

Oral History of Robbie Bach

Interviewed by **Mario Juarez** for the Microsoft Alumni Network

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Preface

The following oral history is the result of a recorded interview with Robbie Bach was conducted by Mario Juarez on September 3, 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

Mario Juarez: Okay. Just to begin, get it on the record. We need name, rank, and serial numbers. So introduce yourself when were you at Microsoft and quick overview of the jobs that you did. You can say hi.

Robbie Bach: Yeah, that's right. Hi, my name is Robbie Bach. I started Microsoft in August of 1988. I was here until November of 2010, so a little over 22 years. In terms of the jobs I had while I was here. I was Associate Product Manager on Microsoft Works, Microsoft Chart, and MultiPlan and Learning DOS. Those were my four products I started on, did that for a little while. Then I went to Europe. I was the first expat from the U.S. to go overseas. I worked at the newly found European headquarters and I was Bernard Vergnes's business manager there for two years. Then I came back as Group Product

Manager for Microsoft Excel. That rolled into group product manager for Microsoft Office, working with Hank V Hill and Mark Kroese. From there, I stayed in Office for five and a half years, left as the Vice President of Desktop Applications Marketing, and then took a complete career shift, went out of marketing and went over to work in the consumer space running what was called a Learning and Entertainment Division, which was a collection of wonderful products that sort of we're trying to find a home. So this was in Carta Magic School bus, the gaming business as it stood at that time, which was basically flight simulator and that grew over time. Eventually we started Xbox. I went to run Xbox and was the Chief Xbox Officer for about six years. That expanded into a broader consumer business and I was the President of Entertainment and Devices until I left in 2010.

Mario Juarez: Awesome. So many historical efforts.

Robbie Bach: A lot of history. A lot of history in that.

Mario Juarez: Okay. Let's start from the beginning. Where were you born? Tell me about, give me your origin.

Robbie Bach: I was born in Peoria, Illinois. My family is a Milwaukee, Wisconsin family, but my dad transferred to Peoria and I was born there. Then we moved to Chicago, then we moved to California, lived in San Mateo for a couple years and then came back to Milwaukee. So when I was 4, we moved back to Milwaukee. I lived in Milwaukee for almost 10 years and that was really home base. That's where all my cousins were. It's all my relatives were. It's where my siblings were all born. And then my dad got transferred when I was growing into eighth grade. My dad got transferred to Winston-Salem, North Carolina. Just sort of like going from Mars to Venus. Very different environment, but cool place and grew up, went to high school in North Carolina, went to college in North Carolina. That's now where my family is all based. After I graduated from the University of North Carolina, I went to work on Wall Street for Morgan Stanley for

two years, a year in New York and then a year in San Francisco. Then went to business school at Stanford. In the midst of that, got married. So I got married right before business school, went to business school at Stanford and that's where I met Microsoft. I met Pete Higgins. First time I met Microsoft in a trailer to do an interview for a job at Microsoft.

Mario Juarez: We'll get to that, get to that here. So I'm still sort of reeling. I got this map going through a moment and I'm like a Badger or Tar Heel.

Robbie Bach: I'm more of a Tar Heel, I suppose. I'm more a Tar Heel. I'm more a Tar Heel now. The funny thing is sort of sociologically, I'm probably more a Badger and I don't talk like a Tar Heel. I talk more like a Badger. You can still hear my Milwaukee accent come out every once in a while. But I lived in North Carolina for so long. It's where my family is. It's sort of where my heart is. I mean, it's where my mom and dad passed away. It's where two of my siblings still live there. So there's some real emotional connections there. My wife, it's where I met my wife. That's a great story. So my wife is Dutch, so her father was transferred to Asheville, North Carolina. We ended up at the University of North Carolina. She was a year behind me, I did not know her.

I had come home from tennis practice one day, and there's a note, this is a Post-It note. So this is, trust me, this is in the early '80s, Post-It notes have just been invented. So there's this magical thing called the Post-It note that says Pauline called and a phone number. Then I didn't know what Pauline, but I wasn't dating anybody. I figured, hey, a girl left me a phone number. I'm going to call her back. So I dial rotary telephone, Carolina Blue, of course at Carolina, and I call and she answers the phone and she says, oh, hey Robbie, you don't know me. I have some friends at the Newman Center who know you. They said you were going down to Q Island this coming weekend. I need a ride. Any chance I could get a ride? And I said,

look, I'd love to, but I'm going back to Winston-Salem picking up my parents we're driving down together and she said, fine, maybe we can see each other down there. She told me where she was staying. So we get down there, I call her and I go over and to where she's staying with her mom and two roommates and we play hearts. And the next day we went on a long walk on the beach and started dating when I got back to Carolina. Just a great story.

Mario Juarez: That's awesome.

Robbie Bach: Just great story.

Mario Juarez: How did she see it?

Robbie Bach: Yeah, well, there's a good question there, but it's one of the things I talk about a lot when I do a lot of public speaking now and I talk about serendipity. That is just such a serendipitous moment. I mean, everything about that, the Post-It note, she answers the phone call. We meet at the beach, we end up dating and we end up getting married. And so there's just so many moments like that.

Mario Juarez: Okay. I'm just completely jumping off the track here because I'm totally intrigued with this notion of serendipity.

Robbie Bach: Yeah.

Mario Juarez: Okay. At its most basic definition, serendipity is just the absolute bloodless confluence of unrelated circumstances.

Robbie Bach: Correct.

Mario Juarez: How do you view serendipity?

Robbie Bach: See, I think of serendipity as opportunity. See, I think our life is filled with obstacles and opportunities, and the job with obstacles is to get past those things, to get over them, to get around them, to get through them, to figure out how to get to the other side. And then

the job with serendipity is to see the opportunity and figure out how to take advantage of it. I've had so many moments in my career that were serendipity. How I ended up at Microsoft Europe was a totally serendipitous moment how I ended up running Xbox, completely serendipitous moment, best 10 years of my professional life. So you have to kind of find those things and figure out, oh, this is actually a path forward.

Mario Juarez: Are there exercises, practices, mindsets that one does? One of my favorite fuses is luck is the residue of design that we have some role to play in the arrival of these factors and then our eyes being open to them. Talk to me about your philosophy

Robbie Bach: Well, it's sort of comes full circle to what's going on at Microsoft. This whole idea that Satya brought up a growth mindset and a positive mindset, that to me is the way I've tried to live my life. Not because I read a book or because I knew I was doing it, but that's just the way things work. And if you have a growth mindset, you looking for those things, your brain is subconsciously looking for new opportunities and new ways to go. And it is such a powerful thing. How do you reinvent a company like Microsoft? You have to have a growth mindset. It just doesn't work any other way. And in the early days when I was here, everything was about growth. Everybody had a growth mindset. We went through a period where maybe we lost a little bit of that, and then we brought it back. And the same thing happens in your personal life. You find times you get a little bit stale and you have to go out and do something different. I decided after being gone for Microsoft for two and a half years that I wanted to write a book. I knew nothing about writing a book. I've now published two and I'm finishing my third one. And it has been just one of the magical parts of my professional life

Mario Juarez: And different kinds of books.

Robbie Bach: Well, yeah, the first book was a nonfiction book, which was sort of a retrospective on Xbox, but really about business and civic strategy.

And I love that book. And when I read it now, I'm like, okay, well, that was sort of an amateur who didn't really know what he was doing, writing a book. And now when I went and sat down to write a second book, I said, no, no, no. I want to do something really challenging. So I decided to write fiction, which is just a whole different world. And that first book took me a long time because I made a lot of mistakes. And now the second fiction book has gone much more quickly because I really understand what I'm trying to accomplish, and I have some skills and I have a few tools, and yet I'm about to start with an editor. And I'm sure I will see a lot of red ink on the pages for sure.

Mario Juarez: Well, you're lucky.

Robbie Bach: Yeah, if I'm lucky. Yeah, exactly.

Mario Juarez: So what's the fuel for the fiction? There's always some underground thing that drives fiction.

Robbie Bach: Well, the thing that drives me is what's going on in our world around us. I mean, I write contemporary fiction. So this is about the challenges and struggles we're facing as a culture, as a country, as a world. And we're in a very interesting period of time in history. History goes and ebbs and flows, and we're in one of those challenging moments. And so being able to write about that in fiction is cool because I can write a techno-political thriller and have people treat it just as fiction, but I can actually say something in the process. And that to me is really powerful. So being able to have an impact through fiction is kind of a cool outcome for me.

Mario Juarez: Well, it's also really resonant for me as I'm thinking about your career and your life, that ability to look at the factors that surround us all and to force yourself to put a lens on that's third party, that is almost the beauty of fiction is not here. It doesn't exist yet. And when I think about you and the company having the weird, I don't

even know what to describe it, audacity. We're going to go start a gaming group, the least cool people on the planet.

Robbie Bach: Yeah. The guys who created SQL Server are going to bring you games.

Mario Juarez: Shoot them games.

Robbie Bach: No offense to SQL Server. It's a great product, but it's not that consumer emotion product.

Mario Juarez: As a leader though, I mean as one of the drivers of it, there has to have been, is there some resonance in that ability to imagine what's not here? To be able to say, I'm going to create something unreasonable.

Robbie Bach: But isn't that what Microsoft always has been about, is the ability to create something that we couldn't imagine and that wasn't here? I mean, you start to think about some of the crazy transitions inside the company and what's happened and where it went and how it got there and the things we created. And there's so many things we created that we weren't even commercially successful at that somebody else was commercially successful at, but we had the ability, the vision to see something that nobody else saw and that wasn't there. And at various points in time, those have turned into huge businesses and sometimes they've turned into things that other people have made into great businesses. But either way, the inventive spirit was always there, and that's what made Microsoft so exciting. It was what was always what attracted me and other people to the company.

Mario Juarez: One of the themes that we've heard throughout all these interviews and that you have had it as your experience, I had it as my experience was, again, the word that they'll use it just the pure audacity to actually go attempt these things and this sort of almost naivete about how easy it was going to be, which somehow-

Robbie Bach: Well, look, when you talk about naivete and audacity together, you get to this discussion where we'd always look at a marketplace and say, we should be in that marketplace. And then there'd always be this decision of, well, should we try to buy somebody who knows something about this or bring some talent in who knows somebody about this? Or should we just do it ourselves? And almost inevitably, and most of the time, not always, but most of the time we'd say, let's do it ourselves. Because we had the audacity to think we could do it. And then there would always be the case that there would be three groups inside the company that had the audacity to do it, and we'd end up with three products in the category, and we have to pick one and figure it out and figure a path forward. But again, that's what Microsoft was sort of about, having that naivete to look at a marketplace like gaming and say, oh, that's ripe for disruption. And that wasn't entirely clear. I mean, Nintendo and Sony were well entrenched and really successful, and it wasn't clear that anybody was clamoring from Microsoft to get in the game, and yet there were things we thought we could do that would differentiate and in fact things that ultimately changed video games forever. And that to me is one of the most exciting things about my professional life and the work on Xbox is that team changed video gaming forever. That's a big statement and really cool.

Mario Juarez: That is so awesome. Let's go through a little tour here and spend some segments during this interview. Sure. Talk about your early days and through those beginning years, especially up through your Europe experience and then your time and apps and that whole incredible world, and then the audacity period.

Robbie Bach: Sure. Sure.

Mario Juarez: But first I want to get kind of back to you. So what kind of kid were you? How would you describe Robbie Bach as a kid?

Robbie Bach: Robbie Bach as a kid was sort of a twofold thing. I had two periods in my youth really when I was younger. We lived in Wisconsin when

I was younger. I was just a sports junkie. I played five sports. I come from a sporting family. My brothers were both division one athletes and much older than I was. I was seven years behind my nearest sibling, so I had two brothers, two sisters, seven years, then me. And so I watched them all do all this sporting thing and I loved it. And so I was on doing all the sports things you can imagine, the neighborhood and playing around the neighborhood and riding my bike and doing all those kinds of things. It was great. In seventh grade, two things happened that changed my life forever. First my dad got transferred to Winston-Salem, North Carolina, so I was going to leave this incredible pack of friends.

And B, I was diagnosed with a condition called kyphosis. And kyphosis is, I had a 40 degree forward curve in my spine. I grew eight inches in one year, and so my spine was basically falling in on itself. Now, I was very lucky. This is one of those moments of serendipity. There's a high schooler down the street about three or four years older than I'm that had a similar disease and went to the world's best doctor who happened to be in Milwaukee where he lived. This guy named Dr. Walter Brown. I was Dr. Walter Brown's last patient. He was in his seventies. He had Parkinson's disease, but he agreed to take me as a patient and he fitted me with this thing called the Milwaukee Brace, which was a leather girdle around your waist. It's a bar that comes up in the front, two bars that come up in the back.

They connect to a ring around your neck and with a little pad here for your chin. And the idea was the brace put you in perfect posture and then you cinched up the girdle screwed in the ring, and you stayed in that for 20 to 23 hours a day for five years. And so that changed my life in so many different ways. The week after I got was fitted with Milwaukee Brace, we moved to North Carolina. So I was the new kid on the block with this crazy contraption on, in a culture that was very different than the culture I grew up with in, I mean, I grew up in the north side of Milwaukee. There was one black kid in

the entire school district. I moved to North Carolina. We had forced blessing, southern culture, Midwest culture, not the same. I had trouble understanding people and they had trouble understanding me.

So that was a really, really challenging time. And I became a very shy kid, very reserved and a little bit unsure of myself, which is a little weird because I'm a very confident person. I also discovered that the one sport I could play was tennis. I got really into tennis. I played tennis in the Milwaukee Brace. I was a nationally ranked tennis player in the Milwaukee Brace and went on to play tennis at the University of North Carolina. And so the brace, in one way, you could say, well, that was a tragedy. It changed your life in such a terrible way. I would say it made me who I am, and it was a powerful motivator and it made me work hard at things. And that whole move to North Carolina changed my view of schooling. I started working hard in school. I became really focused on tennis, so I picked one sport and got pretty good at it. And so it changed my life. It is one of these moments that you'd say that was an obstacle and a serendipity in the same minute. It was very powerful.

Mario Juarez: You had to make choices.

Robbie Bach: Yeah. Yeah. I mean, I had to choose what I wanted to focus on. Over time, I got a little bit more comfortable than myself. By the time I graduated from high school, I was probably a fairly well adjusted high school student, but I was a loner for about a year where it was-

Mario Juarez: Something right in the middle of adolescence.

Robbie Bach: Yeah, it was not a great time. It was not a great time. I mean, not a lot of people wanted to date the guy with the metal cage. That was just a challenging period. And as it turns out, of course, what you realize after the fact is what of my friends actually cared, but I cared and I was self-conscious about it.

Mario Juarez: It's interesting, and I'm sitting here thinking about my impressions of you at Microsoft, and as we're doing the MicroNews, I spent a lot of time with, had my own little dossier list. All you ask some were on the good list. Yeah, I hear you. The bad list. I hear you. And you were always in this one list of the really good guys. And one thing that I remember is that a lot of powerful women that I knew really spoke highly of the way that you conducted yourself and how you managed. So here's a kid, I'm thinking about this kid who's sort of the golden boy. Life gets taken away. And then your physical, how did your experience in that time, that sounds actually quite challenging, inform the way that you think about leadership and about how to understand people who aren't the gifted golden boys?

Robbie Bach: It's interesting you say that. I mean, I think I got to experience things from the other side, which is, in a way challenging, but in a way an incredible gift. And so you learn to find people where they are. And I'm not going to claim that I'm even great at it or good at it, but I certainly tried. And I certainly tried to find the best in people and to try to find people and say, okay, this person is really good at this. How can we help that grow? How can we make something different? That to me is a tough skill. And Microsoft, when I started here, was not really about helping people grow. That wasn't really part of the culture. People grew because they figured it out and it was trial by fire, and that's the way the company worked. And over time, as we got bigger and we had to develop people and you had to say, okay, look, we have to find new pathways for people, and there's got to be training.

The concept of training, well, there's a novel concept. So you had to figure out how to find the best from people. Now the flip side to that is sometimes I saw too much good in people and I wasn't quick enough to say, hey, you need to move on because this isn't working. But overall, I'm really quite proud of the fact that people enjoyed working with me. When I see people who I haven't seen for

a long time, we'll run into each other in the airport or somebody who I don't even remember was in the group, and they'll come up and introduce themselves and say hello. The best thing they can say to me is, I really respected the way you led. Not that I liked you or disliked you or agreed with you or disagreed with you, but I respected you. And that's really what that back brace experience probably brought out in me is that you have to be able to respect people for who they are and where they're at.

Mario Juarez: Beautiful, thanks. Let's move to you moving to Microsoft. So you have a pretty great little early career, UNC, Morgan Stanley, Stanford. How'd you find out about Microsoft? Tell me about what, because you were already on a pretty great track, it seemed like it had a pretty rail lines or pretty clearly put down.

Robbie Bach: So my path to Microsoft is an interesting one. When I was in investment banking, I realized I didn't like finance. So you don't really want to be in investment banking if you don't like finance. But what I did realize I liked was sales and marketing. So I liked the sales pitch part of investment banking. So when I was at Stanford, I went to work for Rome, which nobody will remember, but was a division of IBM, which made this thing called phone mail, which was brand new and was what we call voicemail today. And so I got into tech marketing. So when I was starting to look for a full-time job my second year, I was looking at tech companies and marketing or in sales. And at Stanford, they had this bid system where you had to bid a certain number of points to get an interview and you only had a certain number of points over the period of time. So I bid enough points to get an interview with Microsoft, and I didn't know anything about Microsoft at all. Literally nothing. Okay. I knew they did DOS, but that was probably about the limit of my knowledge. And yet they were a tech company in a part of the country where I had lived for a summer. I lived in Portland for a summer, so I knew the Pacific Northwest and I said, hey, marketing tech company, I

should try this. And I literally went into the interview with that attitude.

Mario Juarez: So tell me about this interview. Paint the picture for me of the brighten up, the title of our minds about what this was.

Robbie Bach: So Stanford for all its greatness as a really good business school, their career development center was a little trailer on the side of campus. Literally you think about a mobile hold trailer, that's what it was. And they had these rooms in the back, which were literally four by four. I mean, they were tiny. And so when you were with your interview, you were like right with your interviewer. And so my first interview at Microsoft in the trailer is with Pete Higgins. And so Pete and I are sitting across from each other, we're talking about things and as life would play out, Pete and I, Pete's my best friend and we have so much alike we can complete each other's sentences. Sometimes it's a little embarrassing occasionally. But there was a bond there and we talked and we had a great conversation and I walked away thinking, wow, if those are the kind of people who are at Microsoft, this is going to be a cool place.

And thankfully I got an invite back for an interview for a full day interview up in Redmond, and that was a crazy experience. I go to Redmond and I'm thinking, I've done some interviewing at this point. I've interviewed with a few companies and you usually go to do an interview. You do three or four interviews and it's an hour each, and you kind of work your way through it and it's fine. I get to Microsoft and my first interview was with Karen Freeze. She was the recruiter, but she wasn't recruiting me, she was interviewing me. So we do an interview. Then I realized I have a schedule of seven interviews an hour each, and these interviews are not sort of the casual, walk me through your resume type things. I get in this interview with John Nielsen. It was just a wonderful guy rest his soul.

And John says to me, so tell me which is more important, sales or marketing. That was the first question. It was the only question we discussed for an hour, and we went through the whole gamut of sales versus marketing. He'd take one side, I take the other, we go back and forth. I went through the whole day that way I get to the end and they say, well, Brad Chase is going to take you out for dinner. And I'm like, okay, I'll meet Brad Chase. So I've now been through seven interviews, and Brad's been at the company at that point, probably nine months, and he takes me out to dinner. But Brad's decided that the dinner is going to be an interview as well. And so we go to someplace in Kirkland and I'm trying to eat and he's asking me a question I didn't eat anything.

So I fly back to San Francisco that night. I get home and my wife says, you look beat. And I said, well, hey, I haven't eaten anything all day. All I've done is talk. I'm completely wiped out. And it was the most amazing day of interviews ever. And that's when I knew, gosh, this is a place I'd really want to work. And as it would go as appropriate as we did in that time, I don't know if they still do that now, but the as appropriate was Jeff Rakes and Jeff was out of town, so he had to come back to Stanford to interview me in the basement cafeteria at Stanford to do our as appropriate interview. And then he offered me the job there.

Mario Juarez: I'm kind of thinking that, was that your whole career in a day?

Robbie Bach: Yeah, kind of. Yes, kind of. Yes. I mean, it was this constant challenge, constant push, constant best ideas, constant, how do we get better, all of those things that makes Microsoft such a special place. And as well the things that make Microsoft kind of crazy, could you please let me eat some food? I mean, it's all the same things, all kind of rolled into one.

Mario Juarez: Please let me see my wife.

Robbie Bach: Yeah, I want to see my wife. I want to get home and be able to talk when I get home.

Mario Juarez: What was your first job? What was your first, do you remember your first day?

Robbie Bach: I do actually. There's a day before my first day, which was memorable that I'll just tell you a quick story. So Jeff Rakes is recruiting me. I haven't decided for sure that I want to come to Microsoft, I want to work internationally. And Jeff says to me, he says, we just don't do that. We don't send Americans overseas. You can come work in our international group, but to date, we've never sent anybody overseas. But he invites me up for a day to meet with the country managers who are in town for a meeting. So I go to the dinner the night before I meet the country managers. Very interesting. Nice. I go to the hotel, get up the next morning, get my rental car. I buy a muffin. I'm getting on the freeway right at Northeast 8th and 520, so anybody, you know that intersection and there's a line backing up to turn on to 520.

And so I slow down and the truck behind me doesn't smashes my car, hits me in the rear end, spins the car around into the median. So I'm now facing the wrong way. And as would have it, the back end of the car, the trunk is gone. The trunk is now in the backseat. So the car is totaled. The car had like 25 miles on. It was a brand new rental car. It's completely gone. Firetruck comes la, la, la and I'm looking inside the car and it had the muffin in my hand and I squeeze the muffin when the guy hit me. So there's muffin all over the car. And so it's just a mess. So eventually Ava sends a car to me and eventually I get to Microsoft. So I've missed Jeff's running around looking for me. There's no cell phones, there's no way for me to call and tell anybody what's happened.

So I get there, I explain that it was in a car accident, we laugh about it, la la la. I go through the day with them, I go do another interview that afternoon at Physio-Control, and then I fly home and I get

home and my wife looks at me and she says, you didn't wear that suit today, did you? And I said, yes, I did. She said, well, look at the back. So when I was in the car and it spun me around, it thread beared the entire butt of my suit. And so there was this, it was translucent all the way down the back of my suit, and I wore that the whole day with all the country managers, through my interview at Physio-Control, on the plane back to San Francisco. That was my first day at Microsoft.

Mario Juarez: So basically all the developers were like, you look dressed just like you.

Robbie Bach: Well, the good news is I don't think anybody actually noticed it. Thankfully nobody was looking at that part of me, but it was just this classic day. Jeff and I laugh about that all the time.

Mario Juarez: Well was at least that's not the day that defined your reflected your whole company.

Robbie Bach: But my real first day in Microsoft, I came into work and was supposed to work for Bruce Jacobson and he told me that he was leaving that day to go work on land manager and he didn't know who I was going to work for, but I found my desk and away I went. And my office was in literally a converted closet with Karen Fries, and we had no relight, no windows, it was the storage closet. I had two of us in there and I had a total of five managers in my first four weeks at Microsoft

Mario Juarez: Run them through.

Robbie Bach: So my five managers at Microsoft, so Bruce was the first. I went from Bruce to Susan Buchanan because they reorganized that week into business units and Susan Buchanan ran the business unit. So anybody who didn't have a manager worked for Susan. Then I worked for VJ Vashe for a split nanosecond like two weeks. Then Mike Slade came to run product marketing in the entry business

unit. So I worked for Mike, and when Mike came back from his vacation, he decided I should work for John Nielsen. So I mean really amazing people, an incredible set of Microsoft folks. So it was a star-studded group of managers, but I went from one to the next. And that first four weeks.

Mario Juarez: Give us an overview of that first phase of your career and the things that you worked on. And I'm very interested in what was Microsoft like at that time?

Robbie Bach: Yeah, so I worked on sort of an interesting collection of product. We were the entry business unit, which was sort of the how do you get introduced to Microsoft. So this was Flight Simulator, Microsoft Works, the Mac product line and Learning DOS, and I was the Product Manager for a Learning DOS and an Associate Product Manager for works. And then I helped out, they needed somebody to shepherd Microsoft Chart and Microsoft MultiPlan, which were sort of in their decline. So I went and did that for a few months as well. And I was responsible for the OEM business for Microsoft Works, so selling works to hardware manufacturers to get them to pre-install it on their machines. And so I learned a bunch. I learned about a new Salesforce. I didn't know anything about OEM. I learned about that. I learned some basics of marketing.

John Nielsen was awesome, was a great manager, very interactive. We had a lot of back and forth with each other, so I learned a lot. Mike Slade, one of the more creative people you'll ever meet. So he was always challenging us to do new things. It was just a really formative time at the company. The other thing I learned at that time was a lot about the culture of the place. And Microsoft had an interesting culture because at the time it was hyper competitive and hyper sort of idea driven and who has the best idea in the room and constantly challenging people and all those kinds of things. And yet crazy fun. So we were on the second floor of one of the buildings and that's where they ran the swing around the wing and

the swing around the wing was something Ed Fries did. And they would basically run a golf tournament around the second floor of the building.

And it was one hole you started at one side, went all the way around the cross of one of the X's and then came back and put it out on the final hole. And so along the way people would create traps in the hallways. This all happened on Friday nights. And so I played in the swing around the wing, I love golf, I got to meet Ed Karen's twin brother and had a great time and met a bunch of developers and got to see sort of the culture there. So that was this fun part of Microsoft. And then there was this competitive part as well.

Mario Juarez: What was the relationship between fun and competitive.

Robbie Bach: Competition. Even the fun was competitive. The company was a place that valued high IQ, great ideas and people who could advocate for those ideas. And the company cared about winning. And I always tell people, I've had a relationship with Steve Ballmer and Bill Gates, wonderful relationships as people. I really enjoy being with him. They may be two of the most competitive people I know. And it was infused into the company at a very early phase. And so watching this sort of fun competition go on was an interesting cultural element.

Mario Juarez: The intensity of it was absolutely intoxicating.

Robbie Bach: Yes.

Mario Juarez: Talk about that. Talk about where I'm going with this is that I think about the company as a place that was almost like this amazing club that we, and then there was this one point for me, it was somewhere around '93 where was, holy shit, this is way different. This is not, I wasn't expecting that we were just going to change the world.

Robbie Bach: Right.

Mario Juarez: Because it was-

Robbie Bach: I didn't think that when I joined the company.

Mario Juarez: So talk to me about your experience in that regard and when did you realize that you were into something maybe a little different than you thought it was?

Robbie Bach: Well, I think Microsoft, I realized that Microsoft was different right from the get go just because of the nature of the people. I mean the people at Morgan Stanley where I worked before were certainly competitive and smart, but not in the same kind of laser focused way. People were at Microsoft. Morgan Stanley folks were focused about making money. The folks at Microsoft were focused on change and on newness and creating something different and creating something better. There was this constant drive to make that happen that to me was intoxicating. That's the right word for it. And really challenging. And I talked earlier, I'm a competitive person. I'm an athlete. I was a sports guy. I care about competition. I love to compete. And so you can imagine being thrown into a place that thrives on that and how much it propelled me and encouraged me to work hard. I was fortunate. My wife was a nurse and she worked swing shift, so she worked three to 11. We didn't have any kids. I didn't have to be home, so I would work late every night. And other people were there, the developers were on our floor, were all there. And you sort of got into that culture of, okay, you work until it's done. And sort of the way I grew up inside Microsoft.

Mario Juarez: Was there a moment when you realized, did you have your holy crap moment where it was like, this is so much bigger? Was there a moment of surprise at the impact that the company was having on the world?

- Robbie Bach: For me that was Windows 95, which is maybe late in the way most people think about it.
- Mario Juarez: Tell me about that.
- Robbie Bach: Well, Windows 95, and because I was working on Office 95 at the time, Windows 95 was a cultural moment in the country. We are on the cover of Time Magazine with a product, an operating system. I mean, think about that. There's an operating system on the cover of Time Magazine. How weird is that? We're in Doonesbury. I mean, these are cultural moments where suddenly people recognize Microsoft as they used to call us the evil empire at that time, but they recognize Microsoft as the thing, the company that was changing the world. And obviously that had all started earlier. And for other people inside the company, I'm sure it was the shipping of Windows 3.0 or there was some other event that led to that or the breaking away from IBM. There's a bunch of things that happened in that time period that sort signified our rise. But to me, when you saw NBC news on campus at a fair, watching people experience a new operating system, Jay Leno on stage, that was incredible. Just an amazing moment
- Mario Juarez: For people that weren't there. Like you said, it was a fair, just the scope of the spectacle of it, the tense.
- Robbie Bach: Well, just I went to the rehearsal, right, and the rehearsal of Jay and Bill and Sarah O'Leary who was going to demonstrate with Jay, and the rehearsal was hilarious. Jay's just naturally funny. Bill has a great sense of humor when he is on, and Sarah just loves to pick at people. So it was perfect. It was just this great environment. And then they went and they did it live. And I'm sitting in the audience in a giant tent out in the middle of the football field or soccer field I guess at the time, and there's this giant tent and I'm sitting in the back watching this and they went through the actual thing. It was nothing like their rehearsal. And it was even funnier. And you suddenly realize that, okay, this is consumer, this is media, this is

changing the world. This is people engaged in a way that they've not been engaged with the company before. And the company that started as a languages company is now changing Technology in the world to me was just a golden moment.

Mario Juarez: So there we are in '95, Office is just getting its critical mass.

Robbie Bach: Correct.

Mario Juarez: And you were part of that.

Robbie Bach: Right.

Mario Juarez: Talk about Office. I always view Office as the unsung hero of my stock brights and also a product that maybe arguably over time has had more impact than Windows.

Robbie Bach: Yeah.

Mario Juarez: Tell me about that.

Robbie Bach: Yeah, so office, so when I came back from Europe in 1992, I began the group product manager of Excel. And so Excel and Word were the bosses of the productivity suite. Those two teams were the big teams. They sort of decided what happened. And by the way, the Excel and Word team didn't really like each other at the time, and they would argue about things and it was clear that we were going to start to have to make those products work better together. And it was clear that there was a movement generally in that direction, not clear how much, but generally in that direction. So there was a small office group, I don't know, there was like four or five developers and a couple of marketing people that were doing things, but we're in Excel, we're the thing. Then we get to a meeting, I'm in a meeting, Steve has, Steve Belmore has now moved to Europe to live for six months in Europe.

He wants to understand Europe, so he moves to live there. Literally, we swap places basically. I came to the US just as he was coming to Europe and Steve has a call with us and he wants to talk about Office and what we're doing about Lotus Smart Sweep. And Steve is not happy and he doesn't think we're doing enough. And so we're on this video call and he was right. We're on this video call and this is when video calls were horrible. The internet wasn't the internet yet. And so the video call's horrible. So you're watching the call and you get this audio that comes across because your audio comes across first. And Steve's explaining to us in no uncertain terms that we have to fix Office and we got to do something different. And this idea that we're an Excel are separate, is busted, it doesn't work with the field, customers aren't asking for it.

That's not how we sell. You guys got to fix it. And he's being quite clear with this. So he's at high volume and then 45 seconds later on the video, you see him jumping up and down because that's what he was doing when he actually said it. It's just this great moment. And Mark Cruz and I were on this call, frankly, getting yelled at and the marketing guys getting yelled at was sort of funny. We didn't have anything to do with the product strategy, but okay, fine, we will figure that out. Literally the next day we went to Pete and Pete Higgins and to Hank Hill and said, we have to change this. We have to become an Office marketing team and we can't market word in Excel. We have to market the suite and the way we're structured now, we will never do that. And about three weeks later, we restructured the teams, we made the Word and Excel team smaller, the bigger Office team was created.

Mark ran part of it, I ran part of it. We worked for Hank, and we went forward working on Office and we started to piece together. And it took us, I don't know, a year and a half to piece it all together, but to piece together the story of Office with two products that actually had no shared code at all. But you figured that out. And it was a really wonderful learning experience. I learned

a ton about marketing, learned about working with the product teams, the product team, product leaders were great. You're working with some really smart people, John Deon, Chris Peters, I mean they were amazing. And over time, as we got to Office 95, the product actually began to reflect what we'd been saying in marketing for a while. Office 4, we marketed it as an integrated suite, but we were still working on that concept.

Mario Juarez: It all looks so obvious and inevitable in the rear view mirror. Talk. Was it obvious? Was Office's development into what we now know as Office? Was that obvious and inevitable?

Robbie Bach: I don't think so, no. Look, in hindsight, I don't look back and say, gosh, you should have seen that coming. But ultimately what happened is you had this sort of step function thing, and to give Steve credit, he saw it. That's why he was yelling at us from Europe. He was talking to customers. He knew what customers wanted. And it wasn't just that they wanted an integrated suite of products, they wanted to buy it as one thing. I mean, this was as much about development and creating the products that work together, but it was equally about selling it together as one suite and pricing it that way and selling it centrally to the IT department. We're going to Excel, we're sold departmental level not to the IT department. And so part of the office transition was bringing the products together for sure, and that was a huge effort.

But part of it also was bringing the selling motion together and to sell it to the IT department as a standards win across the company. And the IT departments were saying, well, we don't want to buy Lotus from one company and we're perfect from another company and have to manage that interaction. Let's just buy it all from Microsoft. And that was a key insight, not on the product side, but on the business side that I thought really drove us to success. And that's what really hit home for me more than the integration of the products, was that this was the best way for us to gain share against

123 and Word Perfect. And it was the best way for us to service customers, but all that was happening all at the same time. So it was a little hard to say, oh, obviously I see that coming together. That just wasn't, I'm not that smart. I couldn't have figured that out.

Mario Juarez: Talk about leadership. There's so much about what you're saying that is about rebuilding and tearing things down that have created that were their own successes. You had Word and Excel just emerging out of hard earned victories of a Word Perfect and Lotus. As a leader, you have to almost destroy things to create something new. How do you do that? Talk about the leadership that happened.

Robbie Bach: Yeah, I would say, look, the folks who made this happen, in my mind, the heroes of this, and they don't probably get enough credit. Pete certainly as the leader of all of applications was a driving force for that. Chris Peters and John Devin who were running Word and Excel at the time, they were running development. They were the guys who figured out how to get the teams to work together. Ultimately, Steven Sinofsky obviously played a role as we went into Office 95, so he had a great role. The product leadership on the Office and desktop applications was really remarkable. Also true in Windows, I didn't have as much interaction with them, but that's what made Office work is the product leaders. And they were the guys who figured out how do you take two fiercely independent teams, and by the way, two code bases that didn't have very much in common and figure out when and how and quickly to actually integrate them and turn them into one team. And that's not an obvious process. And so I give those guys all the credit for that happening. They were amazing. And there's others who I didn't name who probably belong on that list, but they were the leadership who made those things happen.

Mario Juarez: With the lens toward the future. What were the essential lessons out of the Office experience that really comprised success.

Robbie Bach:

To me, you constantly have to be looking around the corner. I mean, to me, the hardest thing is you have to be able to look around the corner and say, what's coming next? It would've been easy in the Office case, when we launched Office 97, which was now a 60, 70% share product, five years after we were 15% market share. So that's an amazing thing. It would've been easy to sort of just kind of rest, but they didn't rest. They created Outlook. Where did Outlook come from? It wasn't really a competitive product for that, but we put scheduling and email together contacts into one product. It was a crazy product at the time. It was this big conglomeration, it was almost an Office suite on itself. But then they created Outlook, and then they'd gone on to create another sets of technologies, always kind of trying to look around the corner.

And you can say the same thing for the company. When I left in 2010, one of the problems was we'd sort of lost the ability to look around the corner. We've gotten a little stuck in thinking Windows is the only thing, and we're not quite looking around the corner. And then the work that became Azure got started and Azure looked around the corner, oh my gosh, what was there? Holy cow. That is incredible. It's a whole new company, completely different place. And so for me, you're constantly thinking about what's going to cause us a problem. So how can we be paranoid about what's going to happen and where can we find those opportunities that we're not thinking about? And how do we creatively destroy what we have to take advantage of those new opportunities? And that's super hard, super challenging.

Mario Juarez:

Thanks. That's terrific. Now let's talk about maybe the ultimate expression of that In your experience, and maybe in the company's experience that a languages productivity suite operating system, enterprise networking company becomes a gaming company. What the hell?

Robbie Bach:

Yeah, this is not something I would've predicted, and it's certainly not a corner I would've seen around. So the story goes back before my time to a group of people who were sort of in the garage shop on their own time thinking, hey, Microsoft should get in the video game space. Mostly because that's the space they came from. Some of these people were on the Direct X team. Some of these people came from a company called 3DO. Some of the people were on the WinCE team. They're all kind of milling around, creating things in their own time, trying to generate some interest in something. So this is again, an example of this creative destruction thing where these are people who are rabble-rousing for change. And there's not a lot of early momentum around that, but people are kind of working on it. We then go to an executive staff retreat up at Semiahmoo, which is sort of this conclave that happened every year where the vice presidents and above of the company got together and we got to see each other and see presentations of what's coming and talk strategy.

And Bill and Steve got a chance to sort of set the vision for where the company is going, et cetera. So we go up to Semiahmoo and we did this thing where you, it's called Open Spaces, I think is what it was called. And they had a time for us to work on any project we wanted to. And so we sat in a big room and people proposed topics for discussion, and the topics went up on little pieces of paper around the room, and then everybody got to vote with their feet and moved to a topic they wanted to discuss. So as my memory has it, Rick Thompson, who's our hardware guide to mice and keyboards, Barney Interactive Products proposed this topic. Should Microsoft do a video game console? Because he had met with and seen some of these other groups that have been working on things.

So that topic was up on the wall. Bill had some topic, I don't know, it was about common file system or something, and he put his topic up. And ultimately what happens when you vote with your feet is a bunch of topics get eliminated because nobody goes there. And so

Bill's topic got eliminated and Bill decided to come to our topic. We're literally meeting in a hotel room at Semiahmoo. There's beds in the room, and we're all arranged around this room talking about why Microsoft should do a video game console. And Sony had just come out with this thing called PlayStation 2, which they called a computer in the living room. So those are fighting words. They didn't say, oh, this is another video game thing. In which case Microsoft might've ignored it. But they said, this is a computer in the living room. And Microsoft had been trying to put a computer in the living room for a long time.

And so Bill said, okay, at the end of that confab, he said, I want to meet with the teams who have done a little bit of work on that. So I walked away and said, oh, okay, that's great. Rick's going to spend some time working on that with these other teams. Fine. Rick goes and does that, comes back in July. So this is three or four months later and Bill has decided it's a project we should proceed, but he wants Steve to decide whether there's actually a business case to do it. So Steve comes to Rick and I and says, why don't you guys figure out if there's a business case? So Rick now abandons his hardware team and goes, works full-time on this business case for Xbox. And Rick was awesome about this. He explored every nook and cranny. He wanted to buy electronic arts, he tried to buy Nintendo.

He was trying to, all kinds of things. Bill wanted us to work with SEGA because they had used Win CE. There was all these things that they wanted to do. In the end of the day, we came back to December, December 21st, 1999, and we proposed Xbox, which was none of those things. It wasn't buying Electronic Arts, it wasn't OEMing the idea out and getting OEMs to produce hardware. It was creating our own hardware and creating a video game team. And Bill, the expected cost was, I don't know, a billion and a half dollars bill and Steve approved and thus began Xbox. And we went off on our merry way with the competitive sense that this was about keeping Sony out of the living room. But ultimately, as you started

to gather people on the team, it became less about keeping Sony out in the living room and more about being the leading video game company.

And once the team got that in its teeth, it became about winning in the video game space. And there's a subtle difference between those two things, but really important. And it changed the way we approached the whole project. And in fact, the architecture Bill had originally approved, which was basically running Windows in a protected way on a custom piece of hardware, kind of went by the boards. And we created essentially our own operating system using Direct X and a few pieces of the Windows code that led to an epic almost cataclysmic meeting with Bill and Steve called the Valentine's Day massacre. But once we got past that, we were now on a mission to be the leading video game company.

Mario Juarez: Okay. Tell us about, give me the Valentine's Day massacre meeting.

Robbie Bach: So the Valentine's Day massacre meeting, so after about three weeks, Bill and Steve realized what they've approved, and they're a little unclear about it, and they're a little nervous about it because it's quite clear that the team isn't bought into this running Windows on a custom piece of hardware in the living room because Windows full Windows just wasn't really going to work as a video game console. So eventually they call this meeting where we're going to come to the boardroom, literally Building 8 boardroom. We're going to meet with Bill and Steve, Craig Mundie was there, Rick Rashid was there, Rick Thompson, myself, Jay Allard, Ed Fries, and Rick Peluso plays an important role in this meeting. And Rick was my manager. So I worked for Rick at the time, and we get to this meeting and we're waiting. Bill's late as always, Bill comes into the meeting and he slams his hand on the table and he says, why are you trying to Windows?

And I'm like, I didn't think we were trying to do that to Windows. That wasn't our intent. I truly did not understand the force of his

concern. So now we get into it and we go into it deep, and this is going back and forth, back and forth, and Jay and Ed and Rick, if you ask them what happened at that meeting, we all have slightly different memories of those two and a half hours, first two and a half hours, but it was a classic Microsoft meeting back and forth. What about this? What about that? You guys are idiots? No. Oh, that's smart. Back and forth, back and forth. We get to the end about two and a half hours in, and now Valentine's Day is gone. This meeting started at 4:30, so Valentine's Day is gone, right? I mean, anybody who had Valentine's Day plans has screwed that up badly.

So Steve, we get to a point where we say, well, let's just not do it. And I said to Steve, I said, look, this is just too much pain. You guys clearly are concerned. We've not announced anything. The team only has about 30 people. Well just go back to what we were doing before. It's okay if you're not in, you're not in. So that led to an hour of, well, what does it mean to not do it now? We were back with Sony with a computer in the living room discussion. We went through that went that, went through that. At the end of that hour, Steve looks at Rick Peluso and Rick was an amazing manager, not a great fit for Microsoft, honestly, but incredible manager and Rick had tracked what we were doing, but he didn't really know what we were doing and he was trying to fix MSN and our online properties. He was busy on other things, but Steve looks at him and says, Rick, can these guys do this? And Rick, without missing a beat, says absolutely, they'll get it done. Changed my career. Steve looks at Bill and says, okay, you have our support. We won't second guess you go for it, it's most just an amazing meeting. And from that day forward, Steven built through all the thick and thin of Xbox and there was a lot of thick and thin on Xbox. They were incredibly supportive. They lived to that pledge all the way down the line. It was amazing, and it's part of why Xbox was successful.

Mario Juarez:

Okay, you got to tell me this story.

Robbie Bach:

Alright, so Office 4 launch. So this is the first time Word, Excel and PowerPoint are going to be demoed together and launched together as a product. Of course, they're not a product yet, Word is done. Excel is not done. PowerPoint is barely working. And so we're doing this demo in New York City, huge audience. It's being broadcast to the field. This is a big deal. So the first thing that happens is Pete's going to lead that presentation the day before Pete gets laryngitis. So the morning of, we are desperately looking for laryngitis solutions. Pete goes through the presentation, we called it the froggy speech because he goes through this presentation just sounding just really tough. We also had a problem that the product would never make it through a full demo. So Mike Christie is on stage demoing Word, Excel, PowerPoint, and Justina Chen is in the back doing the same demo on another machine and in the middle, Mike's machine crashes, they switch the video, Justina does the rest of the demo from the backstage with Mike narrating pretending he's doing the demo in the front of the stage.

So that's the first presentation. So that was epic in and of itself. The second presentation is developers. Bill comes on stage and he does this great introduction about how Office is going to be in a development environment and Visual Basic for applications, blah, blah. And here's Mike Christie to show you a demo. So Bill goes off stage and Mike comes on to do this 20 minute demo. Bill falls asleep sitting in a chair like that, and I'm on the other side of the stage and suddenly people realize Bill's got to go back on stage and Bill wakes up and his hair is just, I mean, he's just completely a zombie. And before they could get the makeup person over there, he's back on stage. So in the middle of the presentation he goes from this beautifully clothed looking guy to just this Albert Einstein looking guy on the stage.

And then he comes offstage again because there's another demo and then the makeup person cleans it back up, and then he comes on stage again looking awesome. It was the best. That whole day

was just a series of just wonderful, wonderful moments. Bill was being followed by somebody from Forbes, from Forbes and Forbes published an article on this and they show a picture of Bill and I talking in the theater beforehand and the caption of the video says, Gates discusses slides with underling. That's not what it said, but it said Gates discusses slides with low-whatever. What was really happening was Bill was telling me in no uncertain terms how absolutely horrible every slide was. And so we're backstage changing all the slides and getting things right the way he wanted to. It was just that whole day was just a classic day. You remember those moments?

Mario Juarez: Absolutely, absolutely. And they all seemed normal at the time.

Robbie Bach: Well, it is just another day. It's just another day. And I came back and I said, how'd it go? Well, it went pretty well. We had a few things here and there, but it was fine. The products launched, away we go. And of course that was the Office that was AirBox. We sold Office for \$499. It had word disks in it and coupons for Excel and PowerPoint because Excel and PowerPoint hadn't shipped. And we did that all by fulfillment. So imagine that we called it and that's what we had to sell.

Mario Juarez: It was a different world.

Robbie Bach: It was a different world.

Mario Juarez: Let's go back to Xbox though, and I want to make sure we cover off on all the bases and how are we doing on time here? How much more time do we have? I just want to make sure that we're clear. I tend to get lost.

Robbie Bach: No, I can keep talking for forever. It's 9:26, so you can-

Mario Juarez: 25 minutes we got. Oh, we got some time. Okay. Xbox. And it's interesting, I was thinking before when you were talking and this image of Microsoft just grew this tail.

Robbie Bach: Yeah.

Mario Juarez: It's an animal that's not supposed to have a tail, but that tail.

Robbie Bach: Well, when we started Xbox, you got to hire a bunch of people in 18 months we hired almost 2,000 people. So just the math on that is crazy in and of itself. And so you ask, well, where do you find the people to create? Not just putting Windows in the living room to play games, but creating a video game console and a Salesforce and a distribution system and a manufacturing system and a hardware team and a software team and an online team. There's just a lot of stuff to create. And so we hired some people from Microsoft because there's tons of talented people who love gaming inside Microsoft. So we got a lot of technical talent inside Microsoft. We bought some gaming companies, including Bungie, which became Halo. So that turned out to be a really fortuitous event. And we hired then a lot of people from the video game space.

And the number one challenge we had or that I had as a leader and the place where I failed for the first launch of Xbox was turning that into a team. Because you had these people, we had people from Windows, we had people from Office, we had people from networking, we had people from the hardware group, we had people from the video game space and the video game. People were a little crazy. We had creative people in the studios. We had these things called producers and we had artists and you try to form that into team Xbox, and I just didn't think it was important enough at the time to think about the culture of how that was going to work. And so it was the United Nations and it was a mosh pit, and the first two years were culturally incredibly messy and painful, and it's a miracle.

It's a testament to the team's individual skill sets that the product actually shipped. And it wasn't until we got Xbox 360 that we started really march down the path of, okay, we're going to do this as an orchestrated team. There's going to be a culture, we're going to think about this and do this in a unified way. But the technical parts were certainly difficult, no question. And we had all kinds of challenges there, but the soft skills part was particularly important. And again, my training at Microsoft hadn't been in soft skills development. It wasn't something Microsoft actually spent a lot of time doing and I had to learn that lesson the hard way.

Mario Juarez: What were the factors that really taught you?

Robbie Bach: Well, look, I've told this story before, but I tried to resign in the middle of the Xbox experience. So we get to the spring of 2001 in theory, Xbox is supposed to be ready. It's not looking like it's going to be ready for a fall launch, but we're working on it. We go to E3, which is the big video game confab in Los Angeles, and we make the mistake of trying to show Xbox for the first time. And it was sort of cataclysmically bad. Halo looked terrible and no disrespect to the Bungie team, it wasn't their fault. It just looked bad. It wasn't ready to be shown. The console. I went to turn the console on and our keynote, it didn't start, didn't even get a blue screen. I got nothing. This was painful. I came back from that, it was quite clear things were not working and I'm working 17, 18 hours a day my family life.

I got three young kids, my family life's not in good space. And at two o'clock in the morning I wrote an email to my pal Rick Peluso and said, thank you very much. Drive home safely. I'm done. It was a very eloquent email. It's in my first book. It's very well written, punctuation, bullet points, the whole thing. Send it off to Rick. He calls me the next morning because Rick's smart guy, he doesn't want to run the Xbox team. He's like, if I lose Robbie, what am I going to do? So he convinces me to stay and I stayed through that launch. But for me personally, that little period was incredibly

painful and I had to learn how to take accountability for the things I was doing wrong. I didn't need to blame it on anybody else. I needed to say, hey, look, there's stuff I need to do differently as a leader and as a manager and I need to have different expectations from the team and we have to change the way we approach this. And with the help of the rest of the leadership of the team, we were able to do that over the next 12 months and things started to be still a lot of work. I was still working on hours, but it was fun work, not paid for work.

Mario Juarez: Talk to me about how that changed you and about how it changed your priorities and your leadership philosophy.

Robbie Bach: Yeah, the whole experience of Xbox changed me in a couple of fundamental ways. First of all, I've always thought of myself as an accountable person, but it forced a level of personal accountability on me that I hadn't really been holding myself up to. And that accountability is okay, work-life balance. That's my problem, not the company's problem. If I'm out of sync there, that's because I'm letting it be out of sync and I need to fix that. If my personal life is important, I need to make that clear. I need to make changes in the way I work and the way I do things. So that works out and with the help of a couple of counselors, I was able to make that shift and to make that change and to get better that way. So accountability was a big part of it. The other thing that I learned is there were things I shouldn't be doing.

I learned this thing which I now call the Avengers Theory of Leadership, which is if you think about the Avengers, the comic books and the movie characters, they're all really powerful in very unique ways. Black Widow is sneaky and stealthy. Iron Man is really smart. Thor has the magic hammer, which just does magical things and suddenly everything's okay. The Hulk is his big guy who just smashes things. They all have these individual powers, but when things are really in trouble, they have to come together as a team,

as the Avengers and use all of those superpowers together to solve the problem. Xbox did our first version of Xbox as individual of Avengers. Everybody used their own individual superpower to get that business to really work, I had to give up authority to make lots of decisions and let other people exercise their superpowers. Robbie should never have been making any hardware decisions.

Todd Holmdel should have made all of those. Robbie should never have made any software decisions. J Allard should have made all of those, and I tried to make those in the first version, the second version, we tried to let the team do that work and we really did create a team and it was an odd team. The talents, you'd look at the people on the team and you'd say, are these people all going to work really well together? And you'd say, hmm, are I not so sure? But we figured out how to make it work because the power of their individual skills was so great, and when we did get it to work together, that became a really high performing team in its own slightly dysfunctional way.

Mario Juarez: And you created an entirely new brand. Nobody creates a new brand at Microsoft.

Robbie Bach: Well, yeah, and that brand, again, the team sort of forced that. They said, look, we're going to be team Xbox and first version of the product doesn't say Microsoft on it. We moved off campus, the campus people were happy to have us move. They needed the office space, but we moved off campus. Jay had this great idea, we're going to change our emails to blah blah blah@xbox.com. We issued new business cards to everybody that didn't say Microsoft on them. They gave me the Chief Xbox Officer obviously doesn't exist in the corporate lexicon, and the team decided that we were going to become Xbox. And so you start to see all those things start together. So I learned about accountability, I learned about team building and I learned about, as a leader, your job is to have people respect you. Your job isn't to make every decision, and if people

respect you and you delegate to the people and you make sure you have quality people, the right decisions will get made and the team will be stronger because of it. And that's leadership 101. I probably was taught that three times at Stanford. I probably had learned it two or three times before and I had to learn it again in the really tough context and it was an incredibly powerful lesson.

Mario Juarez: Awesome. I want to get back to this, but I want to make sure that we touch off on one thing, which is how Microsoft actually made an impact in the world. We talked a lot about how it's changed people's productivity lives, people's entertainment lives. What else did Microsoft do? And I'm thinking about its philanthropy. Talk about how did it-

Robbie Bach: I think the lasting impact of Microsoft goes way beyond all the technology and way beyond? I mean, I think about the company and I think the Giving Campaign was from the first year I was there, there was a Giving Campaign. I was like, what's a Giving Campaign? I didn't even know what that was. And it was clear that it was an important thing. It was part of the culture and you participated and it was competitive because it was part of the culture. So you wanted your team to have high participation and you wanted to do events and do all those things. And I was the corporate exec for the Giving Campaign two or three times, and that was awesome. You got to see the best of people and the amount of money Microsoft has raised, I mean it's well over a billion dollars and I don't even know what the number is now.

It's got to be close to \$2 billion probably. And that's been self-directed by employees with the company support to things that matter to people. That to me is powerful and it changes the world. The other thing it did is it taught all of us at the company what it meant to be engaged in the community. Think about all the senior execs who have left Microsoft and what are they all doing? They're all engaged in the community. Suzan DelBene is my

congresswoman, right? Steve Ballmer has USA facts on the Ballmer Foundation, Jeff and Tricia Raikes Foundation, Bill and Melinda Gates Foundation. And it's not just them. Octar is doing all kinds of cool things in the Alumni Association. You look at what people are doing and so many of the alumni are in the community trying to make things better. That to me is the massive impact Microsoft's going to have. And nobody may ever know it was Microsoft that did that and that's okay. But Microsoft taught people what that meant. It gave them the skills to do it and the desire to do it, and now they're doing it and it's awesome to see.

Mario Juarez: Talk about what you've done.

Robbie Bach: Yeah, so when I left Microsoft, I left not leaving from Microsoft, but to go do other things. I'd been involved with Boys & Girls Club for a little while. I got more deeply involved in Boys & Girls Club. I've now been on the National Board of Governors for 20 years. I've chaired that board. I've chaired like five different committees. It's a deep passion for me. I'm still on the local board in Bellevue, and they do just amazing work. The community needs Boys & Girls clubs, and so I support that and use my business skills to try to help those organizations run well. And those are active board positions where you're really doing real work. I joined the board of the US Olympic and Paralympic Committee, my sporting passion coming out, but that was really hard work. And I was sent Indianapolis as the independent director to help fix USA gymnastics after the sexual abuse scandals.

That was no fun, but passionate work that was important and that was important for society to heal as best we could. After those wounds, I joined the board at the Bipartisan Policy Center in Washington DC and I've chaired that board and I'm now the past chair of that board. And the Bipartisan Policy Center is about getting the right and the left to work together on policy. And so they actually write policy and then lobby for it on Capitol Hill. And

they've had real impact infrastructure bill, energy and environment, fiscal responsibility. They're working on all of those issues, housing. So that's a passion of mine. And then recently I joined the board for Habitat for Humanity. And to me, they have this incredible purpose statement, which is everybody deserves a decent place to live, which to me is just one of these core powerful statements. And if you pick Boys & Girls Club Youth, Habitat for Humanity, and if I was doing something in food, I'd say you got the three elements of what we need to do to change our world over the next 20 years. And that to me is a powerful to play just a little small part in how those things are evolving.

Mario Juarez: Where are these values rooted for you and to what extent do they involve Microsoft?

Robbie Bach: I think they're rooted in a couple of places. One-

Mario Juarez: Give me a statement about my values.

Robbie Bach: Yeah, my values are rooted in a couple of different places. Certainly some of it comes from my parents and from my family. We were a breadbasket Midwest core family. My parents were passionate Catholics. They were engaged in the community. I was engaged in the Catholic Community University of North Carolina. It was just sort of part of who we were. I did things in high school. I supported Special Olympics in high school and ran some programs to get Special Olympics on. It was just part of what my family did. And then I came to Microsoft and you see people doing that work. I talked about the Giving Campaign, and you start to see reinforcing that this isn't just about winning, although it certainly is about winning, but it's about more than that. There's winning with a purpose and we want to be able to use what we gain from that for other things.

And watching Bill and Melinda form the Gates Foundation, I've always told people, I think Bill Gates's legacy and Melinda's legacy

won't be what they did at Microsoft. It'll be what they did with the Gates Foundation and you see it now with other executives. So that to me, reinforced that in me. And so there's this passion to win and this passion to give and support. And that's maybe a little bit of a dichotomy sometimes, but I've tried to find ways to bring those two things together, and that's where Boys & Girls Club, Habitat for Humanity, Bipartisan Policy Center, and the other things I do come together.

Mario Juarez: When you talk about legacy, what do you hope that your legacy of Microsoft is remembered as having been?

Robbie Bach: I think I hope my legacy on Microsoft is about the people, and it's about Robbie, maybe as a manager, although I think I was kind of maybe a B+ manager, not a great manager, but Robbie as a leader. And I think I grew over my time at Microsoft to be a leader who supported people and helped people achieve the things that they wanted to achieve. There's nothing that makes me more happy than seeing folks who used to work in my group having success. That to me is just an amazing thing. I look at what the group has done with Xbox and it blows me away, and I'm proud, not because I contributed even that much to it, but because of what they've made of it in the last 10 years. That is incredible. And so for me, it's about those people and seeing them. Many of them have left Microsoft. I still talk with many of them. I do virtual dog walks and talk to them on the phone while I'm walking my dog, and it is just so exciting to see the cool things that they're doing.

Mario Juarez: Let's talk about the company today and where it's headed tomorrow and overlay the lens of all these things that we've talked about, the hard learning and the essential Microsoft tenants. How do you view the world right now? How do you view Microsoft now?

Robbie Bach: Well, I think Microsoft's at a really critical inflection point. It's really an amazing thing to think about where Microsoft is today. It's really kind of an amazing thing. It's a completely new company with a

completely different set of products, a completely different business model, mostly new leadership, frankly, right? And that's just so interesting to see a place completely reinvent itself and it's at the peak of its game. And yet when people talk about big tech, oftentimes they leave Microsoft off the list, which just makes me laugh. It's just the secret sauce that Brad and Satya have managed to create this incredible tech company that is a juggernaut in the marketplace, but which doesn't get caught up in the tech is good, tech is bad, battles, mostly. The challenge the company has as I see it, is how to think about that future, when the future is so predicated on the work we're doing in the Cloud.

The work we're doing in AI, I still use the word we, isn't that an amazing thing after being gone so long, the work the company's doing in the Cloud, the work that the company's doing in AI, and what does that mean for our future? And that is a cultural crossroads, the likes of which the company hasn't seen before. And yes, we transitioned the way people productivity in the workplace, and that was rough in some places. And yes, there's been other transitions that company's been through, but this is a transition that the world is going to make and the company's at the centerpiece of it. And so Satya and Brad and Amy and other people's leadership, the product team's, leadership in those spaces is going to be really important. And that means they have to lead on the product side and they have to lead on the intellectual side and on the social side as well.

I saw Brad did a talk at the bipartisan policy center to talk about protecting people from what's going on in the world, from AI, from deep fakes, from social engineering hacks. And it was amazing talk, and he was spot on in my view of how the company has to approach it. But the company's going to have to be really public about that. They're going to be very forceful about their view, and they're going to have to reinforce it in the way they act. And I think that's super hard because the company's trying to make money and

they're trying to win, and they're trying to use AI as the next wave of innovation, which I completely respect. Figuring out how to do that in a way that is consistent with the history of the company, its community engagement, and what's right for society. I'm glad to be on the sidelines watching not having to be the person making those decisions. I think they're hard decisions.

Mario Juarez: You have the experience of having been there. What from the past has kind of a guidepost relevance for the companies that charge these new waters today?

Robbie Bach: The big thing for me is something I learned through Xbox, and this is actually something I borrowed from Jay Allard, is this idea of purpose, principles and priorities, and lining those three things up. A company clearly I think is pretty square up on what their purpose is. I'm not worried about that, but in this particular space, principles are going to be incredibly important. So putting down in a hardcore way, as Microsoft would say, the principles that are important to the company that employees should follow as they're making these kinds of decisions that are both business and sometimes ethical decisions, and without guiding principles, those decisions will get made randomly and with guiding principles, they'll get made in a thoughtful way. And you may not make the right decision every time, but over time, if you guided by the right set of principles, you'll get to the right place. That to me is ultimately what culture is about, is about what are the principles of the place? Do people understand it and do they activate?

Mario Juarez: Now, any objective view of Microsoft today would undoubtedly include a number of points where maybe the company wasn't seen as happening, been the most principled, maybe made some mistakes from your point of view, and maybe from your experience, where did we learn things the hard way?

Robbie Bach: Oh, I think there are two places. Two places. One is-

Mario Juarez: Say that again in two places.

Robbie Bach: Yeah, sure. Sorry, I should rephrase the question. I think Microsoft had some real challenges at a couple of points in its history, and there's really two that come to my mind. One is sort of a product challenge and one is a business and ecosystem challenge. The business and ecosystem challenge I think is pretty obvious, and it's what happened with the DOJ and how we went through that experience. And we went through it in hindsight as a defendant. And we should have gone through it as a participant. We should have said, hey, this is what our principles are. This is what we're trying to accomplish. This is what we're trying to do. This is why we did that, and this is why that should be okay, because competition is good and this is the way it's going to build things. And instead we went into it, and truthfully, this is a little bit of the dark side of the competitive nature of the company.

We went through it as we're going to beat these guys and we're going to beat the wrap. And of course, what ends up happening is the problem isn't what you did. It's the coverup that always gets you in trouble. And so it wasn't what Microsoft did that got us in trouble. Ultimately, in my opinion, it's the perception of how the company tried to defend itself that got us into trouble ultimately. And if we had approached that differently, maybe the outcome would've been different. And the flip side of that, or the consequence of that DOJ thing affected us in the product space, which is my second place where I think the company really ran into trouble. There was a period of time where, and this isn't a knock on any one team, but where Windows stalled and Windows was the engine that drove the company, and it stalled for a lot of different reasons.

We lost a lot of talent. There was a lot of talent that had to go into fixing it that took talent from the rest of the company. It sucked the company a little bit for four or five years where we just weren't

moving forward. We weren't being creative, we weren't doing new things. We were fixing something that got broke and it was an important thing. And so those two experiences to me are kind of symptomatic. And then the final one, I'll point out, I'll just add a third, is we, for a lot of different reasons, and I played a role in this, missed the mobile phone transition, I just flat out missed it. And I ironically saw it coming, did a bunch of work, didn't get the right work done, missed the transition to touch and the way Apple went. And that was a huge miss. And for a period of time, left the company really struggling to drive growth until Azure came along.

Mario Juarez: Great. If you were, what were you, 26 when you arrived here?

Robbie Bach: Yeah, something like that. Yeah.

Mario Juarez: You were 26 years old today with a similar background, similar education, and you were looking at Microsoft as a target. What job would you imply?

Robbie Bach: If I was early in my career, coming out of business school, wanting to get a job at Microsoft, where would I want to be? Look, because of my nature, I'd have to want to be in the sales and marketing side of what the company does, but I'd probably want to be in what the industry calls product management, which is sort of this crossroads between sales and marketing and the product. That to me is where the magic happens. That's where the magic happens. Between what happens in marketing and sales and the product team's ideas and the technology. And being at that entry point to me is a really cool place. Now, Microsoft calls those program managers, I think still, and some of those program managers are really technical, so I wouldn't even be qualified for that, but some of them aren't. And that to me is a nexus point.

It's sort of where the rubber meets the road and I think would be an incredibly cool space. And the obvious answer is I want to be there in AI, but I'm not sure I would care about the product area.

Microsoft has so many product areas that are super interesting and you think what's going on with Teams? I think that's really interesting. I think Office has some reinvention to do so I think that's interesting about what's going on there, what's going on in the video games space. My old haunt, is really cool and very interesting. So there'd be a lot of places I could do that, but it's at that nexus of things that go on in the company.

Mario Juarez: Do you have any regrets?

Robbie Bach: Do I have any regrets in my time at Microsoft? Oh, there's decisions I regret. Sure. We don't have that much film to cover the decisions I regret at Microsoft, but I don't really regret anything in sort of the general context. I mean, I think life is that way. If you spend time regretting big chunks of life, that's hard, that's painful. And I don't regret any of my time at Microsoft. People tell me, ask me if I miss Microsoft. And like I say, I still occasionally use the word when I talk about Microsoft, so maybe I miss it a little bit. But what I tell people is I loved every month I was here, not every day, every month I was here. And when I left, it was time to leave and I was on to other things and love what I'm doing and love the second career that Microsoft has enabled for me. So I don't think about regret very much. Again, outside of some decisions I made.

Mario Juarez: What was the most important thing you did?

Robbie Bach: What was the most important thing I did at Microsoft? Again, I think you asked earlier about legacy. I think of that in importance. And I think that legacy is around people and around leading. I don't know that are any of the products I worked on in the grand scheme of life important? I don't know. I mean, certainly being the early leader of Xbox was a big deal. So maybe that's important in that context. But even that I would say was more about the team that got built and look at what that team ultimately through some ups and downs and backwards and forwards has gotten done. That to

me is the thing I'd be most proud of and the thing that I'm most excited about.

Mario Juarez: Awesome. Okay. That covers the bases for me. Anything you want to talk about?

Robbie Bach: No, that was great. I got to tell some fun stories. That was really good conversation.

Mario Juarez: Any other Bill Gates stories or?

Robbie Bach: Oh, I have lots of stories. I lost Bill in an airport once.

Mario Juarez: You've got to tell that story.

Robbie Bach: That's an epic story. So when Bill came to Europe, he would come to Europe twice a year to travel. And Bernard Vergnes, who ran Europe, would travel with Bill one time, and then the second time he'd have me do it. So I was the guy carrying Bill's slides. We were using 35 millimeter slides at the time. So I'd be the guy carries Bill's, slides, help him with his presentations, make sure we got to the right places, whatever, basically help him get around Europe, it's fine. So we're in Spain and Spain at the time, there was probably some civil unrest in Spain going on. I was a little nervous about being there. That's probably not fair to Spain, but that's kind of the way I felt. We're in Madrid and we have to go to Italy and we got this commercial flight, we're going to have to wait three or four hours.

And Victoria Casoni, who was from Olivetti, who was a PC manufacturer and a partner was in Spain, happened to know that Bill was there, sent him an email and said, hey, you can fly with me on my private jet from Madrid to Milan, and you can go from there. And Bill said, perfect. Great. So we're driving to the Madrid airport, we get into the main foyer in the Madrid airport, and then no idea where the private jets are, none. So it's myself and Carlos Brazao

who is running Portugal and Spain at the time, and Bill. And so Carlos says, well, I'll go off and see if I can find where the private jets are. Great, great, great. And I said, well, I'll go down this place and Bill stay here. Bill says, fine. So he's there. I go down, Carlos goes off. Carlos and I both come back, Bill's gone.

We have no idea where he is. And I'm thinking, okay, I just lost the CEO of the free world in the Madrid airport. He's been kidnapped by terrorists and suddenly there's going to be a ransom for Bill. And 20 minutes later, we still haven't found him. And so we're wandering around the airport looking for him, and eventually Bill comes wandering up and we're like, Bill, where'd you go? And we're giving him a hard time. And he realizes at this point, oh gosh, these guys, I kind of screwed up. By that time he had to go to the bathroom and the bathroom and the terminal we were in was closed. And so he had walked a terminal over and down someplace to find a men's room, and it just took him a long time to find it and get there and came back. So at that point, I never let Bill out of my sight because I was just not going to lose him again. But Madrid airport has memories for me.

Mario Juarez: That's fantastic. Did he ever find the plane?

Robbie Bach: Oh yeah, we did. We did. We found the plane.

Mario Juarez: And then you had to go fly a commercial.

Robbie Bach: No, no. So the plane story goes on. It's great. We're in this, it was actually a small private plane, so it's four seater, and I'm a horrible nervous flyer in particular in small planes. So Bill and Victoria Casoni are sitting in the back facing forward, so I have to sit in the seat that's facing them. So I'm hands on the seat strapped in, not really excited about being in this small private plane. And then I realize we're going to take off and I'm going backwards. And so I'm literally, the small plane goes up really steep. So Pilot decides to show how much power the plane has and the plane goes up like

this. And I am leaning forward. I'm practically in Bill's lap, just leaning forward, holding out of my seat, trying not to look completely terrified. And eventually the plane leveled out and I kind of relaxed a little bit and we got there. But that whole afternoon was not a good afternoon for Robbie Bach.

Mario Juarez: But good for us. We got that story. God, I could talk for hours.

Robbie Bach: It's really fun. Thank you.

Mario Juarez: Thank you.

Robbie Bach: Really enjoyed it. Awesome.