

The Entrepreneur INTERVIEW

Interview by Donald Rumball

Jim Balsillie

Co-CEO of Research In Motion Inc.



Innovative-thinking is the jetfuel to RIM's performance

THUMBNAIL

Jim Balsillie and Mike Lazaridis are the co-CEOs of Canada's superstar, Research In Motion Inc. (aka RIM), producer of the BlackBerry®. Mike started RIM in 1984 and Jim joined in 1992 to help grow RIM into the company it is today in 2007 with \$3 billion in revenue and 7,000+ employees. This interview with Jim Balsillie was done in 2001 when RIM was a mere 1,000 employees. While the interview is now 7 years old, it is a treasure of rare insight into the ideas that have fuelled RIM's past and recent growth. It's an interview all true entrepreneurs will appreciate: it is Jim speaking candidly and at length about his approach to vision formulation, planning, organizational design, hiring and employee motivation.

Donald Rumball, Chair of *Cool Companies* magazine's Editorial Advisory Committee, conducted this interview with Jim Balsillie of RIM on January 16, 2001 when RIM had 1,000 employees. While the interview is now 7 years old, it is a treasure of rare insight into the ideas that have fuelled RIM's past and recent growth. It covers issues of interest to entrepreneurs focused on growing their business.

Vision

COOL COMPANIES' DON RUMBALL: When you started, what did you think you were doing and how has that changed and where do you think its going to go now?

JIM BALSILLIE: You know, you have sort of a generalized vision but I have a basic belief that someone once said to me that opportunity presents itself to the ready mind, so you really sort of have to be ready to seize an opportunity. Mike started the company in 1984 and he was really taking it... looking for market recognition. It was really a company with bright technical people in quest of a good opportunity. It had been in 2 or 3 different things and I came along in 1992 and we really decided to really focus on this ... you know, the company had sort of 3 or 4 different businesses. It was kind of playing around with maybe 8 or 10 people and half a million sales and we decided to really focus in on this wireless stuff—this convergence of mobility and digital data.

So that was the basic vision and then our approach was to create very marketable products that had use now, not in 5 years. We wanted something that could really solve problems today and get our products being used and get that feedback loop of maturing your technologies and getting your technologies adopted and then expanding value proposition, always within that feedback loop. I think it was the real success of the company—that approach—and the world just changed in the back half of the nineties: the role of digital data, the role of the Internet, the role of e-mail, you know—the Internet was the black hole for everything and everything was connected. It was cheap, e-mail was the payload for everything and people were using e-mail for everything. These devices, the components, went through this revolution of integration, you know, that just allowed you to wear on your head, what not too long before, about a decade before, it cost \$10,000 bucks to sit on your desktop with a heat sink and all that kind of stuff. So those specific worldly unfoldings really created the disrupters that fed specifically where we were going generally and you know, we sort of hit at that time and ran with it and ran with it pretty effectively.

Revenue growth: RIM's revenue in fiscal 2007 grew 47% to \$3.04 billion as compared to \$2.07 billion in fiscal 2006

Headquarters: Waterloo, Ontario

Founded: 1984

Number of employees: 7,000+ in 2007, 1,000 in 2001 at the time of this interview

Website: www.rim.com

COOL: So, would you say it was more or less luck

JB: Of course it's luck ..

COOL: That you chose wireless in 1992?

JB: Well, no, no. I don't think that's luck; that's a belief system right? I mean no, no, your visions and beliefs are just sort of really core. I mean circumstances determine the degree of good fortune you will get with those visions—so picking wireless data was not lucky. The degree of unfolding of these things—you know, how intensely they and then how perfectly the reception ... our positioning—that was luck.

COOL: So, you saw what was coming in effect?

JB: We made the right bets. You don't see them with certainty, but in hindsight you're pretty good. You are with foresight ... you really are making well-educated bets. But I think that distinction in everything is pretty obvious in hindsight, but with foresight, you are always playing this positioning game, this execution game, this sensing game, this adapting game, and this adoption game for affirmation, you know and all that stuff so these are all about systematically improving yourself in your position of a sector that you think is going to be important. Ultimately, the sector is irrelevant and it's a really good execution.

Personal goals

COOL: Do you see yourself continuing on this way for 10 or 20 years or do you have an exit strategy at this point?

JB: No, that's why I try and pace myself. A lot of what I do is about perspective, being centered and pace, because I may turn 44 or 45 and blow up. [Jim was almost 40 at the time of this interview.] The facts will be what they may be—my hand may be forced—but it won't be because I had a short-term self interest in strategy or because I didn't pay attention to what I had to do. Whatever happens, it will not be because of my lack of attention to what I need to do. I hope. I plan but maybe my abilities, maybe my approach, maybe my perspective or just maybe Those are the things I control. But then there are exogenous facts there. I could have a heart attack. I mean somebody could offer some ridiculous premium where the external shareholders basically force my hand. Our job is to run the company the best we can and keep the value as high as possible. And do our jobs overall. I don't really worry about it. There's not much I can do about it.

Businesses are 5% strategy and 95% execution... you make or break yourself on your execution.

COOL: But you are in it for the long haul?

JB: Sure, absolutely.

Planning

COOL: So let's talk about strategy for a moment. How do you physically do your strategy? Do you meet once a quarter? Or do you just go on: "Gee, we need to talk about x" and you talk about it...

JB: It's on an ongoing basis....

COOL: So its kind of on a rolling plan?

JB: Yes.

COOL: Now, do you have a written plan?

JB: No.

COOL: And is it strictly you and Mike?

JB: No, no it's very inclusive. I mean what we have to do is pretty clear in terms of general vision. I mean the execution is really where the rubber meets the road. I mean you have to scale the plan; you have to keep your device yields there; you've got to get sales with a margin; you've got to get an ERP (Enterprise Resource Planning—an SAP software) system in place. Basically, your whole approach to business is really efficient and frictionless. Each one of these things has very profound execution implications and so there are real clear plans and directions for that and what work products we expect to be done to what spec by what date. And there is a sense in the company that this has got to be done this way.

COOL: But at the strategy level, it's kind of ...

JB: It's pretty straightforward.

COOL: You will agree to something, allocate the responsibility and move on.

JB: It's pretty straightforward. Yes, what has to be done is pretty clear. Businesses are 5% strategy and 95% execution. You pick a bad direction and you're in trouble. We are pretty good at picking good directions, but you make or break yourself on your execution—it's all in the execution.

COOL: Right, have you often had situations where you've picked a wrong direction and have had to drop it and rethink?

JB: Not really. I mean I think we've made good calls, because we really focus on the facts and we are pretty analytical and pretty aware of the realities of the facts. So we make calls from what we do but it's born from pretty good fundamental skills and experience, I would say. And then where you are is a function of the decisions you make. So it's kind of like, it's really hard to say, "Did you make a mistake or not?" or "Did you undo it or not?" Because 99% of the time you kind of are where you are. You know what I'm saying?

You are where you are! Is it right or wrong? I don't know. It just is. I'm here, so what am I going to do? Not too many people say I just finished journalism school, I should have gone to engineering. I quit in the last term of the last year and you go back to engineering school and start all over again—you have to keep working with where you are and you don't say it's good or bad—maybe when you are 60, you may reflect on whether it's a good life or not. So, our decisions have been pretty sound and we have a very adaptive culture.

Research in Motion produces the BlackBerry®, a wireless device that provides email, phone, corporate data, internet, messaging and organiser features.



COOL: What about business plans?

JB: We have a plan, a written plan, but they're changing. Those aren't the basis of the decisions you are making today. Those are external communication documents.

COOL: Right, so you will have to update them on a fairly regular basis?

JB: Oh Yeah, yeah.

COOL: But it's more like just plugging in the latest stuff because...

JB: Well it's iterative. So you are updating numbers, you are modifying the description, you are modifying the price. But a little bit of it is just the exercise of showing that you are prepared to write things down and have some analytical metrics and some expectations, as contrived as they may be. And you know, it gets somebody up to speed and they say, "That sounds interesting, and these guys sound as if they have some products and some marketing, some sales and margin; if they do some investment, they'll get more sales and more margin. Sounds good, looks good and we like the guys, OK, so here is the money." In a sense but its one of those pretty clear indicators: is there some discipline in this organization?

Customer contact

COOL: Yeah, do you have a lot of personal contact with customers?

JB: Yes I do.

COOL: So you keep that very tight?

JB: Very, very close.

COOL: And is it that you've selected a few or do you

randomly go all over the place?

JB: All over the place.

COOL: You're all over the place and so you don't consistently look after one client?

JB: I'm with customers all the time—alliance partners, customers, end users, development partners, all the time. All the time—and I like it. It's a fun sector, it's a fun story to tell, it's a fun set of enabling technologies.

Management structure

COOL: How many layers of management do you have?

JB: I don't know. We don't have an org. chart. What does layers mean anyway?

COOL: Well I guess, you might say for a person who is out there doing the work, whether it be manufacturing something or writing code or whatever, how many people would there be between that person and you?

JB: I don't know, I've never seen an org. chart and I'd probably go a little apoplectic if I did. It just makes no sense to me.

COOL: So when you hire managers, it's kind of like you see a need for somebody...

JB: A team leader and all that kind of stuff and responsibility; there are people that work with them, but this idea of a hierarchy, an entitlement, and climbing and all that stuff, I'm not into that. That just promotes gamesmanship.

COOL: Right, so there is another sort of concept of management if you like where rather than the hierarchy you've got a large number of people who've come together for specific projects and then they disperse.

JB: It's an empowered, involving, dynamic, fluid, networked collaborative organization, so all your styles are really based on ... I mean, command and control are very policy oriented and this other one is collaboration, communication, network, fluid oriented, so you organize your company accordingly. The plant is a little bit more organized—it has to be, you're chunking out radios—but the sales and marketing scenario is chaotic, in many respects. So you fit the structural aspects to the critical tasks.

[Editor's note: See page 44 of this issue on the book *Mobilizing Minds* for a model on how to put this idea into action.]

Keeping games out of management

JB: If a company becomes gamesmanship oriented, then their better gamesmen will thrive, not necessarily the most brilliant person, executive manager, whatever, to do the job that needs to get done at that company. So I think you have to be careful, because if you let that happen in your company, number one, that's what people are focusing on instead of getting the job done and number two, the winners would be the ones that are good at those games, not necessarily good at making or selling great data radio products. So you have to be very careful. We screen carefully, we interview carefully, because we are hyper-protective of the culture.

We don't do awards,
but we have a lot of fun
like parties and picnics.

Hiring senior people

COOL: So you have drawn on big companies consistently?

JB: Oh yeah

COOL: And have the new hires adapted fairly well to your much more entrepreneurial environment?

JB: Well, you find people that are extremely bright and have their head on straight and often are not that well suited to these big companies.

COOL: Do they come to you or do you find them?

JB: It has been both. We have had this history of the right person finding us or us finding them at the right time, so a lot of serendipity has been at play. We've been fortunate in that respect.

Hiring process and turnover

COOL: When you say that you hire very carefully, you and Mike obviously interview the key people?

JB: Absolutely.

COOL: Do you get the VPs and so on interviewing them as well?

JB: Oh yes, many people that they would work with and across at the organization would interview them. Oh yah. There are a lot of people—our turnover is well less than 1%, so that is just off the Richter scale for this kind of world. A lot of people have been here for a while and the culture is something that resonates with a lot of people—they sense it very quickly in people and they select people that resonate with them and that respect and those people tend to take to the culture pretty quickly and it becomes self reinforcing.

Hiring criteria

JB: Well, for sure, you hire basically on 3 or 4 basic things. I mean ... Is the person bright? I mean you can't teach someone to be smart; they either are or they aren't really. Do they demonstrate integrity? Real clear trust, integrity characteristics with a clear sense of who they are and what they want in life, because it's very hard to help somebody who doesn't know what they want. If they know what they want, I mean ... it's not that interesting for me to deal with people who don't know what they want. I can react to people who know what they want. I'll say I can sense that this is the place that you can get what you want or this doesn't appear to be the place where you can get what you want. And if you are a person with integrity and you are real smart, then that seems to be a kind of style that fits here. You tend to be smart, high integrity and people know what they want, they are driven and focused on

what they want to get done, pretty prepared to get along with people, pretty low tolerance for crap coming at them and all that stuff—that is what you look for. And obviously the sort of relevant experience, capability and training to fit to the job, but usually by the time I talk to them, unless it's real senior levels, so I'm just looking to see if they are going to mess up the situation or enrich the situation. That's kind of what I pay attention to.

COOL: So would you say the integrity and just being bright is a more significant or is higher priority in your hiring decisions than specific skills?

JB: Well, they're all important. It's like, what is more important to your life—your heart, lungs or brains?

You lead by example, you know, by working hard and treating people fairly and reasonably, then they feel inclined to treat others the same way.

Motivation and recognition

COOL: Well, a lot of people seem to believe that when they hire, they hire for attitude or whatever you want to call it, and they are quite happy to teach them the skills once they've hired them. But what I hear you saying is that you don't want to go that route. You want people who've got the right attitude but also have the skills, so that you can just get straight to work the same day they arrive.

JB: Yeah, you want somebody who is good—who is great actually, who is inspired. You create that as a culture—a shared


sense of success—and get them good tools and all that stuff to do their job and see people work hard to get that in the market. That keeps people working hard and working together and focused and that's good. That keeps the wheels going round.

For the longest time—and I don't know if it's still the case—but 100% of the people in the company had stock options and a very generous allotment of them and I think a lot of people have done very well because of them and good for them.

COOL: Yeah, that's what you want. So, in terms of how you deal with your employees or recognize their achievements, stock options is the most obvious comparable thing, but do you do a lot of things like employee recognition, internal awards...

JB: We don't do awards, but we have a lot of fun, like parties and picnics. We had a big party when we had Tom Cochrane come in a couple years ago and last year with the Bare Naked Ladies, a party that was a lot of fun. We'll probably do another one sometime soon. A Christmas party and pretty inclusive and collegial culture. But you know, maybe we will start to do awards, I don't know. I just think, how do you award people? You know, Employee of the Month? It's kind of like if anything, you lead by example, you know, by working hard and treating people fairly and reasonably, then they feel inclined to treat others the same way. So, you know, you stay close to them and stay involved and have confidence and share information. I think it's fundamental. I don't think cute, tricky stuff—to me—has never carried huge amounts of weight. You know I think people see through it. If you are going to do something, it had darn well better be genuine. You have to be careful with this stuff.

COOL: It seems that one of the most powerful forms of recognition is empowerment too or whatever you want to call that...just giving people responsibility.

JB: Right, of course. And then they are harder on themselves than anyone will ever be. They are incredibly hard working persons, incredibly demanding of themselves and so they will work hard. You don't need any managers watching; you don't have any personnel problems. If anything you've got to make sure that they lighten up and have a little fun and feel good about themselves and affirm that they are doing the right thing. 



COOL COMPANIES: A magazine for Canada's entrepreneurial-minded leaders pushing the envelope of innovative thinking in their companies.



For Entrepreneurs By Entrepreneurs™

Don't miss an issue. Subscribe today at coolcompaniesmag.com

