Oracle’s CEO Larry Ellison while also drawing inspiration from the Dalai Lama, the Reverend Dr. Billy Graham, hip-hop star M. C. Hammer, former Chairman of the Join Chiefs of Staff Colin Powell, and Sun Tzu, author of The Art of War. Upon further reading, however, their valuable expertise emerges, including lessons on engaging an audience, community-based philanthropy, and competitive strategies.

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INTRODUCTION

A software company that adapts the motto “No Software” is an unusual company indeed. A company that plots to do away with every business convention – from sales and marketing models to the very hardware on which software runs – is doubly unusual. Back in 2001, salesforce.com was that company, selling software-as-a-service (SaaS) over the Internet rather than on CD-ROMs. Though the idea seemed preposterous at the time, it sparked the $46 billion SaaS industry and proved that decentralized computing, or Cloud computing, was profitable and worked.

Behind the Cloud is a “playbook for entrepreneurs” in all industries, not just software, according to author and salesforce.com CEO Marc Benioff. Its 111 “Plays” – what Benioff calls his “business strategies” – travel well between industries. Benioff learned his plays not only from high-tech giants like Oracle CEO Larry Ellison and Apple co-founder Steve Jobs, but also from companies like Hasbro and such unlikely sources as the Reverend Billy Graham and hip-hop artist M. C. Hammer.

THE START-UP PLAYBOOK

According to Benioff, an entrepreneur must be willing to “defy convention” to succeed. In 1996, when Benioff conceived the idea that became salesforce.com, the standard was the decades-old enterprise software model, with its multimillion-dollar CD-ROM packages, 18-month implementations, and high investments in hardware and networking. As Benioff‘s idea took root, he began taking inspiration from Amazon.com, which does not involve any software; instead, it hosts the software, updates it, and makes it intuitive and easy to use. Something about Amazon.com struck Benioff as accessible and “democratic,” and he wondered how an enterprise software application could work more like it.

That form of delivery is now called software-as-a-service, or SaaS, but Benioff saw it more as a “utility.” Former Executive Editor Nicholas Carr of the Harvard Business Review confirmed that description when he compared SaaS to the creation of the electric grid in the early 20th century. The electric grid allowed industry to abandon its steam engines and dynamos, and SaaS promised to enable companies to do away with their servers.

Salesforce.com would defy a second convention by offering the same technology to every user. It offered no “lite” version of limited functionality for small business – it offered the same version to both Merrill Lynch and the single-license buyer; the only difference was in volume. This is typical of SaaS, including the utilities at Amazon.com.

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It defied a third convention by using the Internet as a platform rather than separate servers (the client-server model). Salesforce.com would host both the software and customers' data. The customers would never see the upfront costs of server space, databases, security applications, implementation, and integration. Instead, they would share those costs, split thousands (even millions) of ways. This is called multitenancy. The advantages were profound. Customers do not need to stop using the application during software upgrades; instead, they log on as usual to eBay, Amazon.com, or salesforce.com whenever they choose, and they enjoy new features as they become available.

Doing away with the existing model of software was a big dream, and having a big dream is one of the first of Benioff's 111 plays.

Benioff chose a product he knew well: customer relationship management (CRM). Benioff had invested in Siebel Systems, a CRM provider, which had just gone public, and he knew all the ins, outs, and flaws of the Oracle Automatic Sales and Information System (OASIS), which was a sales force automation (SFA) product. As costly and as difficult to implement as CRM and SFA were, the utility was too important for companies to ignore. As a result, Siebel had just gone public.

But, wondered Benioff, "could you get a return on investment in six to twelve months rather than in three to five years?" (Three to five years was typical of CRM.) Benioff believed it could be accomplished by replacing the traditional client/server model for an on-demand service. The model was costly and cumbersome. A company could expect to spend $1.8 million for 200 seats of Siebel's CRM; between $1,500 per user license; $54,000 for support; and $385,000 for basic hardware. Furthermore, about 65 percent of Siebel licenses went unused. Benioff first approached Siebel with the idea of SaaS CRM, with a minimal fee of $50 to $100 per subscriber per month.

Siebel passed on salesforce.com, and so the giant of the CRM industry declared the idea unworthy. Benioff responded calmly to the critics and stuck to his premise that Siebel was "unable to satisfy most companies out there." He held fast to his conviction that the Internet, with all its power and capability, would "destroy the client-server companies that stand today."

RELEVANT PLAYS:

Play #1: Believe in Yourself
Play #6: Sell Your Idea to Skeptics and Respond Calmly to Critics
Play #10: Defy Convention
Play #13: Be Willing to Take a Risk – No Hedging

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MARKETING

The first step in marketing is for a company to position itself. Is it a new and disruptive force? An elite think-tank? Or the next and natural step in an evolution?

Benioff's own words describe the salesforce.com position: it was a "gnat on the back of an elephant" – and the elephant was Siebel Systems. Benioff further described salesforce.com as being made up of "rebels," "revolutionaries," and "outcasts," and he declared the "End of Software" in an ad campaign (one that took a PR Week award for "High-Tech Campaign of the Year"). Actors in Fidel Castro-like fatigues protested software outside of Siebel user conferences in San Francisco, San Diego, and Cannes, France.

Why not target the smaller competitors first? According to Benioff, a start-up must always go after "Goliath" and ignore the smaller players. If Siebel was Goliath, then Benioff considered himself David, with a touch of Castro and a bit of the Dalai Lama – these were the inspirations for his carefully cultivated persona. At the time, all industry leaders cultivated strong personas that were synonymous with their companies. Oracle was synonymous with the aggressive Larry Ellison, and Apple was synonymous with the informal and innovative Steve Jobs. Benioff became emblematic of salesforce.com, wearing fatigues while on the road and Hawaiian shirts at the headquarters. The company, like its leader, was defiant of conventional marketing wisdom.

Conventional wisdom dictates that a leader should tout his company's strengths without attacking the competitor; this makes the competitor look strong, and it is one of Sun Tzu's strategies in The Art of War. Benioff cites Sun Tzu as an inspiration, but he nevertheless defied that rule. Rather than make Siebel look strong, Benioff decided on a withering attack that made Siebel look vulnerable to a serious challenger – which, at the time, had only a handful of sales and was bleeding money.

With the rebel image established, salesforce.com was able to turn to more conventional methods of marketing, such as road shows. Of course, it continued to put its unconventional stamp on these methods. Typical road shows in the software industry are usually lightly attended events in major markets, such as New York, Chicago, and Los Angeles. They feature PowerPoint presentations by regional salespeople, plus bagels and coffee, and attendees are sales prospects. Fifty attendees may sign up for the seminar, but fewer than half usually arrive. A customer may be there to provide a testimonial, but likely not. Customers typically do not wish to reveal operational secrets, or they simply are not invited.

Salesforce.com leveraged the potential strength of industry road shows and took the opposite approach: it conducted its own road shows with a 50/50 mix of interested parties and customers. It also invited big-ticket guest speakers like Colin Powell and singer Neil Young. On the walls were posters of "customer heroes": rebels who "defied convention"

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by purchasing SaaS. These customers became powerful salespeople, answering attendees' questions about the product and volunteering their success stories. Benioff adopted the customer evangelist idea in part from a real evangelist: the Reverend Dr. Billy Graham, who regularly called upon members of his congregation to testify.

Benioff also drew inspiration from hip-hop singer M. C. Hammer, who pioneered the now-common idea of a "street team." Hammer's team members were young fans who created buzz by word of mouth, posting handbills and so forth. In effect, the salesforce.com customers became the company's street team. Furthermore, the company was guaranteed only positive testimonials – as a subscription service, dissatisfied customers simply did not re-up, and they were not invited to the events.

RELEVANT PLAYS:

Play #15: Position Yourself
Play #17: Create a Persona
Play #20: Always, Always Go After Goliath
Play #40: Make Every Customer a Member of Your Sales Team

SALES

The traditional software sales model (one that is still very much in use) involves a four-stage process of:

1. Lead generation – through direct mail, trade shows, and issuing white papers and testimonials
2. Sales calls
3. Product demonstration
4. Closure – after some months, of a multi-license deal.

In such cases, the chief technical officer (CTO) or chief financial officer (CFO) is usually the yea-sayer or nay-sayer.

The salesforce.com model defied all those conventions. First, it did not bother with direct mail, which boasted less than a two-percent response rate. Instead, its sales were Internet based, which ensured that a sales prospect would be actively looking for a solution. A website is also open for business around the clock, which means that a customer need not wait for a salesperson's call (although the company did maintain a sales force). Finally, with a price of $50 per license per month, end users could make the decision themselves to buy the service, and spend their own money.

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This model was far easier than the challenging four-step sales cycle. Still, as a new company with an unusual offering (SaaS), salesforce.com had to build some level of trust. Salesforce.com did so with its "give it away," "seed and grow," and "land and expand" strategies. First, the company gave away some user licenses, based on the strategy that "adoption becomes addiction" and that these users would spread the word about salesforce.com. Such giveaways are now routine, but in 1999 they were rare.

Blue Martini Software was given a few free licenses and became the first user; after a few weeks, it bought licenses for its entire sales force. Blue Martini was a small company, the kind that enterprise software providers typically target last. Those providers usually target the Fortune 500 or 1000, those with a dedicated "strategic accounts" sales force. Most providers turn to the small and medium enterprises (SMEs) only after a period of time. From its inception, however, salesforce.com targeted both SMEs and large accounts, and it found the close rates among SMEs was higher while the cost of sales (largely telesales) was lower. The company quickly grew its SME sales force from four to twenty representatives.

Still, a young company can be revolutionary only to a certain point before it scares off customers. Companies like ADP, Merrill Lynch, Cisco, and SunGuard were simply disinclined to "join a revolution" or buy an enterprise application off the Internet. Nor were they completely tolerant of their employees using software applications that management had not approved.

To win those more traditional clients, salesforce.com began adapting traditional business models. SunGuard (a Fortune 1000 data system provider) saw the potential of CRM becoming a "unifying glue" for its 80 business units, but it demanded assurance from salesforce.com that it would be highly secure, integrated, and customized—all on the same pay-as-you-go SaaS model. It was a demanding implementation, but it provided salesforce.com with its first Fortune 1000 customer.

As an enterprise-wide sale, SunGuard was an unusual case; few Fortune 1000 companies buy in such a way. Instead, SaaS providers often approach a division of a large company, foster it like an SME, and then "land and expand" into a corporate license agreement. Salesforce.com sold to divisions of Merrill Lynch and ADP, each with sales of less than 80 licenses, but those sales turned into enterprise-wide sales of thousands of licenses.

In addition, some companies trust the professional services model, bringing in a company like Accenture, KPMG, or Deloitte to vet the solution, implement it, and oversee its success. "We needed to respect organizational hierarchy," Benioff explains, and salesforce.com struck up partnerships with each of those consultancies.

Ultimately, success is the number-one selling feature, and salesforce.com proved successful in every size of business – something others had struggled to do. As of 2008, salesforce.com could divide its revenue neatly in thirds, between small, medium and large enterprises.

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RELEVANT PLAYS:

Play #37: Give It Away
Play #46: Your Seeds Are Sown, so Grow, Grow, Grow
Play #47: Land and Expand
Play #51: Success Is the Number One Selling Feature

TECHNOLOGY

With SaaS, new features are constantly available. SaaS providers do not follow the traditional models of holding focus groups, or filtering feature requests through their support and customer service departments and then releasing some of those requests in an X.1, X.2 release. They simply upgrade as they go, putting a new feature into practice in weeks instead of months.

Salesforce.com makes it a point to let customers drive innovation and to harness customers' ideas. The company borrowed its IdeaExchange platform idea from Dell's IdeaStorm; in this online exchange, customers share ideas with one another and with salesforce.com.

In addition, customers implement their own ideas. Salesforce.com fielded requests from hospitals and car retailers (among others) for industry-specific versions. Hospitals, after all, do not have customers but patients, and car retailers have drivers, so the "customer" tab seemed ill suited. The company responded by making its fields easily customizable, enabling each customer to configure the application as they wanted it.

Salesforce.com went further by providing a platform as a service (PaaS) called force.com. A force.com customer can develop a new application that runs on salesforce.com, or an entirely new application that runs outside of salesforce.com. Reuters, Japan Post, and Schumacher Group have each created enterprise applications using the force.com platform.

If salesforce.com transcended technical paradigms by moving off servers and onto the Internet, it also broke the paradigm of denying faults and bugs. Software in the Cloud was a tough sell to begin with, and it became a tougher sell when, after a few months in business, the salesforce.com site crashed for 90 minutes. The company reacted by halting development in favor of rebuilding reliability. It also created the trust.salesforce.com website, which allowed customers to see the company's behind-the-scenes effort. According to Benioff, it was "liberating not to defend myself," despite the fact that his first instinct was to clam up. As a result, the company saw practically no loss in customers or momentum.

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RELEVANT PLAYS:

Play #57: Let Your Customers Drive Innovation
Play #61: Harness Customers' Ideas
Play #59: Transcend Technical Paradigms

PHILANTHROPY

Philanthropy is an essential element to the success of modern organizations. A 2002 joint benchmark study by the Council on Foundations and Walker Information revealed that:

- Philanthropy builds a brand, as customers who approve of a company's philanthropy are three times as likely to be retained.
- Philanthropy attracts and retains young employees; they are five times more likely to remain with a company if they approve of its philanthropy.

The time for a young company to build philanthropy into its business model is right at its inception, rather than after it has already become profitable. "To succeed, such a program had to be woven into the fabric of an organization…part of a company's DNA," Benioff explains. At Oracle, Benioff had headed Oracle's Promise (modeled on General Colin Powell's America's Promise), which fostered "a greater commitment to youth." There, he observed that corporate philanthropy is difficult to tack onto an existing business model. Even though Oracle's Promise placed computers in hundreds of schools worldwide, Benioff believed the program fell short of its potential.

At salesforce.com, Benioff conceived the 1-1-1 model, a three-part commitment consisting of 1 percent of the employees' time; 1 percent of company profit; and 1 percent of the product. (Benioff would later commit more than 1 percent of employees' time, with six paid days off annually to volunteer.) Once again, Benioff sought inspiration from exceptional leaders at other companies, such as Hasbro, Ben & Jerry's, and Levi Strauss & Co.

Benioff believed in the democratizing effect of the Internet, and he pledged to wire existing community centers like YMCAs and Boys & Girls Clubs. He also recruited a teacher and technology expert to implement the project. In 2000, salesforce.com launched the project at a San Francisco YMCA – with Colin Powell in attendance. Benioff then recruited vendors and partners in the 1-1-1 commitment through a program he called "The Power of Us."

Salesforce.com continually develops its foundation activities – for example, by funding student filmmakers to present their work at the World Economic Forum, and by creating

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BizAcademy, a four-day entrepreneurial workshop for high school students from underserved communities. According to Benioff, however, the philanthropic foundation must mimic the business in its success. Well-run nonprofits do generate revenue (such as the Girl Scouts and the National Geographic Society) and sustain themselves, but a successful foundation that generates revenue ultimately has more to give.

RELEVANT PLAYS:

Play #64: Integrate Philanthropy from the Beginning
Play #70: Create a Self-Sustaining Model
Play #74: Have Your Foundation Mimic Your Business

GLOBAL

Although the Internet spans the globe, a young company cannot rely on a sudden rush of sales from India, Ireland, and Japan based on its success in the United States. Successful SaaS providers like eBay, Amazon, and salesforce.com have all adapted to overseas markets.

Translation is only a first step. Salesforce.com built translation into its product early on, allowing customers to click between languages and currencies easily, including character-based languages like Japanese. However, its success in the United States was also achieved with trained salespeople and a brick-and-mortar presence in San Francisco.

As such, salesforce.com developed an eight-stage strategy for entering new markets, which includes:

1. Entering a country
2. Establishing a beachhead
3. Gaining customers
4. Earning local references
5. Making new hires
6. Seeking partners
7. Building add-ons
8. Growing field sales.

Salesforce.com would not adopt the channel partnership model that is typical of companies expanding globally. The channel partnership model entails finding a well-established regional partner with local references and leads to introduce the product. The downside of this model is that regional partners expect a high margin. Instead, salesforce.com opted to hire its own regional sales forces and operate as leanly as it had in the United States.

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Its first overseas beachhead was Dublin, Ireland, which boasted a burgeoning market that had attracted Microsoft, PayPal, and Oracle, among other companies. It also taught Benioff a lesson in global expansion: while Benioff had pledged to keep the company's culture intact, he found that Irish employees did not take to "Aloha Fridays" and Hawaiian shirts at the office. Consequently, Benioff elected not to enforce the corporate culture but stuck by its United States sales model as much as possible, offering free trials, hiring a sales force, cultivating press, and recruiting customer evangelists.

In Ireland, salesforce.com operated largely out of hotel suites, not a far cry from its one-bedroom office in San Francisco. But once again, Ireland proved more traditional than the United States, and salesforce.com was forced to adapt. In order for the company to "box above its weight" in Ireland, it could not attack the competition as it had in the United States; this kind of attack plays poorly in Europe, and it is banned outright in some European Union countries. Instead, salesforce.com took up residence in a stately castle-turned-office building.

Japan proved an even tougher nut to crack. It would be difficult for the company to "seed and grow" in a country where small references have little prestige and larger companies are conservative and slow moving. Benioff decided that larger companies were the way to go, as they would vet the solution for the rest of Japan. Canon was the first win, and the Japan Post the second. The Japanese government was in the process of privatizing its postal service, but it was still in charge and bought 5,000 subscriptions to salesforce.com (after an exhaustive sales cycle).

The remainder of Asia was even more difficult to break through. Salesforce.com selected Singapore for its beachhead after considering and discarding Australia – Singapore is, after all, equidistant from China and India; its population largely speaks English; and it has great depth of talent. Still, the Asian market is used to Western "seagulls" swooping in and flying out in a hurry, and they required proof of a commitment to the region. Accordingly, salesforce.com hired salespeople from countries in the Asian market, brought them to Singapore, trained them, and sent them home to open satellites. Surprisingly, the 1-1-1 model proved to be the major differentiator in Singapore; salesforce.com proved its commitment to the region by sponsoring the regional Special Olympics, as much as it did through customer references.

RELEVANT PLAYS:

Play #76: Inject Local Leaders with your Corporate DNA
Play #78: Box Above Your Weight
Play #81: Uphold a One-Company Attitude Across Borders
Play #84: Fine-Tune Your International Strategy

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FINANCE

Despite the impression that venture capitalists, or VCs, readily fund innovation, they provide little seed capital. Some estimate put VC accounts at less than 8 percent of seed capital. About two-thirds comes from the entrepreneurs themselves, and the rest comes from angel investors like friends, parents, and colleagues. Companies like Cisco, E*TRADE, Starbucks, and salesforce.com were all turned down by VCs. In the case of salesforce.com, VCs proved especially cautious about funding a software company with "No Software" as its motto.

Benioff committed $6 million of his own money as seed capital and watched it disappear quickly – a rapidly-growing company with development staff, a growing sales force, and aggressive marketing proved costly. Benioff was cautious about venture capital anyway, as VCs commonly begin their involvement by jettisoning the CEO. In the case of salesforce.com, this would mean jettisoning the entire corporate culture, and probably its 1-1-1 model as well.

Benioff knew he needed to find angel investors. Fortunately, he had better connections than most entrepreneurs, and Oracle's Larry Ellison (whom Benioff calls a friend and mentor) invested $2 million. As of 2009, that $2 million had grown to $200 million. Although angel investors are typically colleagues, close friends, even family – one of Benioff's investors was his grandmother – they require the same return on shareholder value as venture capitalists do. (Capital from angel investors paves the way for venture capital as well, and salesforce.com raised $65 million from VCs between 1999 and 2002.)

Finance is the one area in which Benioff discourages innovation and edginess for entrepreneurs. Instead, he wanted to go public and be listed on the New York Stock Exchange (NYSE) – "It's traditional, old-line, well established," said new CFO Steve Cakebread in 2009. "It's the antithesis of salesforce.com."

In the age of Enron and Tyco, and after the dot-com bust two years earlier in 2001, salesforce.com felt the need to prove itself. The company "practiced" being public for a year, hiring Ernst & Young as an external accountant, implementing generally-accepted accounting principles (GAAP), and so on.

Salesforce.com was the first SaaS company to go public, and it ended its first day of public trading on June 23, 2004, with a 56 percent gain at $17.20. Within weeks, it held a bakeoff of ten investment banks. Within months of the initial public offering (IPO), Ernst & Young issued a revenue recognition position paper for SaaS, the first of its kind, based on the salesforce.com finance model. Benioff had validated the SaaS model as being profitable.

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RELEVANT PLAYS:

Play #90: Don't Underestimate Your Financial Needs
Play #91: Consider Fundraising Strategies Other Than Venture Capital
Play #94: Measure a Fast-Growing Company on Revenue, Not Profitability
Play #97: Be Innovative and Edgy in Everything You Do – Except When It Comes to Your Finances

LEADERSHIP

At some point, most entrepreneurs write a business plan. It may be when they are attempting to hire a vice president of sales or marketing, or when they are seeking venture capital. They may write a mission statement, some idea for the direction of the organization, typically about the impact of the product. Benioff, however, did not believe that business plans and mission statements would go far enough – they say little about corporate culture, its treatment of employees, or the company's philanthropic missions. All of those must be part of the mission, and they must be tightly interwoven.

Benioff had been dismayed over Oracle's lack of a five-year plan, and he was further dismayed when he found himself unable to articulate his own plans for salesforce.com. Benioff disliked organizational charts and key performance indicators (KPIs), which he dismissed as stagnant and ill suited to a fast-moving environment. As a result, he created the V2MOM management process, an acronym for:

- Vision – helps define what the company wants to do
- Values – establish what is most important in achieving the vision
- Methods – illustrate how to get the job done
- Obstacles – to overcome
- Measures – of the results

Benioff describes V2MOM as "an exercise in awareness" with a result of total alignment, company-wide. In the first version of his V2MOM, he incorporated a vision of "rapidly creat[ing] a world-class Internet company/site for Sales Force Automation"; the value of a world-class organization and Amazon-quality usability; and measures including a high-quality functional system and the simple measure that "we are all rich."

V2MOM is not a rich business plan; it is short, fitting on a single page, and it is fluid – Benioff rewrites it every six months to incorporate suggestions from both management and employees. Managers and employees create individual V2MOMs, which are used in department and employee evaluations. As usual, the company turned to applications, using its IdeaExchange to gather input and creating its "Peopleforce" platform to track the V2MOMs. According to Benioff, the model suits all organizations. His friend, singer Neil Young, later adopted the V2MOM to align the goals for his LincVolt clean energy effort.

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In writing his first V2MOM, Benioff recognized a talent deficit at salesforce.com. Talent in the dot-com boom was hard won, with rival companies offering equity and hefty signing bonuses. Benioff instead hired a strategist in human resources director Nancy Connery, who recognized that the company must be open to hiring people without experience (another convention defied). Raw talent could be cultivated, but someone "brainwashed" by the client-server model would be harder to retrain.

Salesforce.com treats recruiting as a sales process, and the company actively "sold" prospective employees on its value. While employees would make less money to begin with, they would enjoy an innovation culture and a strong development methodology. Programmers would also see their work go live in a few months, which was a powerful motivator. In addition, the company used one good hire to leverage another, using the same "seed and grow" strategy it used to sell its application. "Once that person was in the door, we leveraged his relationships to lure his best colleagues," said Benioff.

Benioff was proud of his rigorous and often exclusionary interview process. Early on in their employment, candidates would meet company officers, Benioff's girlfriend, and his dog. If anyone (the girlfriend and dog included) voted "no," the candidate was rejected.

New hires would spend their first few days in a community service project, underscoring the company's philanthropic culture. They learned the "Mahalo Culture" at yoga classes, with company-paid gym memberships, and on company-sponsored trips to Maui. Morale, reasoned Benioff, is usually high for top-performing salespeople and "brutally low" for the 80 to 90 percent of employees who are not recognized. Employees may forget free tickets to a ballgame, but they will never forget the company flying their spouses to Maui.

Finally, employees (no matter how successful they are in one position) may find themselves moved to other, more challenging positions – in another department, or perhaps to Singapore or Ireland. According to Benioff, even short-term reassignments enable employees to share the wealth of their knowledge elsewhere and develop new talents.

In short, while salesforce.com could not compete on salary, it found that salary was only part of a much bigger picture: Make Everyone Successful.

RELEVANT PLAYS:

Play #103: Recruiting is Sales
Play #106: Challenge Your Best People with New Opportunities
Play #111: Make Everyone Successful

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