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Graziadio School of Business and Management

Dean's Executive Leadership Series - 2011-2012

Transcript of Q&A with Blake Irving, Executive Vice President & Chief Product Officer, Yahoo!

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen or subscribe](#) to the podcasts to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Rick Gibson: Hello, and welcome. My name is Rick Gibson. I am the Associate Vice President for Public Affairs here at Pepperdine University, and today I am joined by Dr. Linda Livingstone, Dean of the Graziadio School of Business and Management. Welcome, Linda.

Linda Livingstone: Well, thank you, Rick. It is good to be here today.

Rick Gibson: Well, the series is certainly on a roll. We are excited about the guests that you have had so far. Tell us whom we can look forward to today.

Linda Livingstone: Today we have with us Blake Irving, who is Executive Vice President and Chief Products Officer of Yahoo! He is also an alumnus of our program and has also taught at various times with the business school. So we are thrilled to have Blake because he's kind of a family member coming home, but he also has great things to share with us.

Rick Gibson: That is an exciting twist to the series to have someone from our own school and alumnus be a part of this. Well, we look forward to this interview very much. We have been looking forward to it for a long time. Let me invite our listeners to sit back, relax, and enjoy this interview with Blake Irving.

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Linda Livingstone: Welcome. We are in our next Dean's Executive Leadership Series. It is our second one in 2012, and we are thrilled today to have with us Blake Irving, who is Executive Vice President and Chief Products Officer of Yahoo, an alumnus of Pepperdine University and the Graziadio School. Welcome, Blake.

Blake Irving: Thanks, Linda. Thanks very much.

Linda Livingstone: It is great having you as an alumnus. We have had maybe two or three in our history in DELS, and so it is great to have an alumnus back and to see you doing so well and doing interesting and challenging things.

Blake Irving: Boy, it is an interesting business that we are in. That is for sure.

Linda Livingstone: Well, you have been at Yahoo! now for not quite two years.

Blake Irving: About two years – about 21 to 22 months.

Linda Livingstone: So your path there has been interesting. You actually were taking a break and teaching for us.

Blake Irving: I was.

Linda Livingstone: And spending time with your family and other things kind of for a while. Prior to that, you were at Microsoft. Could you share just a little bit about your career path and kind of how you got to where you are today?

Blake Irving: Yeah, sure. I think my career path would probably be defined by following passions and interests in things that I felt were important to me or important to the world at large. When I started on my Pepperdine MBA, I was actually working at Xerox at the time. I was a fine arts major in undergrad and fell in love with computers as a creation device. And the more I got into computers, the more I thought these could be used as pretty powerful tools by others, and then I started designing systems with some other guys that actually made those creative processes happen for other people that were not necessarily as

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creative or did not think of themselves as creators but they could actually go do pretty powerful things. While I was doing that, I actually got my MBA at Pepperdine concurrently. And I must say, in tribute to the school, it was one of the most powerful things that I was ever turned onto because now I had this love of technology, this love of sort of changing the way things are, and then started learning the business mechanics of how to do it in a way that actually produced earnings, revenue, profits, and things that actually mattered to Wall Street versus just end-users or customers. It was fascinating. Soon after I got my MBA, I took a product management role at a company called Okidata back on the East Coast and had an interesting experience. And sometimes they say experience is what you get when you do not get what you want, but it was an interesting experience.

Linda Livingstone: And you learned from that.

Blake Irving: I learned a lot. I learned a couple of things that were important and took some of those learnings to the next company I worked for, which was Compaq Computer. Right when Compaq was still sort of flying pretty high, I went down there to put them in the laser printer business, which they determined after the first quarter I was there. They took their first dog quarter, and Rod Canion, who was the CEO at the time, came into the conference room that I was in and said, "Hey, we're not going to do printers. We're going to go back and redouble our efforts on our core business," which is actually a really, really important thing for any company to do. And I thought, "Okay, that's kind of interesting." I get an opportunity to go do some other things and looked around, scoured the company, and had a couple of offers, and one was in multimedia. I started working in the multimedia area back in 1989 and was working on CD-ROMs and digital audio and some really interesting things and came up with a concept for a PC that had embedded digital audio. You could do speech recognition and text-to-speech and some really interesting things on the computer and got that accepted by Ron and the company, and by then Ron had moved out and Eckhard Pfeiffer had moved in. We launched that product line, and while I was in the midst of working on that product, I was working very closely with Microsoft at the time and had an offer from Microsoft to go to work for them. And so I thought I kind of at that point had done enough research in their ecosystem, both software and hardware, that I knew where the value equation was going to go over the course of the next decade and thought Microsoft would be a good place to change the world and make some big things happen. And I decided once I had shipped my products – and I actually had an offer two months before I shipped that product, so I stayed at Compaq for those two months. It was a pretty rough two months because every week I would look at the Microsoft stock and it was going up a point or two.

Linda Livingstone: Missed that.

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Blake Irving: I was thinking maybe I should not be so loyal. But I really wanted to ship the product. It was the right thing to do for the company.

Linda Livingstone: Sure.

Blake Irving: I shipped it and then went to Microsoft in '92 to work on those types of technologies. My career at Microsoft was an interesting walk. Just was moving from one thing that I was very interested or passionate about to another and used writing and persuasion and those kinds of things to get some ideas, pushed through that Bill and Steve thought were interesting, and was able to get my application-sharing product done on Internet audio conferencing, Internet video conferencing product, on instant messaging product, and Web mail service. A whole bunch of different things launched that ended up being a pretty good-sized business that was making over \$1 billion in mostly advertising revenue. And it turned into something they now call the Windows line of platform, which is, if you think of it as the cloud infrastructure that powers Windows, that is sort of where they are and what they are doing with that today. I did take some time off.

Linda Livingstone: And we are glad you did because the students loved it when you were with us. I still talk to alumnus and everything. They just rave about the experience they had in your classes.

Blake Irving: Oh, thanks. Thanks so much. It was really fun. In fact, the president of the first class that I taught was Myles Weinstein, who is actually working at Yahoo! now and contributing great things. I took a trip around the world with my kids, which was fantastic. We traveled all over the place and I home-schooled them. Traveling was awesome. Home schooling, I do not necessarily recommend it.

Linda Livingstone: It is a good thing for some people but not for everyone.

Blake Irving: Yeah, but I guess I kind of enjoyed the teaching. I came back and taught at Pepperdine and then had a couple conversations with Jerry Yang, who was on the board and was the founder of the company. He had a pretty interesting proposition, so I ended up going to Yahoo! in 2010. And now it is 2012. You blink and it is 2012. And it has been quite a ride.

Linda Livingstone: There has been a lot that has gone on at Yahoo! since you have been there, and it is been a challenging and interesting opportunity. You are kind of in charge of products and innovation, so

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how have you managed to sort of try to stay focused on kind of what your core responsibility is in the midst of such really dramatic change in the company?

Blake Irving: When a company is in an environment where there is so much dramatic change, one of the things that they need is to feel bedrock somewhere, and there have been so many changes at Yahoo! that bedrock is pretty illusive, right? And the valley changes so often and there are so many disruptive technologies. I think that since 2008 they have sort of backed off and did not have the confidence that they once had. I thought the thing that they really needed was to get a singular vision and strategy behind their products, and they had quite a few, actually. They were siloed and segmented in ways that were not really giving them lift. So one of the first things I did was to try to assemble the team of leaders, not the guys that were reporting to me who were operators, but strategy folks that were inside their organizations, some folks that had done start-ups like Mike Kerns of Citizens Sports, Luke Beatty and associated content. And then some other folks that were not managing a whole lot of people but were brilliant, either scientists or individual contributors saying, "Let's go build a strategy based on what's happening externally, what the strengths of the company are, not looking at adjacencies, but what should we do with the technology that we've got in a way that provides lift for the entire company, and then what technology trends are happening and trends from other companies that are happening that we can take advantage of?" So we put together a strategy at that time that was about bringing personal meaning to the Web, and that was sort of the mantra. We also call it deeply personal digital experiences. Personal meaning is interesting. It is different than relevance, right? We talk about relevance on the Internet a lot. Yogis do not go to mountaintops looking for relevance; they go looking for meaning. It is deeper – it is not just philosophically. People have conversations with themselves, they have conversations with a trusted partner, and there is no one on the Internet today that is actually providing enough of a sense of security and trust that there is a fair exchange between the consumer and the service provider. And so we thought if we did that and we did it in a way with deep science, data, with beautiful user interface that feels very meaningful, across mobile devices, and in a way that provided an ecosystem not just for us but for others and actually built it into an ecosystem, that it was going to be something that could create lift for the company and would give bedrock for the employees. It was the first time that the employees who were at the company had seen a single product strategy. We rolled that out. We then did a strategy execution methodology that I refer to as 2-20-200, which is a two page vision document, a twenty page initiative stock that gets into more detail, and then an operating plan. What are you going to do the next year? And so we put that operating plan together and started executing against it. There were good things about it and bad things about it. You learn as you do these things. That got us going, and actually, the fourth quarter of 2011 was really the most productive quarter we had had from a product shipment standpoint with a lot of mobile innovations, lots of science innovations, across platform over TV and mobile that I think really lifted the company. Now, while all that was going on, we had all kinds of noise about whether the Asian assets were going to be repatriated? What was going to happen with the CEO? Then the CEO

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got fired. There were a lot of things at the corporate level that were capable of defocusing the team, but the team stayed focused. We actually had a product event in November in the company and then Carol left in September. That product event, interestingly enough, had quite a few press meetings at the end of that product rollout event, and they said, "You know, we're astonished that you guys have actually been able to go deliver against these strategies." I kind of have this really silly periodic table of elements that looks like a chemistry class, but that is how we describe it for the engineers because it is just easy shorthand to remember it by. And most of the press had seen it from me a year earlier. We did not change it going into 2012, and we delivered against it. Quite a few of the press said, "That's pretty darn impressive that your engineers were able to stay focused." So I think it had a lot to do with that strategy, with that progress, and giving people hope.

Linda Livingstone: Right. So that they can sort of stay down the right path or a path while everything around it is going crazy.

Blake Irving: Well, everything else around us was nuts. We try to provide some sort of bedrock, which I think that strategy did and an organization that could provide bedrock. And then, frankly, as a leader, you have to be a full believer. There are two kinds of people. There are radiators and there are drains. You have to be a radiator at an exceptional level when all that swirls are going around, and you better believe because if you do not, the disingenuousness will come through in spades. So I am a full believer and was pushing very hard through that entire period to make sure that everybody knew it and that I was in it completely.

Linda Livingstone: So when you talked about the move to Microsoft, you said that you saw that they knew what the value equation was for the future. So now you are in a position at Yahoo! where knowing what that value equation is, is really important since you are focusing on product innovation and product development. So where do you see that value equation going in your space in the future and how are you thinking about building on what you have already done to get there?

Blake Irving: Well, there are some things that we have already done that are important for the value equation, and I'll be speaking about them tonight. But a couple of things that are very important are these two little devices I have sitting on the table. So these are monetized by hardware manufacturers, by carriers, and not monetized super well by Web providers today. The Web has left the desktop, probably. In many countries around the world, folks will never use a PC. They will only access the Web and they will not even know it is the Web. It is just the Internet. They happen to be on an application that uses the infrastructure. There is huge value to be created on these devices and especially in scenarios which I

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guess I would sort of call closed-loop continuum for transactions, where if a marketer or a company that has goods or services is interested in closing the loop, marketing, and figuring out what somebody is going to do, there are products that are in the marketplace today that allow me to scan barcodes, allow me to find deals that are within the proximity of me because I happen to have a mobile device. That closed-loop marketing is going to be a tremendously important value creator for Yahoo!, where not only will we be doing advertising on the Web, but we are doing advertising and we are also able to tell an advertiser, "This is what your customer looks like. This is where they come from," and be able to actually target things to them that make the customer feel very comfortable and say, "Wow, that's really great." I think there was a time that passed where when Gmail seven or eight years ago was targeting you with advertisement in your inbox based on content. It was a little scary, actually. I think that consumers have been growing up at a pace, certainly our kids and young people that this is just the way it is. So I think there is going to be lots and lots of that type of integration that allows Yahoo! to move into not just more advertising revenue but closed-loop piece of transaction or base revenue as well.

Linda Livingstone: Before we started our conversation, you were commenting on just having returned from a very short trip to China and India. But talk a little bit about how you think about that global world that you are dealing with. You are in a space where information is so important and there are all kinds of issues as you go worldwide around culture, even around intellectual property and how that is handled, censorship issues, and so on. How are you thinking about navigating those as you try to tap into some of these really large markets that are out there around the world?

Blake Irving: Yahoo! has a footprint from the development and engineering perspective, where we actually have pretty large teams in both India and in China. I was explicitly visiting those teams, and when I do, I always meet with press and partners as well. The interesting thing about those markets is what we have tried to do at Yahoo! and over the last two years and before then, have been building platforms that allow us to roll out media properties and communication and social capabilities in those places that are highly customizable and highly localizable. I am going to use India as an example. This year, we actually rolled out mail in six different Indian languages of the possible 20 plus. We also have partnered with local media providers. In this case, I think it is three or four Indian newspapers that we partnered with and allow them to onboard some of their content onto our platform so they can actually be the content provider, providing streams into an infrastructure that is pretty darn large. So we sort of say, "Look, we're not experts in your culture, and we're not intending to be. What I would like to do is enable you and empower you to reach a customer that is culturally different than what we might otherwise produce." And it is all about partnerships in these different places. In some cases where we do have owned and operated businesses and we have quite a few of them around the planet, we have done some acquisitions. We acquired a company in the Middle East called Maktoob that is now the largest Web company in the Middle East and that is based in the Emirates. We have both Yahoo! Taiwan and Yahoo! Hong Kong,

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which you think are both owned and operated, but we are actually a conglomerate of properties that were acquired and put together. Yahoo! Taiwan has 98% reach in Taiwan. Yahoo! Hong Kong has 98% reach in Hong Kong because they are tailored explicitly for the local market. That is a pretty tricky thing to do. When you are trying to build on global platforms, localize, and trying to separate language and market because they are quite different, doing that in a way that scales that allows you to do it quickly and sensitively is not an easy thing. I would say from a best-in-class perspective, Yahoo! is probably one of the best folks in the media business at doing that, and probably one of the only media businesses that has truly global reach of 720 million users worldwide.

Linda Livingstone: So many of the people that are listening to this are either students or alumni of the school. There are certainly others as well, but what have you learned in the world that you are in now just in terms of sort of advice or insight to students that might be interested in working in this space. How do they need to think about preparing themselves to sort of function in the kind of company Yahoo! is in this global rapidly changing environment? Are there keys in terms of what you look for in employees or skill sets or mindsets that are more important than maybe they used to be or that you think going forward are going to be critical?

Blake Irving: Well, this is going to feel like a weird one, but comfort with ambiguity is very important. So if you are going into a consumer goods or a packaged industry, the change rate is not rapid. Certainly, there is certainly invention there, but the rate of invention in this business is pretty phenomenal. You can actually create huge businesses out of sand, out of ideas, and not really have to spend any capital. So the things that I would tell students are: one, prototype early. So have an idea. I know this is going to sound like heresy from a guy who has taught an MBA program and has his MBA. The rules around doing a business plan and putting that up and making sure that you have some capital before you take a product into prototype and move out any further are sort of behind us. There are a series of services that exist now with wonderful APIs on top of them that for very low cost without having huge capital expenditure or operating cost. You can go do prototypes and actually put it up on the Internet and see what happens. One of the management philosophies I have is measurement, measurement, measurement. You do not know if you have achieved something if you were not thinking about measuring well in advance. And if you know what your measurements are for success, you can actually look at customers interacting with your sites, which is a crazy thing about the Internet. I mean the auto industry would die to be able to get data on how many times the feature in that particular automobile were used. I know everything they are doing on this site, not down to an individual, so certainly people are anonymous, but I actually can instrument a site and tell what somebody is doing and then make changes to it the next day. And the cost of changing that product – no inventory, no shelf space, no restocking, no nothing.

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Linda Livingstone: It is really someone's time to go in and change the system, I mean in terms of making adjustments based on that data.

Blake Irving: It is interesting. I think that there is traditional learning and there are a lot of things that we teach that do not incorporate some of the tools that are out there. And even if you are doing a traditional marketing business, you are coming out here and you go to Procter and Gamble as a product manager, you better understand Facebook and Twitter. You better understand every social medium that is out there. You better understand the Web. You have to understand what CPN, CPC, CPA, all these terms that are about how your marketing program is doing and what you are spending and how the return and the results are. Those kinds of things do not show up in classes very often, yet they are starting to become staples of marketing not just to teenagers but also to everybody.

Linda Livingstone: You have worked in a variety of companies. You have taken some time off from sort of traditional work. As you think about sort of your leadership approach, your leadership philosophy, what are some of the sort of key elements of that that have evolved over the course of your career from being that fine arts major that came out of undergraduate school?

Blake Irving: That is interesting. So as I said, you do not reflect on your philosophy until somebody asks you, and then you have to ponder for a minute. I think I tend to empower people, give them very explicit guardrails on both sides of what we have empowered them to do, and then if they need help, to let me know. From my perspective, I am very open and direct. I expect everybody to be open and direct. Communication is wide open. I do not like to see barriers in an organization or folks that think that that is my space. Why is that guy invading my space? Which is very typical when small business and big business. It is a bigger problem in bigger businesses. And basically thinking of your workmates as a team, where you are going to play a position. But you know something? Every once in a while – and I hate to go into a baseball metaphor – but every once in a while, the shortstop has to back up the second baseman because something went awry or something happened or an unusual unexpected thing happened. And so now what are you going to do? Well, the industry that my serendipitous career has chosen for me, right? I chose it. I am not sure which. It throws so many curveballs and has so many plays being run that did not even exist in the rule book earlier that you have to be able to have that type of flexibility on your team. So you put guardrails up, have a very open dialogue with the team and make sure that people know exactly what they are empowered with. Try to make sure there is only one decision maker and not multiple decision makers because that can cause problems. Try in a very ambiguous space to remove as much ambiguity as you possibly can because ambiguity can freeze people. Even folks that are professional disambiguators can become frozen when there are massive changes happening and need to find a true north.

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Linda Livingstone: Which is very much what you described earlier in what you have tried to do at Yahoo! in the last couple of years.

Blake Irving: Yes, that is right. I would encourage all the leaders that are working for me to do the exact same thing. Find true north. Lay out a set of goals that map to your leader's goals. Now, my goals map to Carol's goals and now to Scott's goals. And that is what you do. You try to set that environment up for your folks. I am also an incredibly un-hierarchical person. I chose to take my office off of exec row and I put a cubicle over in the engineering building so it was open and people could walk by and mix it up. I felt like I was kind of in the mosh pit, which I think is actually quite important to be effective in the role that I am in.

Linda Livingstone: You did it for a very practical reason, but it is also symbolic when you do something like that because it says a lot about your leadership style and kind of how you expect others to behave in the organization as well.

Blake Irving: It does. The old lead-by-example philosophy, it is not just a fun thing to say. It is something that I take quite seriously.

Linda Livingstone: Well, Blake, we are about to the end of our time. We deeply appreciate having you here in our Dean's Executive Leadership Series, certainly because of your success in business, but especially because you are an alumnus and you certainly represent us well. We are proud of all that you are doing. We want you to know when you are ready for another break. Just let us know. We will be glad to have you come back and teach somewhere for us.

Blake Irving: Thanks so much. Thanks, Linda. Appreciate it.

Rick Gibson: Well, Linda, as expected, that was a fascinating and timely interview with Blake.

Linda Livingstone: Well, so much is going on at Yahoo! and around that industry, so having Blake with us was fabulous. Did an excellent job filling us in on what we could expect from Yahoo! in the years ahead.

Rick Gibson: Yeah, it certainly was an interesting interview. Well, tell us what we can expect next.

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Linda Livingstone: We have quite a treat coming up for our next speaker, Jerry West, who is probably best known for his time with the Los Angeles Lakers as a player and in other capacities, but he now serves as executive board member for the Golden State Warriors. So it will be a pleasure to have Jerry with us.

Rick Gibson: We certainly look forward to that. Well, let me invite our listeners who want to learn more about the Dean's Executive Leadership Series or the Graziadio School to visit us at BSchool.Pepperdine.edu/DELS. That's D-E-L-S. Until next time, thanks for listening.

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