Oral History of Pete Higgins

Interviewed by **Becky Monk** for the Microsoft Alumni Network

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Preface

The following oral history is the result of a recorded interview with Pete Higgins as conducted by Becky Monk on August 22, 2024, at Microsoft Studios in Redmond, Washington. This interview is part of the Microsoft Alumni Network's Microsoft Alumni Voices initiative. The goal of this project is to record the institutional history of Microsoft through the recollections of its former employees, so that the information may inform and inspire future generations.

Readers are asked to bear in mind that they are reading a transcript of the spoken word captured through video rather than written prose. The content reflects the recollections of the interviewee. The following transcript was edited by the Microsoft Alumni Network, which holds the copyright to this work.

Interview

Becky Monk: Pete it's good to have you here. Can you introduce yourself and give us a brief run down of your time at Microsoft.

Pete Higgins: Okay. My name's Pete Higgins. I was at Microsoft from 1983 to 1999. I walked in the door and was the Product Manager for MultiPlan and Business Graphics, Chart and spent almost my whole career on what became the Analysis Business Unit, Excel and Project and things like that. Then I ran Office the first time we created an Office Group and finished up running Interactive Media.

Becky Monk: Fantastic. Well, I want to start with where were you born and where did you grow up?

Pete Higgins: I grew up in Seattle. I went to Mercer Island High School. My parents grew up in Seattle. I went off to college down at Stanford and actually while doing my MBA was at Stanford graduate school business graduating in '83. I sort of thought this microcomputer thing might be kind of an important thing and I came back to Seattle to because I had thought that Microsoft was a good company doing that. None of my classmates had heard of Microsoft. Years later they tell me they thought I'd really failed interviewing and had to go home to work for some little company.

Becky Monk: Wow. So when you were in business school, what was it about the computer industry at that time, which was very nascent? The microcomputer interesting was very nascent. How did you say, "okay, that's where I want to place my bet."

Pete Higgins: Well, a couple things. I really had worked for one year between undergrad and business school and I was an analyst at a consulting firm and I did spreadsheets on rectal linear paper and I did graphs on graph paper. I probably had 10 kinds of graph paper and colored pencils in my desk. So I was sort of the last of the analog business analysts and when I was in business school we had some mini computer timesharing, we had a spreadsheet and we had a word processor we used and right at the end I think it was an Apple, no, IBM PC showed up and people were working with a spreadsheet. So all that was just starting to happen. Actually right at the end of my year of the consulting firm, 1981, an Apple II showed up and one guy was messing with that and we looked at it and thought that was pretty neat. You throw in also the fact I was in Palo Alto, California where a lot of things that was going on, it wasn't a hard connection to make.

Becky Monk: So how did you make that connection to Microsoft? Was it because you wanted to move here, or Microsoft was that you saw something in the company that made you say, "this is where I want to go."

Pete Higgins: Well, I'd like to rewrite history and say I totally understood what Microsoft was going to become. That would be a lie. I did want to go back to Seattle. I had heard of Microsoft and so it was one of two or three companies that were sort of the ones we knew about and seemed to be the place to go.

Becky Monk: So did you interview, were you recruited? How did you get here?

Pete Higgins: So my second year of business school at Christmas, I figured out a way to get interviewed by someone in HR and I showed up and did a half hour with someone in HR and then this was the first year that would've been the spring of '83 that Microsoft came to the campus to recruit. So they actually made three offers that year. Two of us came, Mike Slade and I, but they came for, it was called a brown bag lunch and I actually wore long pants to school that day and a collared shirt and I sat in the front row and sort of hated myself for it, but I went up and shook hands afterwards and all that kind of stuff and then they interviewed on campus and I got invited back and sort of the rest is history.

Becky Monk: Great, okay. First day at Microsoft, what did you think when you got here?

Pete Higgins: Well I came at noon. I think my stuff got moved in that morning and I was in the lobby waiting quite a while and then all of a sudden my boss at the time Jeff Raikes comes running by going, come on, we're late. And that was it, and little did I know that was a harbinger of things to come. I was sort of a first wave of non-technical business types, so you're a little bit antsy about that. Maybe my second day I got an email for Peter H, I was Pete H, asking me to come fix a bug in something on the Apple II and I went, oh boy, this is going to be the shortest career ever. I have no idea. So that was my first official opportunity to just ignore an email and hope it went away, which everyone I think has done since.

Becky Monk: Alright. Okay, so Jeff Raikes is your boss. What is your role for everybody who doesn't know what the job title encompasses, what was it you were in charge of?

Pete Higgins: I was the Product Manager for Spreadsheets, AKA MultiPlan and Graphics, which was we had Microsoft Chart was going to ship a year later. MultiPlan was shipping soon after. The first Excel meeting was a month into my tenure. It was the Plan 2.0 meeting, and I had nothing to say because I knew absolutely nothing, but I sat through the whole day feeling bad. I was missing the football games, but I was the Product Manager, then really we kind of did everything. There was one person. There was Jabe Blumenthal was really the one Program Manager in our group of Word, MultiPlan and the applications and he would do a lot, help with a lot of things. He was clearly the lead Program Manager, but I reviewed the manual. I would go home at night and try to find bugs. You did everything from PR to help write specs and so forth. So you really, there's almost nothing you didn't get involved in.

Becky Monk: So, Microsoft was in competition with other organizations and really it was up against Lotus. So when Excel came on online, what was the directive? Was it to beat Lotus? Was it to be a better spreadsheet? What was the mandate for Excel?

Pete Higgins: Well, so we've just jumped forward a bunch of years, right? Look, it's to win, it was pretty simple. We came out Excel shipped on the Macintosh first in 1985 and the competition was Lotus Jazz, which was a multifunction product and we beat them and that happened pretty quick and that was a great win. We then came out with Windows Excel in late 1987 and it was a struggle for a while. Windows didn't work that well then it was a pain to get it installed and the limited memory and the machines that existed when you got it installed and working, people liked it a lot. But until Windows 3.0 came out, we were sort of single digit market share. We tracked it very closely. Every 10th of a point we thought was wonderful, but

we were trying to beat Lotus, I guess we'd talk about let's put them out of business.

Becky Monk: How did you get the product to be the winner? Because from where it started to where it shipped with 3.1, what was that, what's the secret sauce?

Pete Higgins: Well, fundamentally we believed—we really did—we were a better development team than they were. And we were adding features, and paying attention to what users wanted way better than they were. I think we passed them in the third quarter of 1992. Nearest to my, at least that's what I thought. And we were just developing, innovating faster. I mean, we would look at people, did all these add-ins for Lotus 1-2-3 and to that was, that's just another feature we'd add. And if that was something a bunch of people bought because they wanted it, great, we'll build it in. We stole every interesting feature shamelessly from every interesting product we could find. We came up with our own ideas and we just innovated faster, honestly. Now that wouldn't have mattered until Windows 3.0 came out and all of a sudden all this memory to work with and all of a sudden it was easy to install, it worked great, it was fast, blah, blah, blah. But then the real win we came out with, I guess it would be Excel 3.0, which would be December 11, 1990, I think is right. That was a big move forward for us and that's when the acceleration began. We had probably just the move to protect mode Windows or Windows 3.0 probably got us from 6%, 7% market share almost closer to 20% just because the platform worked a lot better and then we took off from there.

Becky Monk: Got it. What was it at that point? What was that innovation that really made it take off?

Pete Higgins: The innovation that made us take off Excel 3.0 was, we got very graphical, I mean, very. There was a product in the Macintosh that may never have shipped that we'd gone to a trade show, I don't know, 18 months before, and everybody loved it. It was really good,

it was really cool, lots of direct manipulation, toolbars. We had really not done as much of that kind of stuff and we looked at that and said, wow, that people really are enthusiastic about that. We should really pay attention. There were a couple other products that were doing similar things that had some really good ideas. It sounds archaic to do it now, but that was a big moment for us because our mullet always been, do everything Lotus does and then add some stuff. And Lotus had done this. Lotus 1-2-3, released, 3 was a big deal. They made it a big deal and they had this three dimensional capability, which was a really hard for us to do, we thought and we didn't think it was worth much. But deviating from that strategy, just ignoring that feature and just saying, ah, it doesn't matter, was painful for us. We rung our hands a long time about that and ended up being a really good decision. The graphical, more graphical features really mattered.

Becky Monk: So this was really when everything GUI was coming about?

Pete Higgins: We'd been doing it for at least five years, but that's when it really happened. That's when Windows took off. Windows 3.0, A lot of people say Windows 3.0, 3.1 or 3.11 was the one that really happened, but 3.0 started it for us. That's when we knew we really had a chance, and then we got a sort of really exploited gooey more and more. The more we did it, the more people liked it. So we said, oh, that's kind of cool. Then Lotus came out with their 1-2-3 W, which was tried to cleave to both worlds, the old character world and the Windows world, and it wasn't that good. That was one of my best days ever at work was the day we got their beta all work stopped and we just looked at the early version of theirs and we said, oh man, we got this.

Becky Monk: That's fantastic. That's a great, great story. How did you bring that to the market? How did you position that with the consumers, with the folks who were going to buy this and bring that market share up?

Pete Higgins: How did we take on 1, 2, 3? I mean, it was pretty straightforward. It was, variations of it were better. The product had more features, the graphical features were fantastic. We were faster on and on, and you won over the real influential end users. Our marketing was all about IEUs. We used to talk about that person at the end of the hall who made all the recommendations. We had to be very careful because when we first came out with Excel for Windows, we couldn't say 1, 2, 3 was a bad decision because the people we wanted to be the first to move had been the people who many of them had made their career on 1, 2, 3. So you had to say great decision, then, there's a new better decision to make. And we did this lost in history as our first marketing campaign, which I credit Phil Welt for.

We sort of said, look, the fact is it took a 386 to get performed very well. We turned that into a virtue by saying, "hey, we're the soul of this new machine." We did this funny goofy video. Bill made a cameo in it, about how Excel is the soul of the new machine. Positioning us as the next thing, good decision before now you should move to the new thing. And I thought that, I mean even now I thought we got sort of the psychographics of our user right, and they didn't have to be defensive. And slowly but surely we got the influentials to start saying, "hey, this is better." It was of guerrilla warfare. Lotus 1-2-3 was the standard. The corporate bureaucracy wanted to maintain the standard and we sort of made inroads with some different groups and slowly that spread.

Becky Monk: As the business analysis guy, at heart, what was it about Excel that you loved?

Pete Higgins: Well, even the first spreadsheet was fantastic compared to what I did in my year at a consulting firm. But being able to directly work, manipulate rows and columns and formulas and the graphical way of doing a spreadsheet is a lot better. Fun story, when we first, Mac's Excel, as I said, ship in 1985 and had this outrageous

capability of being able to do bold face and underlines and boxes around spreadsheets you take for granted today. That was new stuff, laser printer on the Mac, and it was interesting, you'd have a meeting on some other topic and you'd bring a spreadsheet to a Microsoft meeting and the first minute was people going, wow. The president of the company was like, oh, how'd you do that? And it just looked great. We then went out to do market research for Window's Excel, and we had these focus groups with Lotus users and they'd say, oh no, I don't need that. My boss will think I'm screwing around to make it look that good. Or they'd say, well, if I put this control code in my Okidata printer, I can get underline. And so we had to, this thing you have to do in high tech sometimes say, well, the user's wrong. We know they'll like it. They just don't think they will. And it was right, of course, because the better output is a great thing, but it wasn't obvious to people. This is 1986.

Becky Monk: Yeah. Okay, Excel is going great. I mean, did you think when you were doing the earliest versions of this, that it would still be what people are using today? I mean, it's come a long way, but it's still what I use every day.

Pete Higgins: Did I think Excel would still be used today? No, I didn't think about it much at the time, but no, you would've never thought that. Remember, so let's call '83. In the ‘80s, ‘90s platform changes happened. Well, we probably saw two or three in that time period. What we didn't really know is once you got to Windows, it would sort of stabilize and there wasn't a new platform change. It was going to upend productivity software. Now we got way ahead. I mean, there wasn't, and the network effects of, I mean Lotus did go away. Word Perfect went away, and so that was useful, but they remained as relevant. What's interesting, even Excel is still, I don't track it, but I'm sure in every desk, but the number of companies, billion dollar companies that have been formed, taking a particular use case of Excel and making a standalone application is amazing. There's hundreds, or over a hundred I think, I saw somebody

counted at some point. So yeah, it surprises me. We've had what we have. I think we had the 40-year, no 30-year party for Excel at Mike Koss's house, what, 10 years ago. It was amazing. We had a Mac 1 up there, and we're looking at it. It was pretty fun.

Becky Monk: I love that. So you're in applications, you've been shepherding this. What was next for you?

Pete Higgins: Well, so I was running marketing basically for Excel. In '88. Mike Maples came and he broke the organization into business unit. So we had the Office business unit run by Jeff Raikes, which is Word, essentially Word, but he had emailed an Office strategy. Jeff Harbers was in charge of the Database, Data Access business unit. Susan Bowen had the Entry business unit. Bob Gaskins down in Menlo Park had the Graphics business unit, PowerPoint. And I was the Analysis business unit, which was Excel and Project. And so we had a P&L, and we had all the functions. So all of us had development testing, user education, marketing, program management working for us. Localization was a separate group at that time. So we did that. Then '88 to '92, in that time, we launched Office.

Office at that point was separate from anything we did in the Word or Excel groups. It was done. We put shrink wrap around the boxes. It was a marketing exercise, so great, but it started to become a bigger part of our business. So in '92, we created a desktop applications division, which is all of Office, essentially all the applications in Office, except Access. And I was put in charge of that. And the big strategy move was we looked at surveys and people were buying our applications. They worked together and we went, not really, they don't work together very well. Maybe we should actually do what people think they're buying.

And so we did, and that was culturally hard because all the product groups were fiercely independent, very smart, very opinionated, very focused on their user. And we picked a set of things to be

made consistent, and worked together, and that became Office 4.0, which shipped in 1994. That's a long story. It's shipped over a period of, we didn't do a very good job synchronizing, but that was a roaring success because all of a sudden we actually were doing some of the things people thought we should do and they really liked it. And that really started, that was the first time we did shared development in the desktop group, and that really worked.

Becky Monk: Great. So just so everybody can understand. Before this, you were doing Office, but every individual product was in its own box and being shrink-wrapped together.

Pete Higgins: Yeah, Office up until 1993, basically Office was created at manufacturing by shrink wrap. In fact, the first time you could run one setup program, this was a big innovation. We think we shipped that in 1993. We created desktop applications and the first, while we were developing Office 4 in the interim, had a group create an integrated setup and it just chained them together. It wasn't very good, but it was one program. And that was the beginnings of actually integrating the products together. And so we thought about it when we, I mean file, open looked different across every application, right? Go on and on. I mean, just things that should be obvious were different. I mean that we had toolbars and they're all different size, and some of the smartest Program Managers we had would argue vociferously, why one should be two pixels higher than the other. And it was crazy. But that was, we had this fiercely independent culture and it took a while to get people to buy in.

Becky Monk: Right. Well, how were some of those differences and that need to standardize some things? How was that arbitrated? Did you come in and say it's 12 pixels?

Pete Higgins: Essentially yes. The question is how do we arbitrate those changes? Prior to creating a Desktop Applications division, we had a user interface task force, and every product that did essentially applications across the business units and including the entry

business unit would all show up at this meeting and wonderful people. But everybody had the same vote and everybody had an opinion and they didn't get a lot done. And this was despite the efforts of people leading it, and better user interface people than I was for sure. And I just looked at this, that sometimes democracy doesn't work that well. And I just said, okay, we're going to do, I don't know 20, 25 things, some relatively modest set of things. I said, okay, the Word guys decide that one, the Excel guys do that one, the PowerPoint guys do that one, don't really care. The rest of you get to provide input and I'm going to judge them on how happy you guys are, but we're just not going to vote on everything. We just can't.

We essentially made the decision that ease of use is something that works the way. The last thing I did just consistency is ease of use. And so I was a little heavy handed at first because I just had seen too many long meetings with nobody making a decision. And as I said, once we did it, and the user reaction was so good because okay, fine, and at that point it became a lot easier. Still hard. Some of these decisions are still hard to make. Smart people will disagree, but we had to get the ball rolling and we just, I kind of did it by fiat and occasionally I'd say, well look, I'm going to make the decision. I'm the worst person to make the decision, so why don't you guys figure it out. So I don't have to, but I will. And I did once or twice just because, why not? It was clearly semi-arbitrary and it doesn't even matter if they're right. We just didn't make a decision.

Becky Monk: Yeah. Alright. So, from a dollar and cents perspective, what was the success for Office when you finally saw things shipped together and things come together so that customers were deciding, yeah, this is what we want?

Pete Higgins: Well, we measured success in terms of market share. We tracked market share. We knew what a market share point was worth and it was all about that. And so we would, the Word guys knew their

share, everybody knew their market share. It was a little inaccurate. It was based on sometimes our ability to manipulate the analysts at trade shows and get them to understand how we viewed it, but we just tracked our share and we could just see it going up, up and up and up.

Becky Monk: What were the biggest innovations? I mean besides I think bundling doing the suite, I guess why was that so important for the success, the ongoing success, and then what were the biggest innovations?

Pete Higgins: Well, bundling is shrink wrap. It was actually develop actually having things work the way people thought they should. I think was the innovation. It sounds almost trite to say that years later, but it was a big deal. Robbie Bach was one of the marketing lead marketing guys there, and we talk about this all the time for Office 4, we did an advertisement that was sort of the summarizes all. We had a family of applications that works like one, and we actually did that in some, I won't say limited modest ways, but we did a lot of the important things and it felt like they'd actually been developed by the same company. And remember that our competition, they had put their, and Lotus had put their Lotus Suite, I guess put together by acquisition. And when they wanted to argue about user interface with the spreadsheet guys and the Word guys, they were in different cities and the graphics people were somewhere else and they're all really quite different. They couldn't do what we did, so we were better than them on the individual applications at that point. But when it came to how things worked together, we were much, much better.

Becky Monk: What was your biggest challenge during this period?

Pete Higgins: My biggest challenge during this period, it's funny, I look back on this with a gleam in my eye, it seems like there's an awful lot of fun, honestly, I guess on a day-to-day basis, once things started to roll, it was just a lot of fun. And I remember I used to meet, my boss was Mike Maples for a long time. I remember it seems like I had my

one-on-ones early in the morning with him all the time. I remember sitting there one day and he looks at me, goes, we may already have won, it's just going to take a while for it to play out. And this was probably a year, I don't know, at least a year before we sort of acknowledged the fact that we had won, maybe two, but you could just see it. The products were better, we were winning, our sales team was winning in corporations, blah, blah, blah, and all the influential, all the other aspects of the industry from training to what are people learning at community colleges and so on and so forth, what books are being written, et cetera.

All the secondary and tertiary parts of the network we were winning. And we could just tell. So at first, the hardest part in desktop applications was taking these fiercely independent groups and getting them to cooperate on some things. I mean, as I said, different height toolbars were sort of my ultimate like, oh, come on. But these were really good people. I mean, it wasn't at some level was really dumb, others, they had total explanation for why that was correct. So getting culture change is hard. So we had to do that. And that was a combination of carrot and stick. I mean, some things you do by fiat and say, yeah, it's just the way it's going to be, and others you explain to people. So that was probably the hardest, I guess.

Becky Monk: Got it. Okay. Next, in your career step, what was that next year for you?

Pete Higgins: So I spent, what, 18 months, something like that where Nathan Myhrvold and I were two in a box overseeing Office, Interactive Media, Microsoft Research, and Hardware, and I had have to probably 18 months, maybe a little longer. And then I spent about 18 months in chart the interacting media division. Just that aspect of what Nathan and I were running that Paul Maritz was running systems. And then Nathan's and Mike responsibility was called Applications and Content. And then I just essentially took what we

referred to as Applications was Office mostly. And then I took the last stint was the Interactive Media stuff.

Becky Monk: So Interactive Media. For everybody who's used to having the internet on their phone... Maybe explain a little bit about what Interactive Media was and what the intent was.

Pete Higgins: Well, Interactive Media was the term we created for a group in a company that summarized, we had CD-ROM applications. Remember we were just coming out of the consumer apps on CD-ROM. So we had Microsoft Dogs and Microsoft Wine, and Expedia, not Expedia, and Encarta, sorry. And so on, a whole range of CD-ROM based consumer applications, Microsoft Works, and Microsoft Bob was in there. So a lot of innovative things, pushing Microsoft technology into the home basically with the consumer. And then on top of that, we had MSN was just coming out of the ground, things like Microsoft Money and then Expedia and what was the car thing called? Cars and Sidewalk and all these internet, first-generation internet applications, websites, businesses.

Becky Monk: So was that shift like for you, because you've been working on applications now, you're doing things on CD-ROM and the start of the internet, so what was that like?

Pete Higgins: Well, it was a little chaotic, I would say. We had a lot of different things going on, a wide range of products, each of which was an independent business in many cases, independent venture funded backers. We had a joint venture with with NBC, MSNBC was just starting. We had a cable channel we were part of. And so we didn't in most cases know where the revenue was going to come from, yet we were spending a lot of money and it was experimental. And in some cases we were doing products that competed with Microsoft customers. And so it wasn't always wildly popular throughout the company. I spent a lot of time meeting with big customers who said, well, you're coming after me, kind of thing. And so I had to show the flag there and try to help them feel better about that. And

so we were in a lot of circles. We were not popular. We had the temerity to come and go into the content business and what did we know about content? So we were trying to figure it out and there were a lot of moving parts.

Becky Monk: Why did Microsoft, why did you guys say, "yeah, we need to be in the content business?"

Pete Higgins: Well, we thought we had to be in the content business in the same way, we viewed our mission is a very broad one. And so software was moving into the home and moving into consumer's lives via the internet versus CD-ROM. We had a lot of projects going with Interactive TV at the same time, the information superhighway, so moving into more than the business part of people's lives was something we were doing in many parts of the company.

Becky Monk: It was sort of that next, the next frontier really.

Pete Higgins: Sure. And as I said, you look through what was going on at Microsoft in that five-year period, and there was a lot of different bits of work around, I mentioned several of them around the broadening scope of how software impacts people's lives.

Becky Monk: Yeah. When you mentioned briefly part of the mission, when you first got to Microsoft and you heard this mission, what did you think? Did you think that was totally doable or did you think they're crazy? That's never going to happen? What was your thought?

Pete Higgins: The mission of Microsoft, as you know back, now we jump back to when I started in '83, and even for a long time, it existed in this form for a long time, was a computer in every desk, in every home. And sometimes people say running Microsoft software. That was viewed as audacious and a very aspirational, I can't say I spent a lot of time wondering whether it's true. We all drank the Kool-Aid. We were changing the world. And I referred to the fact that I had done the job with a pencil that I was now automating in software. And so to

me it was such a dramatic seismic change and so positive that I didn't really wonder about it. I knew it was going to be far more dramatic than most people thought. Exactly how far it would go, I don't know. I mean I wasn't smart enough or spent any time thinking about whether the phone in my pocket was way better than what was on my desk for years and years and years. But you believed in forward motion, you believed in Moore's Law. And so I had to worry about market share and getting the next product out the door. And I didn't spend as much time thinking about how big it would ultimately get.

Becky Monk: But you knew you were changing the world. Was there ever a time when you thought, I mean, where does that come from where you think "I can change the world" that again, you kind of called it audacity, but where does everybody come through and say, "yeah, we can do this. We can make a huge difference in the world."

Pete Higgins: Well, I guess that belief comes from having, seeing the technology for the first time and having some context to compare it to. As I said, again, in my own experience, I could see the difference like, oh my god, that's so much better. And think of the first time you saw a word processor and you hit backspace opposed to whiteout on a piece of paper. Oh my goodness, that's the simplest feature. But it's amazing. It's amazing. So wasn't hard to say. This is really dramatic stuff. And you look around the company and you see the quality of people from far and wide that had found their way to Bellevue or Redmond, Washington. We had quite a good group. I think one of the things that Bill and Steve and others don't get the credit, maybe it's not talked about, is how good they were at recruiting and how we became a place that a lot of people found themselves coming to.

Becky Monk: I feel like that is kind of a theme that I've been hearing through this, is recruiting smart people, working with some of the smartest people on the planet, and everybody working toward a common

goal. What did you think of the culture? What do you think when you think of Microsoft culture? What do you think of?

Pete Higgins: An early culture? I think energy and IQ. Go fast. Take initiative. When you screw up, fix it fast. And so we tried very hard. We moved very fast. We were very focused, very driven. You kept track of where your car was, what cars were there when you arrived, and what were there when you left. We worked long hours and you had to be pretty creative. There were no models. I tell people today we were lucky that I was 25, given way more responsibility than I knew what to do with. But there was no one 10 years older who had done this stuff before. So the number of times it's like, what should I do now? And the answer was, I don't know. Go figure something out. And it is funny how you remember certain emails that you sent at various points in your career. I remember I sent one to Jeff [Raikes] early on, like, okay, I'm supposed to do a PR plan. What does one looked like, here's what I think, what it kind of looks like. And of course the agency fixed me up, but I mean, how do I even think about this? And I probably sent it at 10 o'clock at night. He sent me some response, said, well, here's what I think, at 11. And he said, go do something, and you did.

Becky Monk: Well, and it's that startup mentality.

Pete Higgins: It's a total startup mentality. I think that's the thing that gets lost here. We're doing a 50 year retrospective on Microsoft, and we were every bit the startup that people think about today. So I think about my experience, I was 25, Bill's two years older than me. There are many PR photo shoots where the PR people would come down, I was 50 feet down, 100 feet down the hall and grab my tie. And so my tie showed up in some business magazine because no chance Bill had a tie with him. I mean, we were just a bunch of scrappy kids. Jon Shirley came a week before I did, I think something like that. Same month in '83, incredible. The president of the company, fantastic guy. And I don't know, what was he, 40? And he was this

old guy. Mike Maples came in 1988. So what we were all about closer to 30, I think he was 42, and he wore a white shirt and a tie the first day like, oh my gosh, what is this? And he of course messed with us and did that for a while just to play with our minds. But we were pretty young, and more importantly, inexperienced.

Becky Monk: I'm loving where this going? Are you okay?

Pete Higgins: That's fine. It's easy.

Becky Monk: Okay, I want to get more into sort of a little bit more about culture, a little bit about if the social impact work that Microsoft did mattered to you, philanthropies the giving campaign, if any of that mattered so much to you. Sure, I can talk about that. Okay. A little bit about advice, kind of thinking back on advice to folks who yourself when you were starting, but also to people who were going into the industry today and innovation. So kind of getting into, I know.

Pete Higgins: Alright, fantastic.

Becky Monk: Okay, so Pete, I want to talk a little more about Microsoft culture and specifically if we could about The Giving Campaign. I know that that was something that started early in the company and just wondered how that impacted your own life, if it did at all.

Pete Higgins: Impact my life in just what do you mean, specifically?

Becky Monk: Okay, so first let's take, what was that like as part of Microsoft's culture? Let's start there. What was that?

Pete Higgins: So The Giving Campaign, and my memories might be of times 5 or 10 years in, I'd have to really think about it, but the company decided that the United Way was the focal point early on for a charitable campaign, a philanthropic campaign of the company. Bill's mother had been head of the United Way and very involved for years and years, and we all knew that, but it was an incredible

organization, umbrella organization for social services around any area. So it was a perfectly appropriate thing for the company to do. I'm going to guess that started about 1990-ish. I don't know. And it sort of felt like a good time for us to grow up a little bit and as a company at a social mission to what we did. So it felt right, and it was clearly important to leadership. So everybody said, okay, it's kind of hard to argue with and we'll do that.

And we made it fun, I think. There were a lot of antics and pranks and sort of challenges and managers and executives got involved doing fun things. And we had auctions, and so we made it fun. One of the most, Steve Ballmer and Mike Maple swam across the pond between Building 3 and between Buildings 1 through 4 one year because I think we had an apps versus systems competition, that kind of stuff. I remember making pancakes at Red West and auctioning off things where people would buy it and I'd do something with some set of people. I auctioned off golf at Port Ludlow. One year we took a seaplane up and somebody bought golf. And when they said, what kind of clubs do we need? And he goes, well, am I right-handed or left-handed? It was a very long day of golf, but we got through it. So you did things like that. So it was fun and I think everybody, it just felt appropriate at the time and comfortable and the right thing to do.

Becky Monk: Did what Microsoft instill during those early campaigns and that culture, did that bleed over into your own life outside of the company?

Pete Higgins: Well, I can't say that "oh, Microsoft was the first place I'd heard of the word philanthropy and charity, but I think it was probably for me and maybe others, the first sort of concerted, sustained charitable campaign we've been a part of. Let's say I'm right, and it was like 1990, late '80s, '90, we'd been pretty heads down working and you've made contributions to charity. But the first time you really, I think in my case, really put some thought into a concerted

program. So yeah, it had to have a positive effect. We were getting to the age and we had all been successful enough I think that we were thinking more about that as opposed to getting to the next day and everybody's having kids at that time. And so it was sort of all this stuff was happening at once.

Becky Monk: Great. When you think about what you're most proud of at your time at Microsoft, what would that be?

Pete Higgins: Well, everybody has their heyday. The part where it really felt right. And for me, when I was first running the Analysis business unit, I was really Excel in Project and then Office where we really had a wonderful team of people. I see a bunch of them now. That was the time, when we were taking down Lotus and we knew we were, and I think you go back the Analysis business unit portion, right about 1990, we had about 200 people. I knew everybody. We'd sit in the hallway and argue about new product versions and what we should be doing it late into the night. And it was really a pretty pure existence. We were just trying to create the best product we could. Office was a little bit bigger operation and I was a little bit less connected to the detail, which the product detail, I was more of the ringmaster at that time. But again, I just think about the team we had and it was just fun doing it. We were moving then from a product organization to an integrated office organization. I remember Mike Maples would tell me, your organization structure is really strange, but somehow you guys make it work. And I said, I know it's quite strange, but we all know each other and we've been through all this together and we're fine. But I guess that I just think about creating products with people I really liked and respected and that was great.

Becky Monk: When we are looking at 50 years of the company, what do you think people should, or what do you think Microsoft's legacy is to this point?

Pete Higgins: Legacy? What is legacy? What do you mean? Help me a little bit.

Becky Monk: What do you think when people think about Microsoft, what do you hope they think about the company?

Pete Higgins: Well, I think the legacy of Microsoft is the company. Obviously Bill and Paul we're the first people among the first, certainly the first. And they built the best, biggest and best company that really recognized the potential of the microprocessor and in particular software. I mean, they got the best name. They were the first people to get microcomputers and software. So clearly they were there, but they really got it right ahead of other people. And so the legacy is of that recognition and consistently leveraging the technology and creating great products. I mean, the fact that earlier we talked about a spreadsheet that's been around for 40 years and continues to change and improve. And I look at it and I see some of the work that Jabe Blumenthal and Doug Klunder did in 1983 and '84. That's incredible. I use it every day. And as do other people, they don't know they're using their work, but just from the beginning it kind of worked the way you wanted it to.

It was sort of surprisingly elegant and that's still true. So I think a consistent record of innovating and building great things. The second thing, there was a period when this was viewed as a negative, but the determination and persistence in the culture. I used to take umbrage that, "oh, Microsoft doesn't get it right until the third time." And I would be defensively want to say "yep, you know what, we stick with it and we learn and we get it right." And so we stay with it and we continue to try hard and challenge ourselves. And I think I love that, and I'm very proud of that. And I would argue that's a great lesson. We had a tough transition from being the scrappy challenger to recognizing we were the big dog and people would be upset with us for acting like a scrappy challenger. And again, I would be, at least in my head, probably outwardly too defensive. But you have to be a scrappy challenger to be successful. And I would hope that my advice to people is that keep that edge. There are other smart people out there doing great

work too. And I think we had a culture that really we were pushed to really do our best.

Becky Monk: When you are that scrappy challenger and you become the big dog, how do you keep innovating? Because it feels like a lot of times this company has kept innovating, but as you grow and you get to a certain size, a lot of companies sort of settle in and become the company everyone else is trying to knock off that pedestal.

Pete Higgins: Sure.

Becky Monk: So how do you keep innovating to keep that market share?

Pete Higgins: I think the answer, you keep innovating because, it's a cultural point, and that's the job of leadership. I see this in other companies. I've worked with a lot of other companies since Microsoft. And just by observation, the bigger you get, the more there's a tendency to look inward and to think about what's going on inside the company as opposed to being externally focused on the customer, the market, and just doing the right thing. And that takes work and it takes, culture needs to be maintained and worked at, or there are aspects of human nature that are not always positive that will seep in.

Becky Monk: When you look at kind of Microsoft now and going forward and you're thinking about the innovation that's happening today and its place in the marketplace today, what do you think about what's going on now?

Pete Higgins: I would rate my knowledge of what's going on at Microsoft is extraordinarily low. So I honestly wouldn't even, sure. Funny when I was at Microsoft, I always hated people who didn't really know what was going on, having an opinion based on nothing. So I don't want to be that guy.

Becky Monk: Got it. No problem. Glad you're completely upfront about that. What are the things that you want to make sure that we talk about that could we have, because we had to zip through a lot of these pretty quickly.

Pete Higgins: You did really well. Let me think. Look, probably the most significant stuff I was involved with is Excel in Office. And I would say the other, both creating the products, understanding the evolution, understanding our users. I would say stuff I was involved in that I look back fondly over. I mentioned the people I worked with and I think about how we problem solved and innovated, and those are memories I'll never forget. In that same time, one of the real challenges was controlling when we shipped our products, we weren't necessarily very good at, we were terrible at predictability of ship dates and lots of good reasons. It was hard. And for different products, it was harder than others for all kinds of reasons. But about that time, we made a commitment. When we were a relatively young public company.

We had one quarter or two where we missed some ship dates that the market cared about. And we said, okay, we got to get better about that. We can't. And our sales force was getting big enough that they needed to plan, when's this thing coming? And we were a big enough machine. We had to get predictable. And so I was one of a bunch of people that we really put effort into, okay, how do we get this stuff done when we say we're going to get it done? And it's interesting looking back, we came up with a methodology. I say we had individual product groups and the analysis group, we had our methodology, which a large part of which we stole shamelessly from the other two business units that were doing the same work. And we came up with our way, and it was not revolutionary in a lot of respects, but we definitely got, we all bought into it. We made a decision as a group, that's what we're going to do. We were very disciplined about it. And Excel 3.0 shipped 11 days off its original schedule, and it was considered crazy. That lead the head of

development was a guy named Chris Peters, and they had these brown bag lunch series and in March he signed up to give a presentation December, "Why Excel shipped on Time." And we were still nine months away. That was considered pretty brash and we did it.

So that was a big win. And I look at what we did and I look at what is considered sort of best practice, agile development, some of these things. We had a lot of those elements that we didn't name them and brand them and build a company around them, but we did a lot of things I think were, this is lost in history, but in my own mind we did some really good work there. Also, about that time, again, throughout, I only have application examples, but we did a lot of, and I was one of many, so I can't say I did that, but I was bought into it and we incorporated it pretty aggressively. All the work we did on customer focused development, we called it, and whether it's the usability testing, just all the ways we brought customer feedback into the product development cycle.

And I actually, we had some applications media day about that time, and I remember I got to give the, here's what user-centered development, I think we called it, is about, and there's this circle with six or eight elements around it, which some number of all of us were doing. And we were very proud of that. And I think it was we built in, that was the beginnings of a real methodology or being systematic, I guess. I think people have done bits and pieces of all this, but really being systematic about how we incorporated a feedback loop into what we did. Some of it we made just a requirement.

When you do a product spec, you better have, what are the top 10 customer support calls you get and what are you doing about them? Sort of basic. But we had these usability labs, I think I remember at least Susan Bowen put in place, and that was really important. We brought graphic designers in to spiff up what we did

graphically and on and on. I mean, we got all these letters from users, fabulous letters about their suggestions for products. I had them put all over the walls where people got coffee, and everybody read them. And it was really useful. The whole team developed an understanding of who these people were, who were spending lots of time with what we did and had amazing suggestions. And one of the big a-ha moments was the little tiny changes, the fine sandpaper made a huge difference to people, of all ability levels. Just fix that little bit. That's annoying. And it is incredible the number of suggestions we got. And we'd read them all and go, wow, that's really neat. So yeah, I think that really being part of that, developing that methodology, and you could see our products improved dramatically because of it. So that was pretty neat.

Becky Monk: Well, I feel like you guys were really the pioneers of a lot of the processes that now all the companies that Microsoft alumni went and founded are using. And the company today is still using a lot of those methodologies that you guys started. Did you think you were going to be having that big of an impact on the way the entire business world would run?

Pete Higgins: Not just, oh, I'd be lying. No, we were trying to solve today's problems. I mean, another example, I don't know. At some point in that time period, I had to do a product introduction and there was all these steps. You got to get packaging done, you got to do this, you got to talk the long lead time press here and the short lead time. There's all these steps you had to do. And no one had written it down. So I was just, for my own purposes, I wrote down a product introduction timeline with obviously be completely different today, but I just wrote it down. I discovered five years later it still existed and people had been improving it for grabbing it and doing stuff with it. It was just a nice starting point to understand what your job was. Jeff Raikes and I wrote the first version or two of doing business at Microsoft, which somebody told me recently.

There's still a course like that sort of young new marketing people. I think it's just product marketing. People go take this course. And we sort of wrote a two day, just a big long presentation. We presented over a couple days. Again, it was just like not, let's figure out how to train people and teach them our vernacular and what are the case studies that we use in our thinking. So no, you didn't really think about legacy. You just tried to solve this year's problem, and years later you'd surprised that they were still around and obviously people had improved them and done things, but things lived on.

Becky Monk: Yeah. Let's talk about what you're doing today.

Pete Higgins: Today. So I left Microsoft in '99 and I've sort of been a, I call myself a small-time venture capitalist. I did with Mike Slate, who you may be talking to, a classmate in business school and worked together for, he was Microsoft the first years with me investing a lot of people, investing in startups and working with them today, not doing, I'm still, I'm a chairman of one company on a board of another Robbie Bach, and I own a little food company and a little nonprofit stuff. So I'm sort of slow doing irresponsibly, working a little bit, and I'm playing a lot of golf.

Becky Monk: Nice. Can we maybe do that again and actually mention the name of Second Avenue and mention the name of the company?

Pete Higgins: Sure. Okay, sure. So since leading Microsoft, starting in about 2000, I've been doing venture capital three guys masquerading as a real firm, essentially investing personal investing in startups. Mike Slade, my vintage at Microsoft is one of my partners and we called it Second Avenue Partners. All the other good names were taken, there were no trees left, and that company still is in existence. We are doing fewer new investments, but we continue to sit on boards. I'm the chair of one software company and a board of another. And then with Robbie Bach, I own a pasta, gluten-free pasta and pizza dough company called Manini's. And I spend about half my time, a

little less than half my time in Pebble Beach, California, mostly playing golf.

Becky Monk: Thank you. I'm sorry, the tree thing just killed me. I love that. I want to ask a little bit about you as part of the investment company and being on board to being advisors. What were some of the lessons that you took from Microsoft that you imparted to other companies and other leaders?

Pete Higgins: Well, that question assumes, I've actually imparted some wisdom on people. It's funny, when I am meeting with a CEO or the management team of one of the companies I've invested in, it kind of feels the same as the job. The last jobs I did at Microsoft and I'm meeting with heads of businesses, it's not that different really. You're talking about product advancement and you're talking about people, you're talking about marketing plans. I mean, it's just the same stuff. So to me, the interesting part about venture capital is growing the company, and let's talk about competition and stuff. It is kind of fun. The company I spend the most time with now, I'm the chairman. The current head of marketing was her first. She was raised at Microsoft too, years after me. So it's kind of fun. I get to use a different vocabulary and we move it. We sort of speak old Microsoft people, which in the real world, one has to tone that down a little bit.

Becky Monk: But there is that common vernacular that some people call it the Microsoft DNA, but there is that case when alumni get together, when Microsoft, ex-Microsoft teams get together, you have a way of just working together kind of seamlessly and just kind of cutting through things and getting things done. You partnered with Mike, you partnered with Robbie, you're working with that woman. What is it about that time here that lets you have that shorthand and lets you sort of be successful in the outside world as well.

Pete Higgins: I know if I'll say this is where my wording of it, it may not work for other people. I mean, to me the communication style at Microsoft, I

don't know what it's like today, but back then people were very direct and there was no bullshit. You only need a leader who would look in the eye and say, we pay you a salary. I mean, meetings with leadership, were very direct and that style filters down and you're fact based, and you don't make stuff up, and you don't spin. And I think that's pretty efficient if you don't agree with something you say so. And there was a tendency for that to be said in an aggressive way sometimes. But it really was just a way of saying, I'm not sure I agree. Tell me more. And I think building these businesses is hard and there's a lot of uncertainty and you're trying to make decisions.

And if the communication is unclear or kind of elliptical, it's hard. So I was telling you I'm working, I get to still do one-on-ones with the head of marketing of this company who's a Microsoft person. And it's great to just have a very direct to the point conversation. And she's not afraid to tell me when I'm being stupid and vice versa. And we get right to it and it's just very, I don't know, I always, maybe it felt natural to me, but the stripping away the excess and trying to figure out what the answer is, is just very efficient, very refreshing.

Becky Monk: I love that.

Pete Higgins: So you asked me sort of as I look back, what are my memories and what are the parts that maybe don't get covered or what gets lost in history? And I mentioned earlier, I think one of the things that Bill and Steve and others were particularly good as attracting all kinds of diverse talents. And I think it's easy to forget or just focus on a few of them in my memory. They're just these amazing characters, whether it's Charles Simonyi and Gordon Letwin, were kind of the leaders. Jeff Harbers in applications, a dear friend. Scott Oki went and started international and best thing he did is he got these incredibly good country managers and we largely left them alone. Bernard Vergenes, Joachim Kempin, and guys like that.

So you go through it. I mentioned Jabe Blumenthal earlier and Doug Klunder, and Chris Peters, and just people I worked with who maybe don't get the credit or will never get the credit they deserve. Jon Shirley, I said Jeremy Butler ran international after Scott was an incredible guy. Jeff Raikes comes from Apple and via Nebraska and Stanford and was there forever and did an incredible number of things. So on and on, and I'm leaving a lot of people out obviously. But as I think about that time, we really had quite a cast of characters, many of who've gone on to do other things, but just immense talents because when you're at the forefront of something and people who looked around and said "oh, that person, computer thing is kind of good. Who's doing good work?" Then they meet who was already there. They say, that's a good group of people to align myself with. And so we really had a good thing there for a long time.

Becky Monk: I do wonder though, for you, because you're pretty early, getting those early super smart folks to come. Was it Bill and Paul? Was it their mind? Was it the computer? What was it? Because I've heard from folks who came later who said "oh yeah, and then I was in my interview and the people I met, they were so smart, I wanted to be part of that."

Pete Higgins: Paul was largely inactive by the time I showed up. His office was across the hall, but he wasn't real active. So I'm sure he had a hand in recruiting early people. I'm sure it was getting a Steve there and things. So I will probably do him a disservice because I just don't know. But Bill was very prominent in a very small industry, was quite well known. It wasn't that big a group in those days. So he played a big part in it. And then with each, you just hire one and that person is like, I want to follow him. I want to follow Charles Simonyi. So I think it starts with Bill. And Bill was, as I said, as the industry grew, he was pretty well known, even if the general public had no idea what these computer guys were up to, the people in the space recognized. And then as you said, you'd come for an interview at

Microsoft was a pretty intense day. And we were pretty early in the hardcore interview questions. And it worked. The right people said, that was really hard. I want to be part of that. That was intense. So we had a selection process that yielded people like us.

Becky Monk: And I know that we're probably done, but I just want to ask because I love this. The coders, I know what their interview process was, kind of like the crazy, right, go to the whiteboard and do this for 15 or 12 hours. What was it like for the business guys?

Pete Higgins: We tried to do the same stuff. So would you ask him the usual things. We loved it when somebody had written a thesis, master's or undergraduate thesis, then you could say, well, pretend I'm stupid. I probably am. Explain it to me. You'd learn a lot about how they figured out, okay, what's this person going to understand? And we found PAT questions that we learned how to calibrate. I mean, it's one thing to ask a hard question, it's another if you don't know how to calibrate the answer. So one of the ones we've developed a few over time, Jeff Raikes came up with this one. He'd say, what's your personal positioning? Positioning being an important marketing concept. People generally, we would all start using, we'd all pass them around, but that was Jeff's. And they would say, kind of look blankly at him half the time. And then he'd go, well look, you're a product. I'm a buyer. Your resume that I have here, that's a brochure. What's your positioning? And certainly you found people who could think on their feet and the answers were generally not all that good. But you learned what a good answer was and what a mediocre answer was.

One of my favorites, I might've come up with this one, I don't remember, but in my mind I did. I'd say, okay, what's your favorite, pick a product you think is well marketed or poorly marketed, and tell me why. And the idea was, okay, marketing is the four Ps and pick a product and talk about the four Ps. But half the people would look down, it was a weird question. And they'd talk about Nike

shoes just because they'd look at their shoes, honest to God. So it was a good question because people who were good usually would get to two or three of the Ps and talk about positioning and blah, blah, blah. Sort of the fail would say, I like their ads. Or Jabe Blumenthal in program management developed this question where he'd walk people over to the vending machine and say, tell me about some of the design decisions people have made on this vending machine.

Interesting. And again, people who are detail oriented, design oriented, thoughtful, would have some interesting insights on that. And as time went on, when any good candidate for really either product management, program management should have had some experience with software of some kind. You'd ask them, "tell me about your favorite product and why. What don't you like about it?" And people who had the right mentality had things, they really upset them about a piece, they would have something to say. And so again, we sort of did all work together on coming up with the questions that helped us identify critical thinkers. But again, the challenge, there were lots of bad examples of questions where the idea is not just ask some bizarre question that people can answer. You're trying to differentiate people, so you got to calibrate the answers.

Becky Monk: Yeah, I think it would be a blast to go through that, to run the interview gauntlet and make it out the other side.

Pete Higgins: But I think at least in my memory, some of the things, some of the classic questions in my memory, Steve Ballmer did some of them early on. So how many gas stations are there in the United States? And so the idea was you didn't have to know the answer, but did you say, oh shoot, how many households, how many cars are there? How many gas stations per car? But then you got rural areas and spread out. I mean, if you did that kind of breaking down the

problem you passed, if you didn't know where to start, that was a differentiator, right? It was really to see your thought process.

Becky Monk: Yeah.

Pete Higgins: So again, we worked hard at figuring out how to, I don't know about push people, but challenge them to find out how they really thought. I mean, I used to make a habit of take something, someone worked. I was talking to people typically who had worked, some gone to business school and they'd done some, they'd had some, the resume would say, I led this. And so I would just randomly say, well, why didn't you do it the other way? And I'd pretend I thought they did it wrong. Or say, well, you should have raised the price, whatever. Just sort of randomly challenge and just to see how they reacted. And the right answer was, well, we thought about that, and. As opposed to, oh, you're right, maybe we should have. I mean, have they thought things through? Did they have a point of view and were they thorough? And then again, shouldn't matter what the detail, the answer was just what did it show about the way they thought? And that's the challenge really in the interviewing. It's like, how do people think and cut through the glossiness of people are pretty good about talking about these incredible things they did. They may not have done any of it, but the resume says they did. And again, you're trying to understand what's underneath that.

Becky Monk: Yeah. Thank you, sir. I can't tell you just how much fun it is to hear the stories and also just hear the through lines. Because everybody we talk to, there are certain things that just keep coming up and it’s lovely.

Pete Higgins: Now you'll have an interesting logic. You have an interesting view.

Becky Monk: Absolutely. Absolutely.

Pete Higgins: It'd be interesting. I'm sure you'll put together — I still do company meetings in the fall anyway, whatever the equivalent of the company meeting is where you take the five-minute snippets as a way to sort of reinforce culture.

Becky Monk: There's no shortage of material coming from this project, that's for sure. It's been super interesting just to hear everyone's take on their particular time with the company and different factors. It's been fascinating. Thank you again.