Santiago Iñiguez: What management thinker has most influenced you?

Peter Drucker was one of the most brilliant thinkers on management and leadership in the past one thousand years. His ideas are absolutely outstanding.

In these uncertain times what advice would you give to someone thinking of setting up their own business?

I like an answer that Linus Torvalds once gave about Open Source. Somebody asked him “Linus in what circumstances should I consider becoming an Open Source developer,” and he replied “only if there is nothing else in the world that you can see yourself doing”.

There are times when too many people try to be entrepreneurs. This was apparent during the Internet bubble when everybody was cheering on entrepreneurs, including governments who gave financial assistance. Indeed there were many who were not fit for it who tried and failed. Although a part of entrepreneurialism is that you try and fail and then you rise again, there were people who just really didn't have the mindset.

You have said that different types of personalities can be successful CEOs, what is the one trait that every successful CEO should have?

The one common trait of successful CEOs is that they know themselves and are confident about themselves. You also have to be convinced and committed to be an entrepreneur. It may look nice when you hear the success stories, but being an entrepreneur or CEO is very hard and nerve-wrecking work that typically takes many, many years to reach fruition.

As a CEO, everything I did was people related, and when it is people-related, it is also related to your own persona. To be able to successfully interact with other people, you must have a clear picture of who you yourself are, and what your strengths and weaknesses are. Once I learned to hire brilliant people with strengths to alleviate my own weaknesses, I saw a great improvement in our success rate. And as we dealt with and negotiated with external people and groups, it was an immense strength that we had such a strong internal team spirit. Those things are not possible if the CEO isn't at the same time both honest and confident about him/herself.

In my mind, there are only two key leadership tools available for a modern-day CEO: Vision and Culture. Command-and-Control, for instance, does not work very well in today's rapidly changing online world, nor does Secrecy and Exclusivity. So as a leader you need to be able to express the vision and set the culture in a compelling way. The vision is about the purpose of the organization. Why are we here? How do we make the world a better place? What do we strive for? The culture is about the way we conduct ourselves. How seriously do we take commitments? How do we communicate? How do we care about and care for each other? How do we maintain honesty and integrity? When Vision and Culture are well understood and committed to in the organization, there is nothing that can stop success. People then operate at a higher level of energy and determination, and good results follow.

You spoke before of the Stockdale paradox; does this explain this mindset?

Yes, the Stockdale Paradox explains a lot. It is about Admiral Stockdale who was a prisoner of war. He noted that some fellow prisoners did not survive because they were pessimistic and lacked faith. Others did not survive because they were optimistic and falsely hoped they would soon be released. Those who survived, and who were after many years ultimately released, had a paradoxical combination of optimism and pessimism. Every day they were prepared for the worst, but every day they also had faith that at some point (who knows when), everything would turn good again.

That's the spirit that an entrepreneur or a start-up CEO needs to have. Every day you need to be ready to face the brutal truth of your situation. But every day you must also have a conviction that one day everything will be fine. Churchill once said something like "Never, never, never, never give in!".

Some entrepreneurs refuse to see the brutal truths. They are in denial and they fail. Others are not in denial but lack the faith that they will survive and succeed, and they too fail. You have to combine the ability to see the facts as they are, no matter how ugly, with the (perhaps sometimes crazy) belief that even if it looks bad you actually can make it through and come out successful at the other end.
What did you mean before when you said “Scale-fast and fail fast”?

"Fail fast - scale fast" is a saying of the Web2.0 era. It's a motto with intrinsic insights in my mind. The first part encourages you to experiment and try out new things very fast. Just as bacteria with fast reproduction cycles can evolve their DNA faster, businesses with fast failure rates can find success formulas sooner. The famous company Ideo has a similar slogan: "Fail often to succeed sooner." And a friend of mine uses as her email signature a great motto for all of us: "Always make new mistakes." It is only when you are brave enough to fail that you are strong enough to succeed.

The second part is about growth and about scaling. Once your experimentation has produced a functional model, you need to grow very fast to capture the global opportunity (in the online world) before the world changes or someone else does it. YouTube is a great example. There were many video sites and many who could have achieved the top spot. But only YouTube was focused on extreme scaling and so they soon claimed the leadership position, and the rest is history.

Today as we build many new businesses in the online world, we have to remember to be brave in our experimentations, and very determined in our growth. That's the wisdom of Fail Fast Scale Fast.

Many business schools are now turning to Entrepreneurship as the best solution for many of the world's illnesses and probably it is very suitable for many MBA graduates. What advice could you provide to some of those business schools that try to instill in their students this entrepreneurial spirit? We have seen that many entrepreneurs don't have an academic background, that many left their studies, therefore how can formal education help the training of entrepreneurs? Speaking of your own spirit, a VP who worked with you for many years, even in your first company Polycon, wrote that MySQL would not have survived without you and that you had worked countless hours.

That's an excellent question. There is an inherent conflict that business schools need to resolve: The most successful entrepreneurs typically never did an MBA. Some of them were university dropouts. It was not their formal education that took them where they are now. Bill Gates and Richard Branson are great examples.

Entrepreneurialism is not about the theories that you teach but about the mindset and spirit. Sure, there are some very important theories that you need to know. For instance, to be a successful high-tech entrepreneur you need to understand the Technology Adoption Lifecycle by Geoffrey Moore (described in his book "Crossing the Chasm - Marketing and Selling High-Tech Products to Mainstream Customers"). You must also understand market disruption, best described in “Innovators Dilemma” by Clayton Christensen. So there are some theoretical approaches that you must learn, but thereafter most of the rest is managing yourself and knowing who you are, and having this spirit and mind-power to make things happen, for which there probably isn't any existing theoretical model.

There are business schools that seem to have terrific programs, but if you look at them 10 or 20 years later, many times they have not produced wildly successful entrepreneurs. I don't know what the solution to the problem is, but I feel that schools like Stanford and yours are on the right track. You bring in entrepreneurs to talk with students. Students study case studies with real-world examples. There is not just a formal and theoretical framework, but also an exposure to the reality of entrepreneurialism.

In any profession, it takes very hard work to become the best – to be among the top in the whole world. This applies not only to science or sports but to entrepreneurialism as well. To me, when I look back, the greatest inspiration was meeting other entrepreneurs – specifically successful ones -and thinking that if they could do it, then I could at least try.

As regards innovation and failure, you have said that in Europe people are less innovative as they are more afraid of failing. How can this culture be changed to be more like that of the US?

We definitely need to provide more room for failure in Europe. But perhaps we should not try to just copy the US. There could be a unique European way to approach this that would be even more useful.

The problem we have in Europe in regards to entrepreneurialism is that society at large does not tolerate or accept failure. It is as if failure would indicate that you are stupid or that you shouldn't have tried such a thing in the first place. There is a common disdain for failure, and the press is feeding this by reporting about all the big failures in business. In some other parts of society this may be a useful characteristic, but in terms of building
new businesses and catering to evolution, it is not.

But let us remember that this was not always the case. Columbus when he sailed west was part of an extremely entrepreneurial period where there were probably more failures than successes – and yet the explorers continued to get funding for their journeys. And the learning is very concrete: Columbus tried to find India but he found America. Similarly in an entrepreneurial world you need to set your goal on something big, but you also need to be ready for finding something entirely different.

In addition to the disdain for failure, there are in parts of Europe (especially when you go north) also a fear of success. Many people are afraid of setting ambitious goals. Many people prefer a safe and secure mediocre outcome than a crazily successful super-outcome. Michelangelo had a great view on this: "The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it." Again we are dealing with a societal issue, and they tend to take a long time to change.

To start changing the norms in society, I believe that entrepreneurs and innovators should get more recognition. How many entrepreneurs in Europe do people generally know by name? There are not many, it's Richard Branson, and then it's, Richard Branson. He is a wonderful example but I don't know a single Spanish, or French or German entrepreneur that would be famous. (Well, I actually know them as I am in this business, but they are not commonly known.) Why do people know all the artists and sportsmen and sportswomen, but not the entrepreneurs?

You talk of Columbus sailing to foreign territories; you have said the one thing you are most proud of as regards MySQL is the global distributed company that you built? At one stage Zach Urlocker, VP of Marketing and you were the only executives to work in the same office in all of the company.

The MySQL organization is indeed unique. Of about 500 employees, 70% work from home in over 100 major locations across 35 countries and 18 time zones. Over many years we built a truly global virtual organization that got its work done despite few people seeing each in person other during the workday.

When I moved from Scandinavia to Silicon Valley, I initially indeed had only Zack Urlocker of the managers in the same place as I was. Ultimately we did concentrate the top management in one place, because we felt we would be strategically more agile and stronger in that way. But the organization at large continued to operate in a virtual fashion. In this way, we managed to hire some of the absolutely best talents all over the world.

To us this was a natural way of interacting and working. Employees had on average a much higher degree of satisfaction and commitment because they did not have to commute and they did not have to relocate. They could conduct their professional career in a place they chose on the basis of their personal preferences.

Of course we had some issues and problems to resolve along the way, but as we did so, the organization just grew stronger. At the time it didn't feel like such a unique thing, but today I realize that it was a pioneering act.

You said that nowhere else outside Silicon Valley is there such a pool of talent? You set up your own team when you arrived, what was the process and what were the challenges of setting up that team? You also said that you enjoyed hanging out with Nobel-prize winning laureates there?

Yes, there is a larger pool of talent here in Silicon Valley. An individual here might not be any better than an individual elsewhere. You could find the most talented VP of Sales in Zagreb or in Barcelona. But in Silicon Valley there are so many candidates that you can pick and choose and find the best match. Nobody needs to feel inferior to the people of Silicon Valley. They are great, but it's not like somebody else could not be equally great or greater. It's just the sheer volume of candidates that produces the matching capability for very specific profiles.

I hired executives like anybody else would do. We had a search firm that found candidates and I interviewed them and tried to convince them that MySQL was the best thing for them and got them on board. We were always looking at candidates from all over the world.

As regards the Nobel Laureates quote, that was mistakenly attributed to me. I actually quoted someone else who had said that. For me, meeting people like Michael Dell is enormously inspiring, as well as the other great entrepreneurs I have met in my life. I don't think I have met a Nobel Laureate yet.
In these times of increased government interventions in economies around the world, if you were someone working as an adviser to Government what would you say to them are the conditions needed to replicate a Silicon Valley, or hub of entrepreneurs in Europe. Is Silicon Valley something possible to replicate?

If Silicon Valley indeed is possible to replicate (which can be questioned), it would probably take 50 to 100 years to do so. Silicon Valley has been building their model for a very long time. They established Stanford University in 1885. They got military R&D funding very early around WWII and then they started building businesses like HP and Xerox labs. Now you don't see this. It looks like it's just small crazy start-ups like Google (initially) and YouTube, but the infrastructure for that has been built over 100 years.

Furthermore, Silicon Valley has a huge US home market to serve. It has become a hub where people travel and convene e.g. for conferences. It has a favourable climate for good food and wine, so even when you are done you don't feel like moving anywhere else. In essence, in Silicon Valley you can have a very high-quality lifestyle.

In Europe the high-quality lifestyle is around the Mediterranean. The places where people have conferences are in Germany and England. The best education is partly in yet other parts of Europe. Europe faces the challenge that everything is not in one place as in Silicon Valley. We should turn this into a strength. We can perhaps never re-create a Silicon Valley in Europe, but we can certainly build a thriving place for growth businesses in some other another way. We have better infrastructure, transport and communications, for example. Today the European Union has 500 million citizens and the US only 300. The notion that the US home market is so vast is not true anymore on a relative basis. Europe has close proximity to Africa and parts of Asia that America does not. There are other unique advantages.

But I must admit I haven't figured out exactly what Europe should do. I am just an entrepreneur and industrialist. In each phase of my career, my focus was on making one specific company successful – not on making a continent successful. But I know that together we can figure this out.

What about China, in places such as Hangzhou, the Yangtze Delta, Dalia and the Pearl Delta and in India in places like Bangalore, Chennai and Hyderabad? Can they become successors to Silicon Valley?

In the high-tech industries, Silicon Valley is currently so dominant that I am not sure it makes sense to try to challenge its leadership position. It's perfectly brilliant to be number 2 or 3 in this regard. There is so much business in the world to be captured even if you are not of the size or power of Silicon Valley. But naturally China and India have the underlying volume to build some highly successful high-tech centers over the next decades.

An observation I have made is that outside the US, it seems that most of the successful high-tech stories are from countries with large groups of highly talented people in "exile". India has strong entrepreneurialism to a great extent because of all the Indians who moved to the US. Ireland was long a shining example in Europe, and they have a large diaspora in the US too. The same goes for Israel. When you look at countries that have a lower rate of entrepreneurialism they typically also have a smaller diaspora. There are fewer people elsewhere who have collected new insights, created networks of contacts and learned new tricks, all of which is so vital. So if some country or region wanted to become an entrepreneurial hub, my best piece of advice would be to send their brilliant young kids elsewhere to study and work for a year or a few.

What about open source in those countries?

India in proportion to its population is not a huge open-source user and one reason is that so much of the high-tech world in India is used to doing outsourced work for big European, American and Japanese companies. Those companies would just instruct them to use the current infrastructure they had which was Oracle, IBM and Microsoft.

In China there are more entrepreneurs; building for themselves, and they don't need to take orders from a global corporation they just build with whatever is the best solution for their situation.

You grew MySQL from 12 to 400 employees and to revenues of 100 million dollars. There is a photo of you and two VPs on Santa Cruz beach burning the documents prepared for your previously announced IPO. This was before the MySQL conference that announced the unexpected sale to SUN Microsystems in 2008. In 1997 you had sent an email to Monty saying "you seem to be getting some traction". Even in those early days before you joined in 2001, aged 38, did you think that MySQL was ever going to be such a success? Much later you joked that AB stood for “going for a billion”?

"Getting some traction" was an email sent from one friend to another in the 90s. This email has been quoted
because earlier I used to half-jokingly (but only half) tell Monty what a stupid project MySQL was because nobody needs a new database anymore. So when in 1997 I finally gave the MySQL some kudos, it became a fun point in history.

A few years later when I joined MySQL AB, I stated stubbornly that we are a business of our own. We (and nobody else) will build it and that’s it. I never had any doubt. We always had a goal of going public, or at least we thought that we naturally could at some point go public. This was very much part of the vision and the culture in the company. "One day we will go public. We don’t know when or where. But we don’t want to take orders."

Yes, in about 2006 I started telling people that "AB" in our company name stood for "Aiming at a Billion". This was a play on the Swedish "AB", which means “Incorporated”. The background was this: When I joined MySQL in 2001 the first thing I told the group was that work wouldn't stop until we reach $100 million in revenues (and maybe it doesn't stop even then). The employees didn't believe that anybody could grow our business to $100 million. But I said that it is the goal - and lo and behold, we got there!

Years later I read a book called “Blueprint to a Billion”, which described the path for companies to get to a billion in revenues. At that point I realized and said that we can do this. That is when I announced we were going for a billion, and I came up with this joke about AB. It was a play on words but it was a serious thing. You need a bit of silly things in your plan so that people can remember and talk about them. Again the reactions were full of scepticism (like earlier with the $100m), but again we started to move towards the goal.

When we in actuality sold the company to Sun, all these brave predictions and goals came into question. It was an enormous emotional change of direction. Just the fact that we would not go public after so many years of hard work preparing for an IPO was a big thing. This is why we decided to give the proud IPO project a proper conclusion and burial. We arranged with a public burning of the IPO documents on the beaches of Santa Cruz in California. It was a sort of funeral and a celebration of the hard work, but at the same time it was the closing of a chapter. It was a sad moment, but it was also a proud moment. It was a moment of celebrating the great work we had done.

There are so many things needed for success. What was the core strategic thought? You may have faced resistance from the founders while pursing your strategy of growth? How did relations change from growing from a small company to one ready for an IPO?

There are so many things that lead to the success that I am reluctant to name just one. But we clearly stated from the start that we were a growth business. That was a precondition for me to join. The VCs would never have invested if they didn't think it was a growth business.

It was the founders who set the mandate by inviting investors and a board of directors. "Go and grow this company as much as you can", they said. However, over time they seemed to start resenting the growth mandate they had themselves given. One of the founders tried to work against it. It is a very sad and troublesome part of entrepreneurialism when founders regret a commitment to growth, and try to go back. This only destroys value.

But we always kept the message clear. As long as we grow fast we can retain our own independence and we can continue to experiment. When you grow you can afford to make mistakes. And in a new business setting you need to have room for experimentation and for mistakes. Otherwise the business will not evolve. Some other companies are not focused on growth but on trimming margin percentages. They avoid experimentation and they avoid looking for new growth. That's a fine model in some industries, but it does not work in the fast-moving high-tech world.

What was the importance of Financing? Did your three rounds of financing take-up much time?

It always takes time to raise money and that is time away from your business. Therefore you want to raise money quickly and at the right time. We were lucky to be able to do it quickly all three times and it wasn’t too much of a burden. The B round did however consume a lot of my energy. I was still in Finland and the investors were in London and USA. There was intensive travel over two to three months. I did sense then that I was not running the business as well as I had before that.

At the same time, I have absolutely no regrets. Without the phenomenal VCs and other investors we had, MySQL would never have become the growth business it was and is. They were all excellent, but I would like to especially mention John Wattin, our first Chairman, plus our investors and board members Danny Rimer (Index
Ventures) and Kevin Harvey (Benchmark Capital). Kevin was Chairman after John.

Your presence of the board of RightScale is an indication of where you believe the future of IT is, i.e. Cloud Computing?

I am not sure I know where the future will be, but I listen attentively to people who are smarter than me. For instance, Goldman Sachs recently stated that cloud computing will be the biggest shift in IT in the coming ten years.

There are many reasons for me to join the board of Right Scale. I like the management team, the board and the investors. And I am excited about cloud computing. There are many industrial sectors that will do well in the next five to ten years. Cloud Computing seems to become one of the most massive.

What is your opinion of social entrepreneurs? In our school every year over 30 students develop business plans for not-for-profit organizations. Is this a part of the entrepreneurial profile?

Social entrepreneurialism is in my mind a very good direction. But compared to regular for-profit start-ups, there are two new questions. How do they measure success? They might not have a revenue goal. It is a major question for them. Who do they compete against? In the traditional world, if you have no competitors you have no business. When you have to be faster or smarter than the competition, you will yourself evolve. In a non-profit you have to figure out how that plays in. If you have no competitors you need to lead it differently. These are interesting questions that put social entrepreneurship in a somewhat different category.

What is the most inspiring and transformational piece that you have read?

That is a great question. If we are talking specifically about business books, to me it is clear that there is no one like Drucker. After him there are Jim Collins, Clayton Christensen, Guy Kawasaki (with his book “The Art of the Start”) and other experts and wonderful authors. Read those and you have all you need. But Drucker is by far my favourite. The best thing I read of him is a chapter called “Know Thyself” in Chapter 18 from his book “So Many Leaders So Little Leadership”.

Asides from Drucker, has there been one particular person that changed how you see management and your career?

There have been and are many who influenced my career. I have a principle of trying to learn from everybody I meet, even if I meet them just briefly. I tell myself that this person could in some aspect be my mentor for the next 30 seconds or two hours, and then I try to learn as much as I can from her or him.

In the MySQL case clearly our first Chairman, John Wattin, had a great impact on my career and my doings. Without him the company would not be where it is today. I also look up to people who I have never met, such as my big hero Field Marshal C.G.E Mannerheim. He led Finland during the civil war and throughout WWII and in many ways embodies the independence of the Republic of Finland. I have read some of his own books and some books about him, and in my mind he was absolutely brilliant. As we at MySQL were in a competitive situation with the big database companies such as Oracle, I drew inspiration from Finland's battle against the Soviet Union in WWII. The analogy is not perfect, but it helped me figure out the best strategy.

What in your trajectory and experiences before MySQL prepared you for the challenges you faced that set you up for success?

I have the philosophy that time is never wasted. I saw that at MySQL and during every role I had had previously. Even when I had done something stupid or had failed - be it with a technical, cultural or financial issue - each failure contributed to my preparation for what was to come.

When I look at my life, 46 years into it, I see as vital my time in the boy scouts where I learnt my first and most vital lessons about leadership. Thereafter I learnt important lessons while doing my military service, and when leading various student groups. Only thereafter did I start to apply my leadership experience in business settings.

I have been thinking a lot about leadership situations. In the boy scouts you lead a voluntary team, and you are not really in a position to let anyone go. In the military (specifically in conscription service), you lead a non-voluntary team, i.e. none of the members can choose to leave, and you cannot in practice let anyone go. In
business you have all the functions and all the levers. People can leave if they want. You can let people go if they don't perform. It was useful to me to go through the various models and understand how to motivate people whatever their mandate or their personal choice is.

Finland is seen as one of the most innovative countries and a cradle of entrepreneurship in Europe. You have an excellent educational system (Pisa reports etc.). What are the secrets that produce all this innovation and the leading open-source entrepreneurs?

I am not entirely sure that Finland is a cradle of entrepreneurship. It clearly is a cradle of great manufacturing businesses like Nokia and Kone Elevators and all the pulp and paper companies. It is also a country with great research, innovation and creativity. But these things do not automatically result in entrepreneurship. We have some great entrepreneurial successes in Finland, but I think not enough in that particular area to be a role model for everyone else.

Still today, people in Finland rarely start their own companies but rather go and happily work for a large concern. Some people are creative and there are great inventors, but few of them take their innovation to market. Perhaps one reason is that Finland doesn't have along history of entrepreneurialism. We were most of the time part of something bigger (Sweden, Russia, now EU), and we learnt how to survive and succeed in such a setting. That's a unique and useful skill in itself, but it does not specifically lead to entrepreneurialism.

On the positive side is the notion that Finland although having a proud past, never was a world power. Successful countries (or other groups of people) sometimes fall into complacency after a resounding success. Finland does not have that issue, but has a highly motivated population eager to demonstrate to the world and to itself what Finland is capable of. This, I think, drives the advances in education, research, manufacturing industries, new start-ups, and so on.

Do you have any concluding remarks?

A great thing about being an entrepreneur is that entrepreneurs help other entrepreneurs. Perhaps that’s true for any trade, but it still is a wonderful thing. I enjoy seeing new entrepreneurs build what they are building, and when I can, I offer my assistance and advice. I did myself always get useful help from those who were more experienced, and I am happy to pass the benefit on to the next generation of entrepreneurs.

That’s why it is such an inspiring world to be in. You can have tough competition on the business side, but you will always find other entrepreneurs who can help you, who have seen the same problem in a different form. You can always learn and draw inspiration from others, and I would wish all entrepreneurs could see this. Personally I would not have had the courage or the determination or the stamina to do what I did, hadn't I met others who had done it before. If they could do it, then I thought I could too. The best moments I remember are when someone helped me or I helped someone.