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Competing with Unicorns

How the World's Best Companies Ship Software and Work Differently

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The Pragmatic Programmers

Competing with Unicorns

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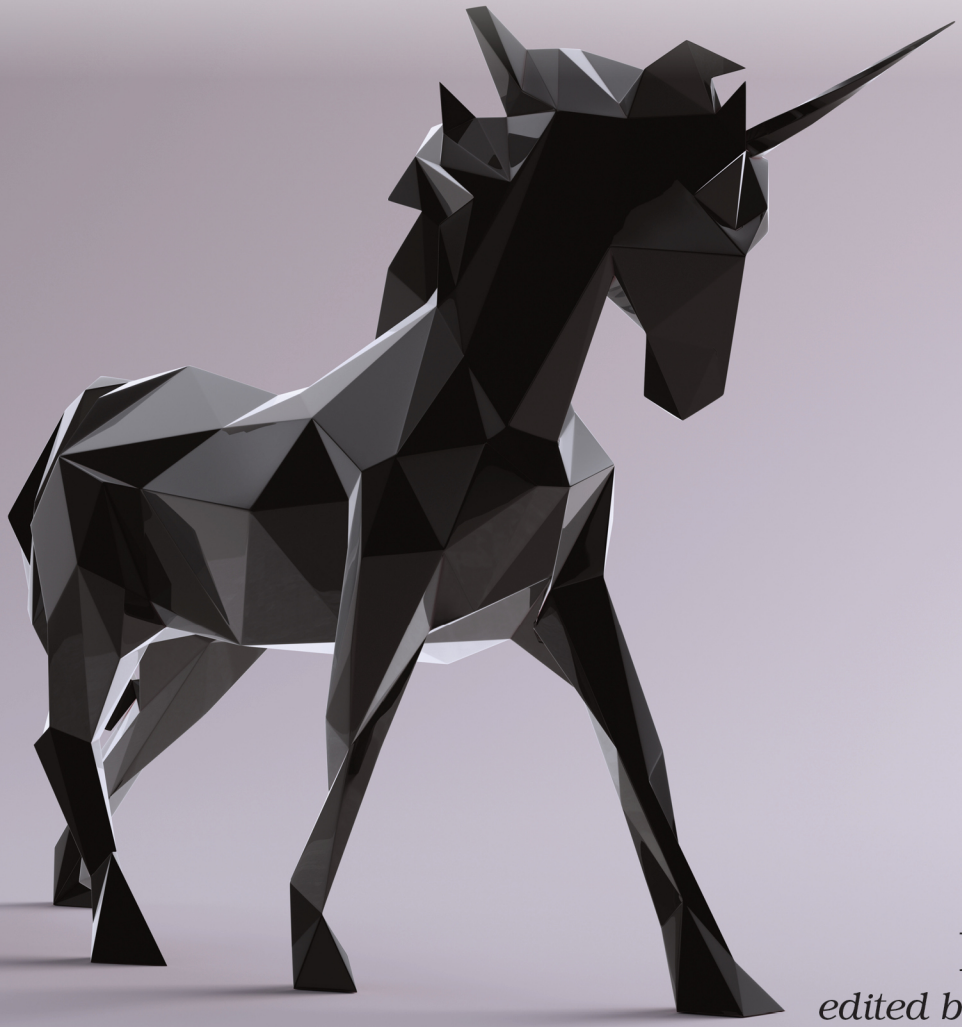

Jonathan Rasmusson

edited by Michael Swaine

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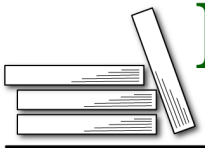

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ISBN-13: 978-1-68050-723-2
Encoded using the finest acid-free high-entropy binary digits.
Book version: P1.0—March 2020

Small autonomous teams powered by missions are great, but what if you need to do something big. Something that takes multiple teams, working as one, right across the entire company. In this chapter we're going to see how tech companies use company bets to enable cross-company collaboration, ensure the really important stuff gets done first, while still giving teams the latitude and autonomy for day-to-day work.

By the end of this chapter you'll know what company bets are, how they work, and why they are so effective for getting teams working together.

A Thousand Flowers Wilting

In 2014 Spotify had a problem. As it was scaling, it had lots of people working on thousands of little things, but very little of importance was actually getting done. Daniel Ek, Spotify's CEO, had decided to try this thousand-flowers-bloom strategy in the hopes that something good would organically emerge. And a few small things did. But the big stuff—the really important stuff that needed doing was still taking too long—we weren't moving fast enough.

It was obvious that Spotify needed to focus. But how? They didn't want to squash all the great innovation that was going on. And they didn't want to take away any squad autonomy. Yet they needed a way of coordinating massive amounts of work, sometimes requiring multiple teams, in a meaningful, focused way.

This is when Spotify came up with the idea to start focusing organization-wide on just a few things at once—or internally what we like to call "the company bet."

Enter the Company Bet

Company bets are a stack-ranked, prioritized list of the most important things the company would like to get done.

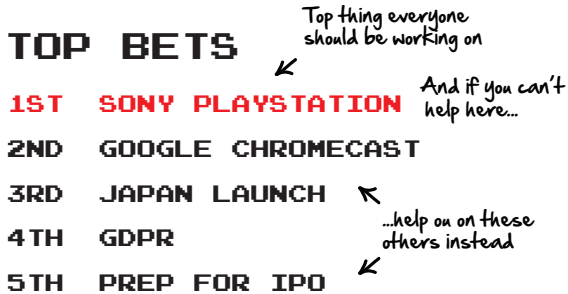
Priortized list of most important things everyone in company should be working on

- ✓ Forces focus
- ✓ Ensures most important stuff gets done first
- ✓ Enables cross-company collaboration
- ✓ Tool for alignment and prioritization

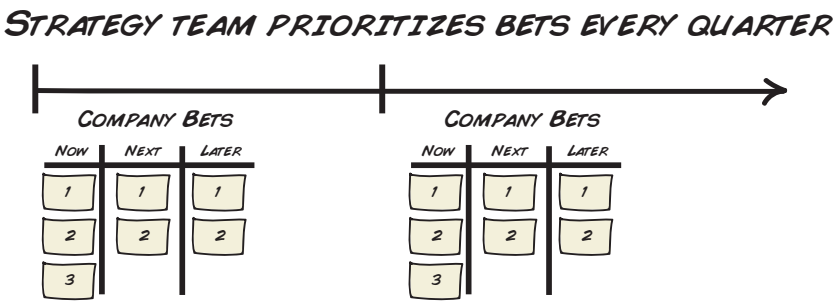
Aligning with the North Star goal of the company (the very purpose of the company's being), leadership uses these bets to focus the company, communicate priorities, and ensure the most important things are getting worked on first, and everything else second.

Typically, company bets are not small. These are big rocks, requiring the efforts of multiple teams, that will hopefully have a big impact on the business in a relatively short period of time—which is why they get so many resources and attention. At any given time, 30% of the company will be working on a company bet. And these bets provide guidance for what teams should be trying to work on next.

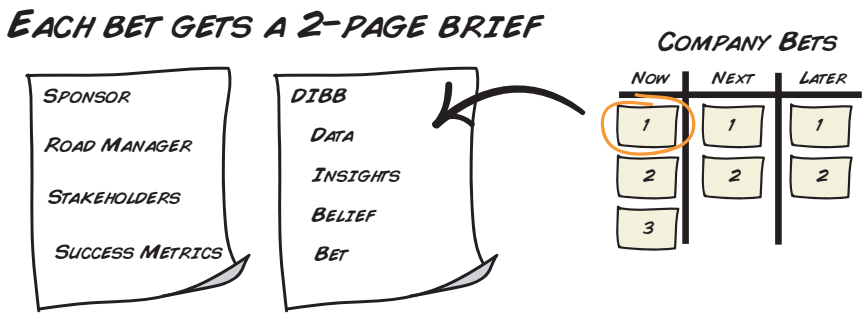
How Do They Work



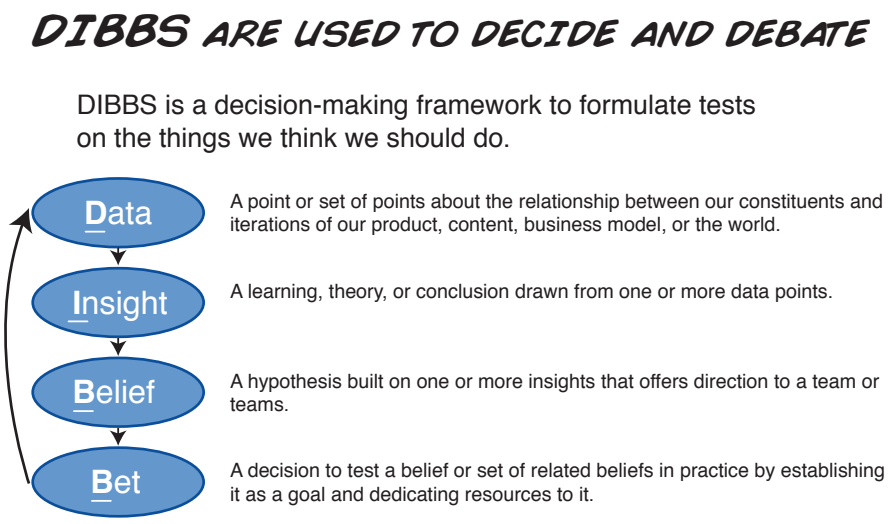
Every quarter the strategy team gets together and debates what big hairy audacious goals the company should be working on next. Out of these strategy sessions comes a prioritized stack-ranked list, or company bets as shown in the figure on page 6.



Each bet is accompanied by a two-page brief describing what the bet is, why it's important, and how it will help the company go further.



One of these two pages is a DIBB explaining the data and insight that led the strategy team to create that bet in the first place.



DIBB stands for Data, Insight, Belief, and Bet. At Spotify we used DIBBs as a means to debate and decide how we wanted to invest and win in music. At its heart DIBBs is a decision-making framework that gives people a way to formulate or argue for why they feel their bet is necessary.

For example, in the early years at Spotify, it became apparent that while people were listening to less music on the desktop, mobile consumption was starting to take off. This would have a huge impact on the business, and we weren't ready yet to make that adjustment.

Describing this shift from desktop to mobile in the form of a DIBB made things a lot clearer.

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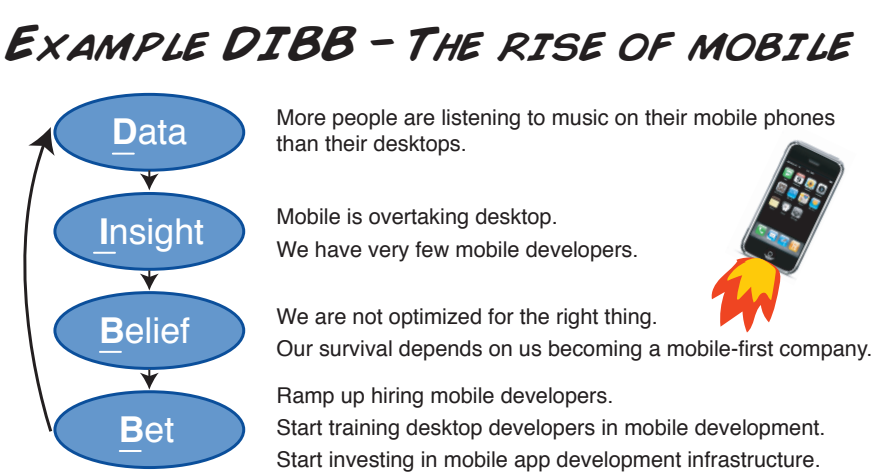


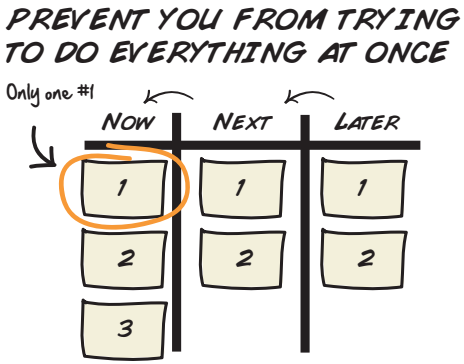
It quickly became apparent what we needed to do. This DIBB became the bet. That pivot into mobile saved the company. And the rest is history.

The Beauty of Working This Way

Lots of advantages come from rallying your company around just a few big bets.

The Important Stuff Gets Done First

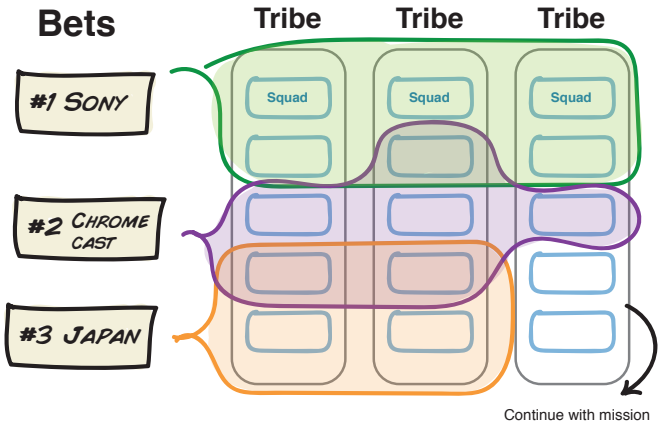
Unicorns, like any healthy company, can get easily overwhelmed by the sheer number of things they need to do. Which is why bets are such a good tool for getting the most important stuff done first, saving the least till later as shown in the figure on page 8.



It Enables Fluid Work Force

Bets also enable unicorns to shift company resources a lot more easily when compared to their traditional counterparts. Traditional companies waste a lot of time wrestling with conflicting priorities and misaligned short-term goals, usually resulting in a tremendous lack of coordination and effort.

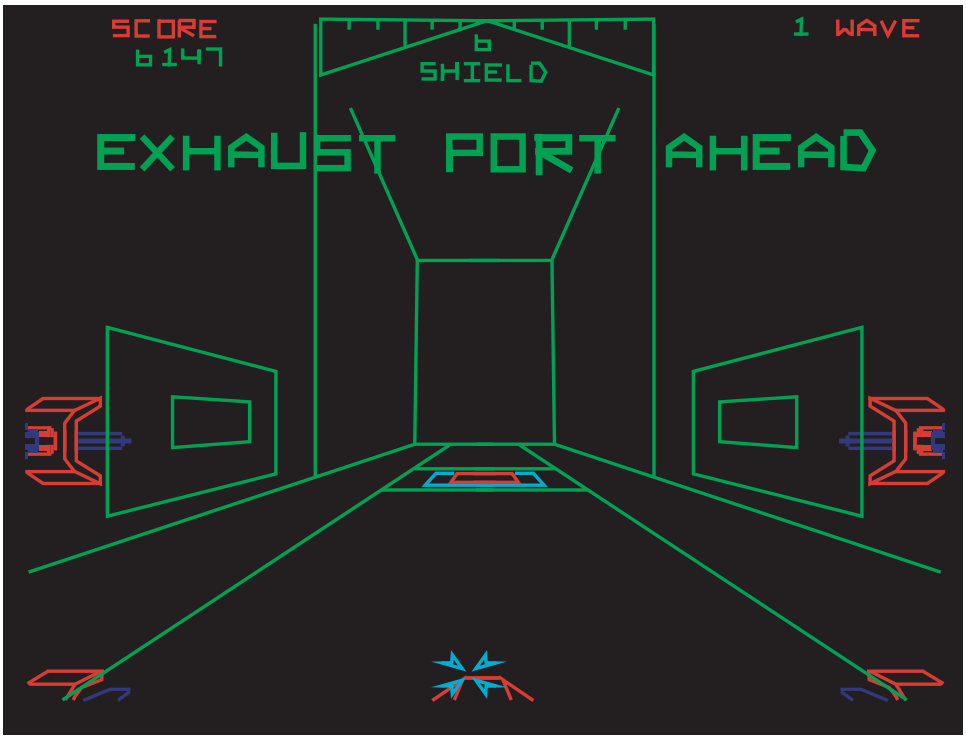
Bets, on the other hand, give you and your teams a framework for balancing the short-term goals of the team against longer-term goals of the company.



By enabling a team to put their work on hold, and help a company bet out, teams can fluidly move between missions and bets dynamically as they see fit. This leaves the autonomy with the team and lets them decide where they can best spend their time.

It Forces Focus

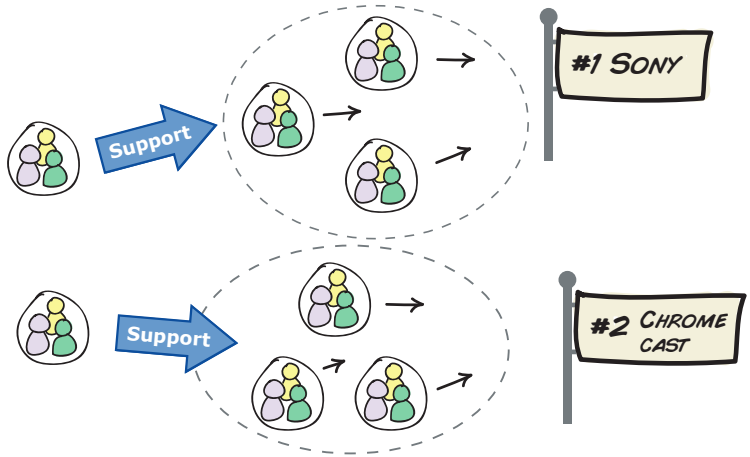
When you rank your company bet list, you're literally saying: "These are the most important things we need to get done this year. If we can do these things, we're going to have a very good year."



This forces your leaders to focus. You can't have it all. And Spotify didn't start here. Their first version of the bet list had sixty-five initiatives that they thought needed doing. Not ten. And it's a credit to the leaders that they whittled the list down to the size they did and said no to a lot of stuff. That's not easy. But that's what leaders do.

Enables Cross-Company Alignment

But what's really amazing about the company bet is how it enables cross-company alignment. I was lucky enough to work on two number-one company bets during my time at Spotify—the Sony Playstation and the Google Chromecast. The way the company rallied around these initiatives, under very tight deadlines, was incredible to see as shown in the figure on page 11.



And I have yet to see any other company marshal and deploy resources this effectively. It's how unicorns deliver on really big initiatives fast where most others would fail. And it's how they get the entire company on board behind something while doing everything possible to make it a big success. A wonderful tool for alignment and prioritization.