



Stanford eCorner

Follow Your Values

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Video URL: <http://ecorner.stanford.edu/videos/1643/Follow-Your-Values>

Greg recounts scenarios where he could have made a little more money by abandoning his value system; however, he is happier for having stuck to his values. He suggests that the best way to make such decisions is to think about what the right thing to do is, and then do it.



Transcript

Values. That's an interesting thing. I have always sort of conducted my business as if values really matter because I think they do. At the end of the day especially as you come towards the end of your career, although I don't think I'm at the end of my career, you realize how important that really was in so many of the decisions that you made. It's got to be the reason why you do things. The reason I was in Washington, DC was because I wanted to save the world. I really did. I mean I wanted to be the chief of staff of the White House, before that was hip by the way, and I wanted to do it because I believed very fervently in the things that were going on in the world. I sort of got over that because I saw how Washington can be sometimes. But I still believed that there are values that drive you in your business life that you can adhere to and let guide the decisions that you make.

One of the things that seemed sort of tried to say but I really believed is doing the right thing is frequently the right thing to do. A lot of times you can get into a debate with yourself and sort of lose sight of that compass but there's always in a divisive serious dispute something that you can abstract yourself from and say, so what's the right thing to do in this circumstance. That becomes more acute as you get into really, really tough decisions. There was one time that I remember in particular when I was at SonicBlue. Now SonicBlue eventually did go into chapter 11. And during that process, we were putting together a compensation package for not only the management team but for all of the employees so that we could look the employees in the eyes and say after we have sold all the assets of the company, here's what you're going to get to keep them in the game. Nobody was going to get rich. In fact the management payout was going to be less than what our annual bonus would have otherwise been. It was a pretty reasonable package. I got a phone call after the package had been discussed by the creditors' committee.

It was really the group of people who are fighting for as much value as they can and they have the ability sort of to block anything and they said to me, okay, here's the deal. We're willing to approve the management package if you're willing to cut the general population of the employee package down to zero days of severance. They'll never know because it'll be hidden in the court proceedings. We'll never tell but the management team can go off. In fact, we're willing to consider an even bigger package but the money for us is in keeping the 500 employees who are still there to zero severance. They could stay until the last day but then they're out of there. I said let me get back to you. So I went in and I called my small staff together but I knew exactly where I was coming out on this but I had no other where people would. So I had the six people who ran the company in a room and I told them what the terms and the conditions were and they quickly came to a discussion. We quickly came to a conclusion and I left the room and I called up the credit committee and I said we don't agree with your proposal.

In fact we refuse it and we want to let you know that unless you agree to our proposal which was the same one that we just had, we're leaving at 5:00 for the last time and the company is yours. You'll find the keys out in front of the front door. There was silence and at 4:45 that afternoon we got a phone call saying okay. I never had to actually say what the right thing was because maybe it was obvious but I guarantee you in your business career you will come across many people and many instances in which the decision would have been made a different way. You may not even know about it but you'll see it at various times. You'll see people whose only motivation is their own compensation package and who would cut that deal in a flash. Don't be one of them because at the end of the day, the amount of money that you make on the margin on those kinds of deals just isn't worth what you have to live with as yourself for having made those kinds of decisions. Think about what the right thing is and do it. It's a good guidepost.