

Scaling a Thriving Culture as Growth Soars

A conversation with Keith Block, Co-CEO of Salesforce



KEITH BLOCK
CO-CHIEF EXECUTIVE OFFICER
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Salesforce co-CEO and board director Keith Block was recruited by the global cloud computing company in June 2013 to turbocharge its high-performance sales and marketing engine, and scale its already-strong culture. Over the past five years, Block has been doing exactly that.

Since Block joined Salesforce, the company's annual revenue has skyrocketed — more than tripling to an expected \$13-plus billion in fiscal year 2019 — largely driven by Block's focus on international expansion, industry strategy and the growth of its partner ecosystem, as well as a succession of acquisitions that he championed.

Despite the company's rapid growth, Salesforce has remained true to its core values and created a world-renowned culture, earning the top spot on [Fortune's World's Best Workplaces](#) list two years in a row.

How is that possible?

That's among the questions [Spencer Stuart's Jason Hancock](#) posed when he recently sat down with Block to discuss the challenges — and opportunities — that arise when companies achieve extraordinary business growth.

Spencer Stuart: Salesforce has grown exponentially since you've been with the company. Tell us about the challenges you saw when you got there, then describe what you've done to enable the company to grow to where it is today.

Keith Block: Salesforce was very successful before I showed up five years ago. It was a \$4 billion company then, and this fiscal year we'll do more than \$13 billion in revenue. At that size and scale, our growth is unprecedented.

One of the most important things that has enabled us to grow is our culture. I heard a lot about the culture before I came over here, but until you really experience and understand the importance of the culture to the company, you don't really get an appreciation for what it's all about. It's the connective tissue at Salesforce, and I've never observed a company that has anything like it.

The first of our four core values is trust. Because if you don't have trust with your employees, your partners, your customers and your communities, then you don't have anything.

We are 32,000-plus people flying in formation who embrace the values. We walk the walk and talk the talk. It's the life force for our company, and it's a guiding light in so many things that we do: our business decisions, and the way that we deal with our customers, our partners and our employees.

Describe in your own words the culture and values of the company.

The first of our four core values is trust. Because if you don't have trust with your employees, your partners, your customers and your communities, then you don't have anything. And that is really backed up by our business model: Unlike the perpetual license model that most software companies use, we pioneered a subscription model in which the customer can choose to walk away at the end of the term. That's why building trust is paramount.

We're an incredibly transparent company. Just to give you an example, on our website we have an area called "**Trust**," which actually tells you about the real-time performance of our infrastructure. Everything is in there for our customers to see, and that's something I hadn't seen other companies do before Salesforce.

This transparency helps drive our annual business plan, called the V2MOM, which stands for Vision, Values, Methods, Obstacles and Metrics. [Co-CEO Marc Benioff] and I publish our V2MOM, along with every employee at the company. These V2MOMs are all publicly available on our internal social network, Chatter, so that every employee knows what our priorities are for the year.

Our second value is customer success, and this, again, is something that our 32,000 employees embrace every day, whether they're in finance, HR, engineering, sales, service or marketing. Everything pivots around the customer and making sure the customer is successful. That, too, can be traced back to our business model, because when our customers are successful, our business model thrives.

The third value is innovation, which is very cellular for us. We innovate both organically and inorganically, and we bring what we call the "beginner's mind" to everything we do. Talent obviously drives a lot of our innovation, and that's critical in who we hire, develop and acquire. But a lot of the innovation at Salesforce doesn't just come from our employees. It comes from our customers.

The last core value is equality, which we feel very strongly about. We've taken some very public positions around equality. Probably the most notable is our position [fighting for LGBTQ rights in Indiana](#). It really comes down to protecting our employees and making sure they feel safe and secure in the workplace and in their communities. We believe in equality, and we believe that manifests itself in education, the environment and in gender equality — and we all live and breathe it.

Equality not only means equal opportunity; it also means equal pay. Every year, we adjust the payrolls to make sure that we have equal pay. I'm personally very passionate about that. My wife and I have five children, and why our two daughters wouldn't have the same opportunities as their three older brothers is beyond me.

How do you handle folks who don't fit in within the culture? What systems and programs are in place to ensure that good performers stay aboard even though they may be a little different?

Because of our size and scale, we hire thousands of people each year. And when you hire that many people, you're not going to be right 100 percent of the time. We're very deliberate about setting people up to be successful with the right systems and mentoring. Some people may not make it because of performance, and then there are people who, quite frankly, don't fit culturally. Just making their numbers won't keep them here. They have to embody our culture and values as well.

How do you assess for cultural fit when you're hiring someone from the outside?

I'm sure all companies say this, but we have a very rigorous process. When we interview people, we assess benchmarks related to our values, which is not always easy to do. We've seen some very successful people on paper who would not be a good fit here, and we've passed. It's easy to hire people because they have a great résumé. But it's been proven over and over again here that if you don't align with our core values, it's not going to be a successful outcome.

How do you decide whether to promote from within, or hire from outside and risk losing the internal candidate because they didn't get the job they wanted?

One of the advantages we have is our incredible growth, and that growth creates opportunity for people, both within and outside of the company, to grow their careers at Salesforce.

We're not afraid to try people out in a role that's in a completely different line of business. For example, we've had CMOs who were never in marketing. Our previous CMO, Simon Mulcahy, actually worked for the World Economic Forum for years, and he was more of a management-consulting type. But even though he didn't have a marketing background, he was brilliant; he understood our industry and he was incredibly creative.

We don't just do this for the employees; it's also great for the company because they bring that "beginner's mind" to a new job. They see things that people didn't see before. So we do like to promote from within, but we also like to sprinkle in people from the outside because an outside perspective is good.

If you scale a company, you need a combination of people you can promote from within, people you can rotate around in a job function and people you can bring in from the outside. All of them have their risks, to be perfectly frank. I'd love to say that we're batting one thousand, but you just try to mitigate the risk and put the best talent in the best position.

What impact has all the acquisition activity had on the company? You have an evolving culture, but when you acquire, you're bringing a new organ into the body. How do you stop the body from rejecting that organ?

It starts when we're evaluating companies. When we do our due diligence, it's kind of a no-brainer that we would work out the product and go-to-market strategies, and the financial merit of the acquisition. But we also do an assessment for cultural fit. We have found that if you acquire a company that does not align with your core values, you will get what you referred to as organ rejection. And it won't just be the leadership, it will permeate throughout the entire organization.

So, always, always, always, as part of any acquisition, we assess the cultural fit. We also talk about what the long-term vision is for them. That's from the very beginning. It's not after the acquisition is made.

As hard as these things are, more than 90 percent of the employees who have come from acquisitions have stayed at Salesforce for at least one year.

We believe in equality, and we believe that manifests itself in education, the environment and in gender equality — and we all live and breathe it.

Culture really is everything, because it drives talent, and talent makes the world go around.

More than 90 percent? Wow!

I know, it's a remarkable statistic, and we're really proud of it. People want to be here. They see that we're investing in their companies, and we're investing in them. That cultural environment is a talent magnet.

For example, our most recent acquisition, the software company MuleSoft, is going incredibly well. Unprompted by us, their employees created this video at their headquarters with this giant “Thank you” to Salesforce, and they were so excited to be part of the company. That wasn't something that Salesforce put together — it was something MuleSoft put together.

Not every M&A exercise is perfect, and they all have their challenges, but we look at the table stakes that you would expect people to evaluate as part of an acquisition. But the culture is very important, and the location is also very important. Do we have offices in the same location? Because we want to make sure that we have cultural ambassadors who are embedded in the offices of the companies that we acquire. So we do a great job of plugging these people in when they come onboard.

Drawing on all that you've experienced at Salesforce, what advice would you give to other senior leaders?

Culture really is everything, because it drives talent, and talent makes the world go around. If you have a really strong culture that is values-based — rooted in trust and focused on making your customers successful — and if you have an environment where employees feel like they've been heard, and it's also a fun, creative place to be, those are very powerful ingredients. Don't pay lip service to the culture and don't pay lip service to the values. You have to find a way — your own way — to make sure that every employee really embraces and aligns with those values and that culture. And I do think it becomes the heartbeat for a company.

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ABOUT SPENCER STUART

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