



Stanford eCorner

Peacetime vs. Wartime CEO

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November 19, 2014

Video URL: <http://ecorner.stanford.edu/videos/3436/Peacetime-vs-Wartime-CEO>

Andreessen Horowitz Co-Founder Ben Horowitz, author of "The Hard Thing About Hard Things," describes what CEOs focus on in "peacetime" conditions, when a business is prosperous, versus in "wartime," when a company is under pressure to quickly establish itself and become profitable.



Transcript

If you read - in the management literature, it's almost entirely written for peacetime CEOs. So like everything you learn about decision-making and delegation and don't micromanage and all these things are very peacetime oriented in the sense that in peacetime, you're much more focused on the development of the people and the development of the organization over the long-term and the ability for the organization outside of yourself to make higher quality decisions and then also kind of be creative outside of the mission and that's kind of all affordable if, like, you've got, say, like you've got Google search and you're just like running, steamrolling through the industry, then you can do a lot more peacetime sort of things. On the other hand, right, if you're running out of cash or if you are like Apple when Steve Jobs first took over and they had three weeks of cash left and so forth, like you can't actually like that's not affordable in the decision making process, you've got to get to a very accurate decision extremely quickly and that's when you kind of have like a - that's when the wartime techniques come into play. Sometimes in wartime, you end up doing things that actually do undermine the development of the organization because there is more burden on the CEO to make a much larger number of decisions because accuracy is so important and the CEO by virtue of her position has got more knowledge to make those decisions and more authority too to make them definitive and fast and high quality. So that is a lot about what that was about. And I thought a lot of it came from Andy Grove has a great book called *Only the Paranoid Survive* which a lot of you probably have read here. But there is a part of it where he talks about when he turned Intel from the memory business into the CPU business which is a like a real wartime story like it's like okay, like I walked into the room and I was like, okay, what would we do if we were - if I was fired tomorrow and then like somebody came in to replace me and then all of my whole staff was fired and replaced all of them, what would they do with the business. And then like I walked out to the car like I had a cigarette, I looked out into distance, I was like alright, we've got to lay off 80% of the people. And those kinds of things are - they are just not things that you kind of normally encounter in the business education but in the real business world, that's like most of it ends up being wartime particularly in startup world like a huge amount of it ends up being wartime.