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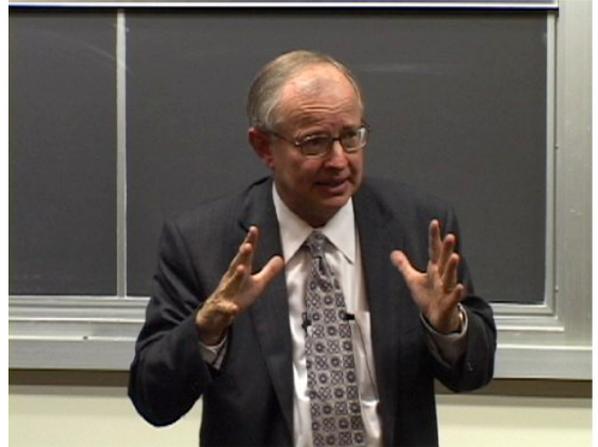
Culture Trumps Strategy

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March 05, 2008

Video URL: <http://ecorner.stanford.edu/videos/1965/Culture-Trumps-Strategy>

Building great corporate culture is more than just metaphors; it's what motivates a winning team. Most people at corporations in the US are unhappy, says Silicon Valley Bank CEO Ken Wilcox. But the organization can craft a pleasant and productive environment by hiring diverse and intelligent people and keeping them onboard. Knowing how to work together under an organization's guiding principals is critical. Past experience in commercial banking is not.



Transcript

I believe that the most important things that a company can focus on are its strategy and its culture. I also think that if you had to pick between the two, that culture trumps strategy every time. I think that because if you have a great culture, your people will develop a strategy that will win. But if you don't have a good culture, even a winning strategy will not be useful. I believe that culture is the most important part of any organization. I believe that culture is what motivates. I believe that most people in most corporations in the United States are unhappy. That most people in most corporations in the United States. And this isn't just a belief. There have been studies done that would suggest that this is the case.

They devoted half of their brain to their job and the other half to thinking about how nice it would be if they work someplace else. And eventually, that opportunity comes. I think it's possible to have a culture that is both happy, meaning it's a nice place for people to work; and productive, it generates the kinds of returns that shareholders appreciate; and effective, it makes clients happy. And that's what we focus on here. And I'd like to try to describe briefly our culture, the keys to our culture. The first one is whom we try to hire and whom we try to keep. The approach to that is three-fold. One is we try to hire intelligent people. I truly believe that Silicon Valley Bank is like woe be gone, all above average. That's Silicon Valley Bank.

Number two is we try to hire as diverse set of people as we possibly can. The idea is if you have smart people and people with a wide range of experience, you've got a lot going for you. So we have over 50 first languages at Silicon Valley Bank. There are only 1,200 people. We got over 50 first languages. More than half the people at Silicon Valley Bank didn't ever work in a bank before coming to us. One of our most productive lenders by way of example is a concierge at the Four Seasons in Boston when I hired him, the various years when he's been the most productive revenue generator in the whole place. Our employees have interesting in diverse hobbies. And I can give you hundreds of stories, but I'll tell you one. And that is if you ever read "National Geographic" and you saw the tiger pictures, you know, those pictures of tiger faces and tigers who were obviously done with telescopic lenses, that was probably done by Suresh Gundappa, who's a full-time employee of Silicon Valley Bank but spends his weekends in the jungle literally photographing tigers for "National Geographic." So we try to have smart people.

We try to have people with a diverse range of experiences. And most importantly, we want to have people that can work as a team, people who know how to work together. Because being smart and having a broad range of experiences is not enough if everybody is an individual silo. Most of the problems that we face are complex and sophisticated. Complex and sophisticated problems can only be solved by teams. They can't typically be solved by individuals. Sometimes it's good to have a genius as a

catalyst, but to put solutions into effect will still require the efforts of a team. So how do we get people who work together effectively? First of all, it's tricky because it's hard to tell when interviewing somebody if they're going to be good on a team, but you do your best. And then if they don't work out, you ask them to go work someplace else. But you encourage people through the culture you create and our culture has a couple of different aspects that I would mention.

One of them is that we put a huge amount of emphasis on what we call the guiding principles. And we really believe this stuff, by the way, meaning every company has guiding principles. Very few of them talk about them and practice them and base their evaluations of other people on them, and we actually do. The guiding principles, although they're quite detailed, can break down into two sort of categories. One of them is being respectful of other people. And the other one is if you have a problem, if I have a problem with Tom, I have an obligation to talk to Tom, not to the rest of you. Human nature is such. Most people, when they have a problem with Tom, pick one of you as a third party and talk trash about Tom. That's human nature. But we really insist that people work out problems together face to face.

Two other parts to this. One of them is that we use metaphors to describe what we're trying to accomplish. Our two biggest and most important metaphors are these. One is an orchestra. Silicon Valley Bank is like an orchestra. Everybody has an instrument to play. Every instrument is important. There are no superfluous instruments. Furthermore, when we all play at the same time and off the same piece of music, we produce beautiful music. But it requires that everybody plays and that they play simultaneously and that they play of the same sheet.

Different parts, but the same sheet.