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**Factors that Lead to Retention of Acquired Engineers at Microsoft in Silicon Valley**

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**A Research Project**

**Presented to the Faculty of**

**The George L. Graziadio**

**School of Business and Management**

**Pepperdine University**

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**In Partial Fulfillment**

**of the Requirements for the Degree**

**Master of Science**

**in**

**Organization Development**

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**by**

**Omar Morales**

**August 2017**

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This research project, completed by

OMAR MORALES

under the guidance of the Faculty Committee and approved by its members, has been submitted to and accepted by the faculty of The George L. Graziadio School of Business and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

IN ORGANIZATION DEVELOPMENT

Date: August 2017

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## Abstract

This study examined factors that lead to retention of engineers who joined Microsoft in Silicon Valley as part of an acquisition. The study findings surfaced two set of factors that are important in retaining acquired engineers. The factors are broken up by pre- and post-acquisition. Recommendations of this study include the importance of comprehensive communication plans, community and belonging, and personal and professional growth in retaining acquired engineers. Recommendations for further research include expanding the study beyond Microsoft Silicon Valley, and mapping to motivational theories. This study concludes that organizational development practitioners should understand the strategic intention of an acquisition and augment employee engagement and retention plans accordingly. This study can aide practitioners by presenting the factors that lead to retention of acquired engineers at Microsoft in Silicon Valley.

*Keywords:* Mergers & Acquisitions, Engineering, Technology, Retention, Engagement, Silicon Valley

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## Chapter 1: Introduction

Merger and Acquisition (M&A) activity varies in strategic intent and according to Bower (2001) can be categorized into five distinct types. The five strategic intentions are to consolidate mature industries, expand into new geographies, extend into a new product or market, substitute for research and development (R&D), and/or converge industries. Knowing the strategic intention increases the chances of making the M&A successful (Bower, 2001) as the failure rates of M&As are estimated to be as high as 70 percent (Omri, 2011). In general, most M&A objectives do not materialize because of a lack of focus on people and cultural integration (Schweiger, 2002). When key people are not integrated successfully, companies find it difficult to achieve their intended strategic and financial goals.

One trend scholars and practitioners have picked up on as an antidote to a lack of focus on people and cultural integration (Schweiger, 2002) is the new concept of acqui-hiring (Chatterji & Patro, 2014). Chatterji and Patro (2014) define acqui-hiring as the process of acquiring a company to recruit its employees, without necessarily showing an interest in its current products and services, gaining market share, or entering a new geography. While human capital may be the primary motivation, according to Chatterji and Patro (2014) companies such as Facebook leverage strategic acqui-hiring to:

1. Add top managers to the firm to craft corporate strategy around the core product
2. Drive innovation aimed at bringing in new employees to develop a novel product
3. Bring outside talent to improve an existing product offering

Given the complexities that are at play between the cost of the acquisition and the strategic intent of the acquiring firm, acquired employees play a critical role in ensuring

the successful integration of their unique technologies. In the absence of intentional integration efforts, there is a risk of failure in retaining and motivating key people from the acquired company (Podgorski & Sherwood, 2015). In fact, research shows that when no coordinated retention actions are taken, 47 percent of all senior managers in an acquired firm leave within the first year of the acquisition and that number climbs as high as 72 percent within the first three years (Tetenbaum, 1998). To make matters worse, the loss of key talent post-acquisition has been found to have a significant impact on deal performance (Brahma & Srivastava, 2007; Krug, 2003; Schuler & Jackson, 2001), further igniting the need for more research in this area.

This focus on retention is of even greater importance to large companies in Silicon Valley who struggle to bring in and keep the best and brightest (Patro & Chatterji, 2014). On top of the fact that retention issues already permeate throughout organizational cultures, there are retention factors specific to the tech industry in Silicon Valley such as the lottery ticket phenomenon (Cheslock, 2016), free agent tour-of-duty mentality (Casnocha, Hoffman, & Yeh, 2013), and the 'bring your own team' initiative (Lipsey, 2016) posing additional concerns that need to be addressed through scholarly research. Each of these phenomena are described below.

The lottery ticket prospective attracts engineers who are motivated by the perceived financial outlook for a startup that goes public (Cheslock, 2016). The lottery ticket metaphor in this case refers to the possible company shares that would be cashed-in during this time. This seems attractive since the compensation for an engineer at a startup is usually half cash and half in equity (Fisher, 2014). This creates an image of an organization as a short-term location, thus complicating more long-term retention efforts.

The tour-of-duty mentality is based in the idea that lifelong employment and loyalty are simply not part of today's world and argues that pretending that they are decreases trust by forcing both sides (i.e., the organization and the employee it hires) to lie about their long-term visions (Casnocha, Hoffman, & Yeh, 2013). Based on this mentality, most employees assume they will pivot into a new opportunity. In this tour-of-duty model, a company receives an engaged employee who strives to produce tangible achievements for the firm and who can be an important resource in the short-term. This 'tour-of-duty' mentality typically lasts two to four years, which in the software business, syncs with a typical product development cycle (Hoffman, Casnocha, Yah, 2013). However, the issue of long-term retention, the focus of this research, remains.

Finally, the bring-your-own-team initiative was founded on Aristotle's principle that the whole is greater than the sum of its parts. Instead of plucking top talent one at a time to build a team, the bring-your-own-team model hires the entire team (Lipsey, 2016). This model allows firms to save time and bring in the entire team that is already working well together (Lipsey, 2016). This creates an issue in terms of long-term retention because the loss of a key leader or top performers may result in the loss of other members of the team. As noted by Walsh (1988), acquired firms lose about two-thirds of their executives within the first five years after they are acquired, a statistic more than twice the normal rate of executive turnover.

### **Research Purpose**

Jack Welch noted in Fortune (May 29, 1995): "Having the company you work for acquired is probably the worst thing that can happen to somebody, other than the loss of a

family member... All the things you have learned - all the truths you have known - your boss, where you get your paycheck from, your security - change in one day."

Given this, the purpose of this study was to understand factors that lead to retention of engineers that are part of an acquisition in Silicon Valley. The study objectives that support this purpose are to:

1. Identify factors that lead to retention
2. Weave retention factors into an acquired employee integration process
3. Determine efficacy of the integration process and upgrade

### **Study Setting and Population**

The case organization is Microsoft Corporation in Silicon Valley (MSV). As of the close of fiscal year 2015, Microsoft had 117,000 employees across subsidiaries in 122 countries. While Microsoft is headquartered in Redmond, WA, most of the acquisitions are occurring in Silicon Valley (2,200 employees). As an incubator for innovation and invention, Silicon Valley is the home to many software start-up companies. Given the amount of acquisitions that touch MSV, the presenting challenge is critical to the vibrancy and success of MSV: What factors lead to the retention of acquired engineers in Silicon Valley?

### **Significance of Study**

Given the global scale of Microsoft, the outcomes of this work can be scaled to address broader acquisition integration and retention challenges. This study is focused on the retention of engineers that are acquired at MSV. Given the role of acquisitions and acqui-hiring in Silicon Valley, this is a gap in research that can be addressed. The benefits of this study are understanding the retention drivers that are important to

engineers at MSV. Based on this knowledge, programmatic solutions can be proposed to mitigate the attrition of engineers that join MSV through acquisition.

### **Organization of the Study**

Chapter 1 reviewed the background, purpose and significance of the study. Chapter 2 explores relevant literature surrounding mergers and acquisitions, retention of engineers, and Silicon Valley. Chapter 3 details the research methods used in this study, including research methodology, design, sampling, and data collection and analysis procedures. Chapter 4 describes the findings of the study. Chapter 5 contains the study conclusions and interpretations, recommendations and implications, limitations, and directions for future research.

## Chapter 2: Literature Review

The purpose of this study is to understand factors that lead to retention of engineers that are part of an acquisition in Silicon Valley. The objective of this chapter is to review the existing literature and research to understand the challenges with retaining newly acquired engineering talent in Silicon Valley. While there are research streams that specifically explore employee retention, acquisition success criteria, and Silicon Valley, this review hopes to explore the intersection of all three – retention factors for acquired engineers in Silicon Valley. Thus, this chapter is organized into three parts: types of acquisitions, an examination of employee retention and acquisition integration processes, and an overview of Silicon Valley and the startup environment.

### Acquisitions

In the context of this study, acquisition refers to the purchase of a company, technology, or capability. Given the varying strategic objectives of acquisitions, it is important to acknowledge that acquisitions occur for five reasons (Bower, 2001) which are described in Table 1 below. For specific examples related to each M&A please refer to Bower (2001).



**Table 1*****Strategic Objectives of Acquisitions according to Bower (2001)***

Reason for Acquisition	Definition	Strategic Objective
<u>The Overcapacity M&amp;A</u>	Eaten or be eaten – to deal with overcapacity through consolidation in mature industries.	The acquiring company will eliminate capability, gain market share, and create more efficient operation. Overcapacity acquisitions are aimed at reducing capacity and duplication.
<u>The Geographic Roll-up M&amp;A</u>	To roll-up competitors in geographically fragmented industries.	A successful company expands geographically; operating units remain local. Roll-ups are designed to achieve economies of scale and scope and are associated with the building of industry giants.
<u>The Product or Market Extension M&amp;A</u>	To extend into new products or markets.	Acquisitions extend a company's product line or its international coverage.
<u>The M&amp;A as R&amp;D</u>	As a substitute for R&D; and to exploit eroding industry boundaries by inventing an industry.	Acquisitions are used in lieu of in-house R&D to build a market position quickly.
<u>The Industry Convergence R&amp;D</u>	Inventing an industry and a business model based on an unproven hypothesis – that major synergies can be achieved by culling resources from existing industries whose boundaries seem to be disappearing.	A company bets that a new industry is emerging and tries to establish a position by culling resources from existing industries whose boundaries are eroding.

In addition to the five M&A strategies outlined by Bower (2001), it is important to acknowledge a sixth that is gaining popularity as a new acquisition phenomenon: acqui-hiring in Silicon Valley. Acqui-hiring is the acquisition of companies primarily to gain access to their employees and capabilities (Chatterji & Patro, 2014). Acqui-hiring

also plays a role in the management of dynamic capabilities as part of a broader set of strategies used to sustain competitive advantage. According to Chatterji and Patro (2014), to tap into dynamic capabilities, a firm is required to sense new opportunities and threats, seize these opportunities by opting for internal growth or acquiring resources externally, and reconfigure the acquired resources to optimize their utilization. Asset orchestration is one specific dynamic capability possessed by managers that involves identifying resource gaps and filling them to meet new opportunities, repeatedly. Chatterji and Patro (2014) bring acqui-hiring to life through an example at Facebook. With regards to Facebook, they demonstrate that the motivations for acqui-hiring can differ on a case-by-case basis and provide examples of acqui-hires intended to:

1. Add value to existing product teams (e.g., acquisition of Daytum, an information graphics startup, to develop Facebook Analytics and the Facebook timeline feature)
2. Add individuals to the top management team (e.g., acquisition of Chai Labs, internet applications startup, not only helped develop Facebook advertising, but also the integration of Chai Labs founders as top management)
3. Seize new business opportunities (e.g., acquisition of Carsabi, car price-comparison startup, to develop a platform for Facebook gifts and events).

Having clarity of the business objective of an acquisition is important, as acquisition strategies will vary based on the business objective. Clarity of the business objective will aid how to manage the acquisition integration process, as the integration of an acquisition in lieu of R&D will look different than an acquisition to expand in a new market.

## **Employee Retention through Acquisition Integration**

Retention has been highlighted as an important variable in the successful integration of acquisitions (Tsai & Wang, 2008; Vermeulen & Barkema, 2001; Wadhwa & Kotha, 2006). Too often key leaders and performers leave during the M&A process for other opportunities. Walsh (1988) notes that acquired firms lose about two-thirds of their executives within the first five years after they are acquired, a statistic more than twice the normal rate of executive turnover.

According to Podgorski and Sherwood (2015), successful organizations approach M&As and people integration in a systematic and methodical manner. Companies use standardized, but adaptable integration playbooks that contain step-by-step instructions with tools, templates, checklists, process documentation, and tips to cover each major phase of the M&A from beginning to end. Similarly, Zollo and Singh (2004) found evidence that processes used before, during and after acquisitions, help increase the odds of successful integration. They further argue that collections of these kind of routines constitute specific examples of dynamic capabilities, including "a process to manage acquisitions in a systemic and relatively predictable fashion" and "the ability to plan and effectively execute post-acquisition integration processes" (p. 340). Podgorski and Sherwood (2015) also found that employee integration metrics must also be included to quantify success. Appropriate integration metrics might include: employee engagement, voluntary turnover, retention of key talent, and employee performance scores.

In addition to using an integration process as a medium to mitigate retention risk, Putney and Sinkin (2009) found that the keys to retaining staff are minimizing change, giving a clear picture of why they will benefit from the combination, and providing

constant communication. Effective staff-retention strategies address upfront concerns about job security compensation and benefits, and employee agreements, and clear and frequent two-way communication in which you share your vision and ask for (and listen to) their opinions. They also found that these actions create an environment in which staff feels someone is listening, they have input, and their opinion counts.

Research has shown that systemic processes and change management plans help with managing the impact of change during acquisition integration (Putney & Sinkin, (2002); Schweiger, 2009; Zollow & Winter, (2002). Podgorski and Sherwood (2015) also highlight the importance of a systemic integration process by emphasizing that “failures in people integration strategies result in a failure to retain and motivate key people from the acquiring and target organizations, affecting the organization’s ability to achieve its financial and strategic objectives” (p. 44). Given the importance of systemic integration processes, the next section will examine various integration processes.

Podgorski and Sherwood (2015) found that the all-up integration strategy must include the following integration activities: (a) change management (planning for change, managing the change, communicating to and engaging the organization, and measuring the success of the change), (b) communication plans (goal of reducing employee stress and fear), (c) organizational design development (working with key stakeholders), (d) cultural integration (perform a cultural assessment to increase communication, enable cross organization pollination, clarify expectations, and articulate value in both cultures), (e) employee engagement and retention, and (f) recruitment and building organizational capability. The following paragraphs expand on employee engagement and retention, the primary aim of this thesis.

Employee engagement is vital to the success of M&As in that it has a significant relationship with productivity, profitability, safety and customer satisfaction (Buckingham & Coffman, 1999; Coffman & Gonzalez-Molina, 2001). Engagement goes beyond simply retaining employees; it fosters employee interest and enthusiasm for work, so that people bring discretionary effort, which can include extra time and energy (Frank, et al., 2004). As such, there are systemic processes that Podgorski and Sherwood (2015) found should be in place to address retention. This process begins with conducting anonymous surveys asking questions designed to assess employee perceptions of the M&A and determine if the employees are considering leaving the organization. Once the results are obtained, they are shared for transparency among key stakeholders who are asked to complete talent assessments of individual teams. Follow-up interviews are then given to employees and retention packages are offered to high-performing employees who may have indicated they may leave the organization.

Retention is critical to the success of the acquisition integration process. As such, people integration and change management processes should be managed in systemic and methodical manner to minimize change, provide a clear picture of the future, provide constant two-way communication and preserve employee engagement.

### **Silicon Valley**

Silicon Valley is defined as a high-tech cluster comprised of a large diversity of heterogeneous and interdependent organizations that coordinate as a network to support the life cycle of disruptive innovation (Kenney, 2000; Lee, Miller, Hancock & Rowen, 2000; Saxenian, 1994). Additionally, Silicon Valley is known as an incubator for technology-intensive industries, in which innovation is a central issue for the

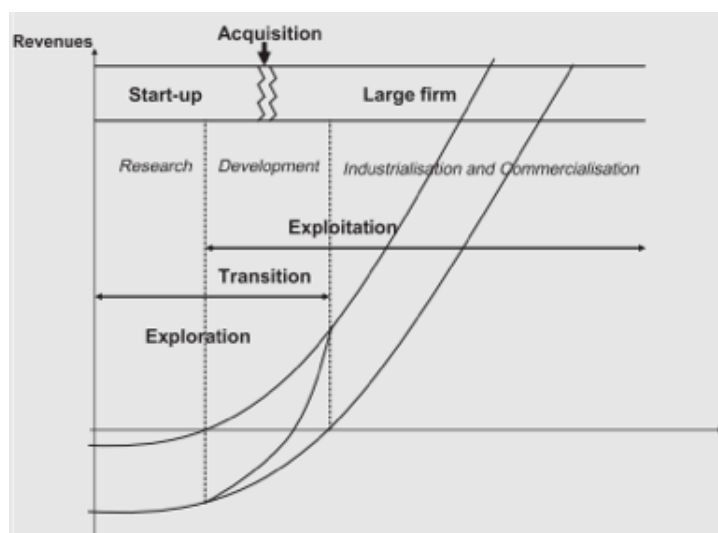
competitiveness. As a such, firms may choose to efficiently and competitively outsource their innovation (Cohen & Levinthal, 1990; Powell et al., 1996).

In addition, companies turn to external activities such as alliances, joint ventures, M&As, and corporate venture capital investments (Ahuja & Katila, 2001; Wadhwa & Kotha, 2006). Chatterji and Patro (2014) reinforced the importance of asset orchestration, which Teece (2012) defined as "identifying complementaries, buying or building missing assets and then aligning them" (p. 1397).

As large firms in Silicon Valley mature, the external acquisition of innovation and knowledge becomes even more important, since dynamic capabilities play a key role in corporate renewal. The life cycle of innovation starts with exploration and ends with exploitation (March, 1991). Figure 1 highlights the startup lifecycle (Ferrary, 2010). Exploration is the stage in which a startup focuses on generating new knowledge that supports disruptive innovation. Exploitation is the stage in which a startup industrializes and commercialized the innovation (Ferrary, 2010).

**Figure 1**

***Life Cycle of Disruptive Innovation and Acquisition & Development Strategy***



**Silicon Valley Ecosystem.** According to Chesbrough (2003), innovation is an open process or ecosystem. The term ecosystem indicates that large companies partner throughout Silicon Valley in boundless ways (e.g., universities, research labs, customers, exhibitions, ensure capital firms) in search of innovative ideas (Cooper, 2008). The Silicon Valley ecosystem values the relationships across venture capital firms, since it is an important variable in activating an A&D strategy. The challenge becomes integrating a newly acquired company. To that end, a firm's ability to recognize the value of new, external information, assimilate it, and apply it to commercialize is critical in actualizing the innovative capabilities (Cohen & Levinthal, 1990).

**Acquisitions in Silicon Valley.** Teece et al. (1997) found that “increasingly, mature firms are pursuing inorganic growth strategies through acquisitions by choosing high growth potential entrepreneurial targets to enter adjacent and sometimes nascent market spaces” (p. 71). As a complementary point, Chatterji and Patro (2014) surmise that “the capacity of companies to review and transform human capital will be paramount to their future success” (p. 71). This is an example of a dynamic capability strategy, which Teece et al. (1997) acknowledges as a strategy in which companies acquire to rejuvenate capabilities to respond to change.

Asset orchestration is one kind of dynamic capability thought of as the capability to identify resource gaps and fill them in response to new opportunities, repeatedly. When looking at acqui-hiring, the resource gap being filled through asset orchestration is human capital. Human capital asset orchestration puts into question the choice between building resources organically and accessing external resources through a variety of mechanisms (Teece, 2007). For example, large companies acquire startups to access

technical knowledge and capabilities (Arorta, Fosfuri, & Gambardella, 2001; Coff, 1999; Puranam, Singh & Zollo, 2006; Ranft & Lord, 2000, 2002).

To develop these dynamic capabilities, Teece (2007) argues that there are three micro-foundations: sensing, seeing, and reconfiguration. Sensing refers to an organization's capacity to recognize and appraise opportunities and threats in the competitive environment, as well within its own capabilities. Seizing is the firm's ability to amass resources and address the opportunities and threats it has identified. Reconfiguration is how firms organize new and old resources to maximize values (Chatterji & Patro, 2014).

Prior scholarship has documented that acquirers typically have significant difficulty integrating new capabilities post acquisitions (Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986; Larsson & Finkelstein, 1999). This challenge is likely one reason why companies typically do not realize the anticipated value from the acquisition (Anand & Singh, 1997; Datta, Pinches & Narayanan, 1992; Singh & Montgomery, 1987). More generally, post-acquisition integration is costlier and disruptive than managers initially assume, even when it involves small startups (Coff, 1999; Ranft & Lord, 2002) and there are often hurdles in assimilating new employees into the prevailing corporate culture (Cartwright & Cooper, 1993).

**Retaining Engineers in Silicon Valley.** The talent war in Silicon Valley is so competitive that some employees, although quite satisfied with their jobs, leave for one of four reasons (Lee & Mitchell, 1994): (a) shocking event (e.g., senior leader exit, or unsolicited job offer), (b) more attractive alternative driven by external market forces (e.g., offer at startup before IPO), (c) individual scripts in response to certain events (e.g.,



finding a new job when completing MBA), (d) no script in place and perhaps without searching for an alternative (e.g., impulsive quits and at times responding to a negative shock such as being passed over for a promotion).

According to Chatterji and Patro's (2014) best estimates, 10.74% of the employees who remained at an acquiring firm quit within a year of the acquisition. Given the so-called "war for talent" (Michaels, Handfield-Jones, & Alexrod, 2001) among tech companies for the best and brightest employees, retention of engineers is critical. This is one indicator that human capital is scarce and integral to sustained competitive advantage (Patro & Chatterji, 2014). Attracting the best and brightest technical talent to large established companies in Silicon Valley may become increasingly difficult, especially when the outlook for new startups is promising. Given the challenge in retaining engineers in Silicon Valley, competition becomes more intense and companies continue to struggle with leveraging the capabilities needed to maintain competitive advantage.

In creating strategies to assist retention in high-tech engineering environment, Kennedy and Daim (2009) leverage Kaliprasad's (2006) research which found that the most effective strategies to retain engineers in South Africa and Singapore were centered in creating a stimulating and challenging work environment and participative management styles. As programs are developed to retain engineers in Silicon Valley, the following list of the retention factors can be considered: employee orientation and integration, career planning and development, employee relations and motivation, performance management, training and development, transfer and promotions, and compensation and benefit programs (Kaliprasad, 2006).

## Summary

The literature reviewed in this chapter outlines the types of acquisitions that fuel the Silicon Valley ecosystem. Given the strategic objective of acquisitions in Silicon Valley, acqui-hiring and in lieu of R&D, successful integration and employee retention are paramount. The best practices identified in the literature offer processes that help guide integration and retention activities. Specifically processes that focus on change management, communication plans, organizational design development, cultural integration, employee engagement and retention, recruitment and building organizational capability, and HR Policies and Information Systems alignment.

### **Chapter 3: Methodology**

The purpose of this study was to understand factors that lead to retention of engineers that are part of an acquisition in Silicon Valley. The study objectives were to:

1. Identify factors that lead to retention
2. Weave retention factors into an acquired employee integration process
3. Determine efficacy of the integration process and upgrade.

This chapter describes the research methods used in this study. The sections in this chapter are research design, research sample, data collection, and data analysis.

#### **Research Design**

A mixed methods research design using archival quantitative and qualitative data was selected for this study. This approach was selected to leverage the historic quantitative data available from the Microsoft (MS) Poll survey, while also allowing real time data collection via focus groups. This method allowed the researcher to adapt the focus group questions based on the MS Poll data to capture the depth of insights to be gained about the survey topics.

#### **Research Sample**

The sample of this study included engineers that joined Microsoft through an acquisition in Silicon Valley; approximately 320. Since acquired employees sit in multiple locations, a focus group was conducted at each site. Of the 320 acquired engineers in Silicon Valley, 60 participants were invited to the focus groups and 19 participated. The 19 participants were from acquisitions that included Skype, Canesta, Wand, Yahoo Search, Yahoo Ads, Yammer, and Mobile Data Labs/MileIQ. These acquisitions represented the three engineering groups at Microsoft – Application &

Services Group, Cloud & Enterprise, and Hardware Engineering.

### **Data Collection**

**Quantitative Data.** The archival quantitative data used in this study is from MS Poll; Microsoft's annual employee survey. The MS Poll allows employees the opportunity to provide honest feedback about their work experiences. Participation is voluntary and confidential.

The MS Poll is administered electronically by the Corporate Executive Board (CEB), an independent survey vendor. The MS Poll consists of 44 core items that are first grouped into dimensions then grouped into indices. The five indices are Work Group Health, Strategy, Engagement, Pay & Benefits, and Leadership Excellence. For organizations in Silicon Valley the response rate was 75% (1,220/1,624). 213 of the 1,220 participants joined Microsoft through an acquisition. The remaining employees joined MSV as an industry/experienced hire, college/university hire, or internal transfer.

**Qualitative Data.** In total, four focus groups were conducted. Participants had to meet two criteria to be considered for selection: (1) joined Microsoft through an acquisition and (2) were in Silicon Valley. The purpose of the focus group was to understand the acquired employee experience. More specifically, participants' intent to stay at Microsoft when the acquisition was announced, highs and lows of the acquisition experience, and factors that led to their retention. A full list of questions used in the focus group can be seen in Appendix A.

**Data Analysis.** The data analysis process began with a review of MS Poll data. The data provides a view of survey items and indices across four employee segments – MSV engineering, acquired engineers, college hires, and industry hires. The acquired

engineer data was analyzed to understand high and low scores, and gaps relative to other engineering employee segments.

During the focus groups the interviewer had a list of questions used to guide the dialogue. The focus group questions were informed by the results of the MS Poll data, which captures employee sentiments across multiple indices. Given the ambiguity in characteristics of interest between the interviewer and note taker, an inter-rater reliability process was created to limit subjective judgement (Creswell, 2014). Both the interviewer and the note taker captured, reviewed, discussed and themed the notes. To limit variability in interpretation of content, the interviewer and note taker agreed to the coding labels assigned and the grouping of participant comments.

### **Summary**

This chapter outlines the methods used to gather and analyze data for this study. The study leveraged a mixed methods approach – qualitative and archival quantitative. Focus groups were conducted with employees that joined Microsoft through an acquisition in Silicon Valley. The questions were informed by the themes that surfaced through the analysis of the MS Poll data. Chapter four reports the results of the study.

## Chapter 4: Results

The purpose of this study was to understand factors that lead to retention of engineers that are part of an acquisition in Silicon Valley. The study objectives were to:

1. Identify factors that lead to retention
2. Weave retention factors into an acquired employee integration process
3. Determine efficacy of the integration process and upgrade.

Focus groups were used to learn about the experience of acquired engineers in Silicon Valley, identify themes of their experience, understand which factors led to retention and explore retention tactics that can be explore in the future.

This chapter presents the results of the study. First, a view of the archival data from MS Poll that shaped the focus group design. Second, a view of participants' intent to stay post acquisition and the factors participants considered when taking the 'for or against' position. Third, a view of participants' high and lowlights since the acquisition closed. Fourth, the factors that led participants to stay at Microsoft. Finally, participants' view of what Microsoft can do to support their career development.

### Archival Data – Microsoft Poll

MS Poll data was analyzed prior to the focus group design to understand differences between MSV engineers (in general) and MSV engineers (from Acquired companies). The initial analysis surfaced *Intent to Stay* and *Compensation* as two categories that differed between acquired engineers and the comparative group. *Intent to Stay* was shown to be less for the acquired MSV group (40%) than the comparison group (47%). *Compensation* was shown to be more important for the acquired MSV group (73%) than for the comparison group (64%). It should be addressed that a significant difference was considered differences of +/- 3 points.

In addition to analyzing categories, individual MS Poll questions were analyzed – identifying the scores that when compared to MSV engineering all-up fell higher or lower. This cut of the data surfaced that 65% of engineers across Silicon Valley answered, ‘My current job is helping me develop the skills that will allow me to achieve my career goals’ favorably, while only 59% of acquired engineers answered the question favorably. Because of this, *Career Development* was added as an additional area of focus in exploring retention.

### **Qualitative Interviews, Intent to Stay**

In the focus group participants were asked to share their intention to stay or leave Microsoft when the acquisition was announced. Four indicated a strong desire to stay, two indicated a strong desired to leave, while 13 participants stated their intention was to ‘give Microsoft a try and wait to see how things go’ during the integration process. One shared,

I planned on staying for a little while. I thought the acquisition would go worse than it did, which would affect my desire to stay. Microsoft was different 3 years ago. One of the reasons why I stayed is because I was allowed to work in a way that is comfortable for me – using Mac computers, keeping management team, and the changes that did happen happened gradually.

Another participant shared, “I acknowledge that Microsoft isn’t a fit for some, but if the company paid so much money for the acquisition, you should at least give it a shot”. In contrast, another employee explained:

Yes, I was excited about Microsoft, although there was a stigma in Silicon Valley about Microsoft – ‘going to the dark side’ – maybe because Silicon Valley is anti-Windows platform, primarily Linux and Java Technologies in Valley. I still liked the company as a whole, was considered a monopolist, but strong company technically, new areas to learn and grow (growth area - learned a ton on distributed systems, b/c we can afford investing in technologies, exposure to different platforms) and cloud to

distributed systems, how Microsoft does experimentation - couldn't learn as much as Yahoo - phenomenal the amount of things that I've learned.

As noted the remarks, challenging and impactful work were primary considerations when evaluating intent to stay. Table 2 outlines the other considerations that surfaced during the focus group.

**Table 2**

*Considerations in Intent to Stay*

<b>What were the considerations?</b>	<b><i>n</i></b>
Role / Impact / Challenging Work	5
Microsoft Culture / Brand	5
Microsoft Technology	5
Speed of integration	4
Career Development / Learning & Development	4
Team / Management / Manager	2
Team - intact or dismantled	1

**Qualitative Interviews, Post-Acquisition Highs and Lows**

The employee experience post-acquisition plays a role in intent to stay. As such, participants were asked to describe experiences that shaped their view of Microsoft – positively and negatively (see Table 3 and 4, respectively).



**Table 3*****Highs of Post-Acquisition Experience***

<b>What are the highlights of your MS time?</b>	<b><i>n</i></b>
Microsoft Technology (working cross-platform)	7
Microsoft cares about its employees	5
Microsoft Culture / Brand	5
Role / Impact / Challenging Work	5
Career Development / Learning & Development	4
Benefits / Perks	3
Work/life Balance	2
Autonomy	1

**Table 4*****Lows of Post-Acquisition Experience***

<b>What are the lowlights?</b>	<b><i>n</i></b>
Attrition / Layoffs / Reorganizations	10
Large company / bureaucracy	8
Product vision / brand erosion	5
Integrating to MSFT technology	4
Integration Support	3
MSFT systems and processes	1

While discussing high points, seven participants explicitly stated that working across platforms and in different coding language was a pleasant surprise. An employee explained:

Work is still technically challenging and interesting, part of prototyping group for 3 years; played around with a lot of different technologies which is unusual for other teams; moved to new team and have learned and grown a lot; culture has changed a lot - took about a year for the new Microsoft infrastructure and changes to happen - shift to Windows tools, etc. Change in software writing language from Java to C# and Azure. I'm able to learn new technologies often - every year or so.

Ten employees stated that the post-acquisition lows were experiencing instability and change through layoffs and organizational redesigns. An employee explained,

Hard to find good talent in Silicon Valley because it is very competitive; tough to lose good people because of the reorgs - people leaving because they don't want to be part of the reorganization games - so much confusion; takes 1/2 year for the dust to settle, but by the time it settles another reorganization happens.

Another employee shared:

There were concern about losing jobs. The reassurance from the top helped – like Adam Pizzoni and other leaders under him. It's hard to believe when you're in it - people that made the most money out of it have the best interest in staying.

Another low point discussion surfaced sentiments about working for a large company that is perceived as bureaucratic – shared by eight employees. An employee explained, “There was a negative vibe when the acquisition first happened. Microsoft was viewed as Corporate coming in. Hard to overcome. Anything you do to not appear corporate may seem silly.” Another employee added, “contrast of startup mentality vs. large company and being able to sustain the mentality of a startup through it all - infrastructure wasn't in place to help us maintain the startup mentality.”

### **Qualitative Interviews, Factors that Led to Retention**

When asked about the factors that led acquired employees to stay at Microsoft, nine employees emphasized career development and learning & development (Table 5).

**Table 5*****Factors that Led to Retention***

<b>What factors have led you to stay at Microsoft?</b>	<b><i>n</i></b>
Career Development / Learning & Development	9
Microsoft Benefits	7
Role / Impact / Challenging Work	6
Mission / Vision	6
Autonomy	6
Microsoft Culture / Brand	6
Team / Management / Manager	5
Security	1
Loyalty	1
Microsoft Technology	1

An employee shared:

I moved to San Francisco from Seattle with MileIQ. After the acquisition the opportunities have been fantastic – my role has expanded. Great news to go from a startup to having the security that Microsoft offers. I was a contractor with Microsoft and I knew other engineers at Microsoft. I was exposed to the culture.

The energy behind career development and learning & development was emphasized by employee remarks such as:

I stayed because of the quality of team, manager, interesting projects – new work, not repetitive, advanced and cutting edge, and locally control and own something. I feel like a kid in a candy store, want to see what other opportunities are available. I feel loyal, and feel incomplete with what I have learned. New things keep coming up - reinventing the platform, was part of business when it wasn't profitable and now it's at \$150MM.

The second factor that led to acquired engineers to stay are Microsoft Benefits.

An employee shared:

Microsoft sponsored Green Card, promised a green card at the get go - processed started 2.5 years into Skype. Once joined Microsoft the process started - great experience with Microsoft attorney - made me feel

comfortable because visas are hard to get for immigrants - one of the reason I decided to stay at Microsoft. Overall package is good - salary, health insurance, bonus, stock - fairly competitive - free food, several different projects and areas that I have worked on. Started as database engineer and have worked through entire software stack – frontend and backend - the changes weren't a choice, but definitely great to take on a new opportunity.

### **What Microsoft can do to Support Career Development**

Seven participants identified internal movement between teams in Silicon Valley as the area Microsoft can focus on to help in their career development (see Table 6). An employee described his request and provided a recommendation:

Microsoft can help by making more of the job transfer opportunities at locally and providing exposure to other stuff that can be done in Silicon Valley. Ease of transferability – which causes attrition if there isn't. Opportunities are usually tied back to Redmond - a lot of people in the Valley are not interested in Redmond. Although one team member was sucked into a Redmond team.

**Table 6**

#### ***Career Development Support***

<b>What can Microsoft do to help support your career goals?</b>	<b><i>n</i></b>
Internal mobility - locally	7
Local Learning & Development	5
Upskill managers (coaching & feedback)	3
Learning more about Microsoft Technologies	3
Clear promotion criteria	1

**Internal Mobility Locally.** Seven participants reported that there should be opportunities to grow their careers locally. An employee explained:

Making more of the job transfer opportunities at Microsoft (exposure to other stuff that can be done at Microsoft) and ease of transferability (causes attrition if there isn't). Opportunities are usually tied back to Redmond - a lot of people in the valley are not interested in Redmond.

In the case of one employee, one explained, “I’m to currently aware of what other

teams do or what teams are in the other offices. I also want to be given the opportunity to gain the skillsets needed to be successful as an internal transfer.” In contrast, another employee shared:

There is High pressure from people that worked at Skype in the past and are now at a new sexy startup and they're asking questions about why are they still working at Skype. They tell me that it's not fun anymore; and ask, 'haven't you given up that vision of being able to develop yourself at a startup – it's fun and sexier – don't you want to be successful, why are you still there?' I don't want to give up; I want to keep the power of Skype alive; I want to keep what we used to have. People throw jabs that Skype isn't the same quality. I'm emotional when talking about it. Especially felt it when I was in Thailand. I no longer even use the product - now use competitor products.

The former employee was joined by another employee who shared, “Many former colleagues say, "Skype is dead, why are you still there?" Why not WhatsApp or Google Hangout?”

**Local Learning & Development.** Five participants described many aspects of learning and development that are valued. An employee led by sharing, “Other than training in MSV, nothing is offered - only in Redmond, but budget needs to be approved. There isn't much offered in San Francisco.” In the case of another employee, learning and development took on a new meaning. They explained:

I'm consistently asked about technologies at other companies vs. funding the technology development internally - flirting with the startup environment to continue exploring 'cool things'. We have a bunker mentality - not getting the best out of talent here because we always on the lookout.

An employee shared that given the diversity of teams and work in MSV Valley skills are not fungible, which requires employees to learn new skills before considering internal opportunities.

**Upskill managers (coaching & feedback).** Three participants focused on the

role the manager plays in their career development. An employee shared, “I don't feel like managers have direction to give me. They focus on the goal post and provide generic feedback vs. specific guidance. So, then what are managers supposed to be doing to support you?” Another employee shared, “Most managers have been focused on the product and getting the work out. Could have used more manager type of support - balancing personal with discussions about product only - coaching vs. managing.” In contrast, another employee acknowledged how it was “refreshing to have a manager that cares about employee at personal level.”

**Learning more about Microsoft Technologies.** Three participants focused on the importance of learning Microsoft technologies as part of their long-term career development. An employee mentioned, “I want to ease into the technologies that Microsoft uses vs. trying to integrate immediately while also not losing visibility to current product roadmap. Mostly interested in learning technical skills. Not interested in really spending tons of time with manager.” Another employee expressed interested in “collaborating with others and sharing best practices across teams.”

**Clear promotion criteria.** In another employee’s experience, career development can be impacted due to the lack of structure in place, “Yammer promotions happen without clear structure and promotion criteria – someone could become a manager without having certain managerial skills. It’s not clear what the promotion criteria is and how to navigate that process.” Another employee also shared, “I don’t mind slower career progression – I only care because of the impact on compensation vs. title. I’m still learning. I don’t want to deal with the politics around stepping up the ladder.”

### **Additional Findings**

MS Poll data on ‘priorities for next career step’ highlighted that 92% of acquired engineers want to “improve technical skills specific to my profession”, 91% want to “Build new relationships/increase my network” as a key priority for their next career step, and 90% want to “improve soft skills (e.g., presentation, communications).

### **Summary**

First, archival data from the MS Poll was presented and used to shape focus group design, which focused on intent to stay, career development and employee sentiment – high and lowlights. Second, intent to stay and retention were examined pre- and post-acquisition and the data signaled that the factors that influence intent to stay shift from pre- to post-acquisition.

Next, the factors that led participants to stay at Microsoft post-close. Nine participants highlighted the importance of ongoing opportunities to learn & grow, and to advance careers. Seven participants emphasized the impact of Microsoft Benefits – specifically in situations where visas needed to be obtained. Six participants focused on the impact of their work and being challenged by tough engineering projects. Six participants pointed out the role of being committed to the mission and vision of the company. Participants also discussed the importance of working in a culture with a great team and manager, to work autonomously on great technology.

Third, a view of participants’ experience post-acquisition was captured in a list of post-acquisition highs and lows. Namely, Microsoft has evolved as a company and now operates across platforms, which is key to acquired engineers, as they want to develop coding skills across platforms. In addition, Microsoft’s investment in and care for employees is viewed as extremely valuable by newly acquired employees. Conversely,

the lowlights include changes associated with the acquisition including organization redesigns, layoffs, and co-worker departures.

Fourth, participants want to see ‘what is in it for them’. Specifically, what Microsoft can do to support their career development – opportunities to develop careers in MSV, opportunities for learning & development locally – both technical and core skills, upskilling managers so that they can groom and development talent through coaching and feedback, investment in cross-platform and technical skill development and clarity about the skills needed to get promoted.



## Chapter 5: Discussion

The purpose of this study was to understand factors that lead to retention of engineers that are part of an acquisition in Silicon Valley. The study objectives were to:

1. Identify factors that lead to retention
2. Weave retention factors into an acquired employee integration process
3. Determine efficacy of the integration process and upgrade.

This chapter presents a discussion of the research results – conclusions, recommendations to the Microsoft Silicon Valley and Venture Integration HR Teams, implications for organization development practitioners, limitations and suggestions for further research.

### Conclusions

The factors that are important to an engineer vary during the acquisition process. In the pre-acquisition stages, engineers are focused mostly on external factors such as job security, reporting structure, and culture and brand of acquiring company. Post-acquisition the factors were mostly internal factors such as career development and growth, being challenged by tough engineering projects, and alignment to mission and vision of the company. To assist in understanding these findings, motivation theories such as Maslow's Hierarchy of Needs (1954), McClelland's Three Needs (1987), and Herzberg's Two-Factor Theory (1959) were defined and used to structure the discussion below.

Maslow's (1954) Hierarchy of Needs is a motivational theory in psychology, expressed as a five-tier hierarchical model. Maslow stated that certain needs take precedence over others; suggesting that humans move from one stage to the next, ensuring that the most basic level needs are met. At the base are the most fundamental

levels of needs – physiological (e.g., food, water, rest), safety (e.g., security), and love/belonging (e.g., intimate relationships, friends); followed by esteem (e.g., prestige and feeling accomplished) and self-actualization (e.g., achieving one’s full potential).

McClelland’s (1987) Three Needs Theory explains that humans have three types of motivation regardless of age, sex, race, or culture – the need for achievement, power and affiliation. Achievement can be characterized as the need to set and accomplish challenging goals, to receive feedback, and to work alone; Affiliation can be characterized as the need to belong to a group, and a preference to work on teams and collaborate; Power can be characterized as the need to control and influence others, to win arguments, to complete and win, and to enjoy status and recognition. McClelland’s (1987) motivational model is used to identify dominant motivators of people in organizations and can be used to influence setting goals, providing feedback, and rewarding employees.

Herzberg’s (1959) Two-Factor Theory explains that there are factors that cause job satisfaction and dissatisfaction in the workplace – independent of each other. While individuals may be motivated by satisfying higher-level psychological needs such as achievement, recognition, responsibility, advancement, and the nature of work itself, they may be dissatisfied by other factors. As such, the presence of factors that lead to satisfaction do not preclude dissatisfaction at work. Herzberg’s (1959) two-factor model argues that satisfaction and dissatisfaction are not on a continuum, but rather independent of each other.

These motivational theories assist in explaining the retention factors of engineers in Silicon Valley, both pre- and post-acquisition. Figure 2 maps the retention factors, pre-

and post-acquisition, that surfaced in this study to Maslow's (1954) Hierarchy of Needs. It is important to recognize in this theory that humans move from one stage to the next, requiring basic needs to be met before proceeding to meet other needs. As such, consideration should be given to how employees are on-boarded to ensure that lower-level needs are met first. Specifically, ensuring that acquired employees are on-boarded at a manageable pace, allowing time to understand Microsoft technology, benefits, culture, and how their team aligns to Microsoft's vision and mission. Thereafter, an emphasis should be placed on on-boarding to the broader team, Microsoft, and management.

**Figure 2**

*Pre- and Post-Acquisition Factors mapped to Maslow's Hierarchy of Needs*

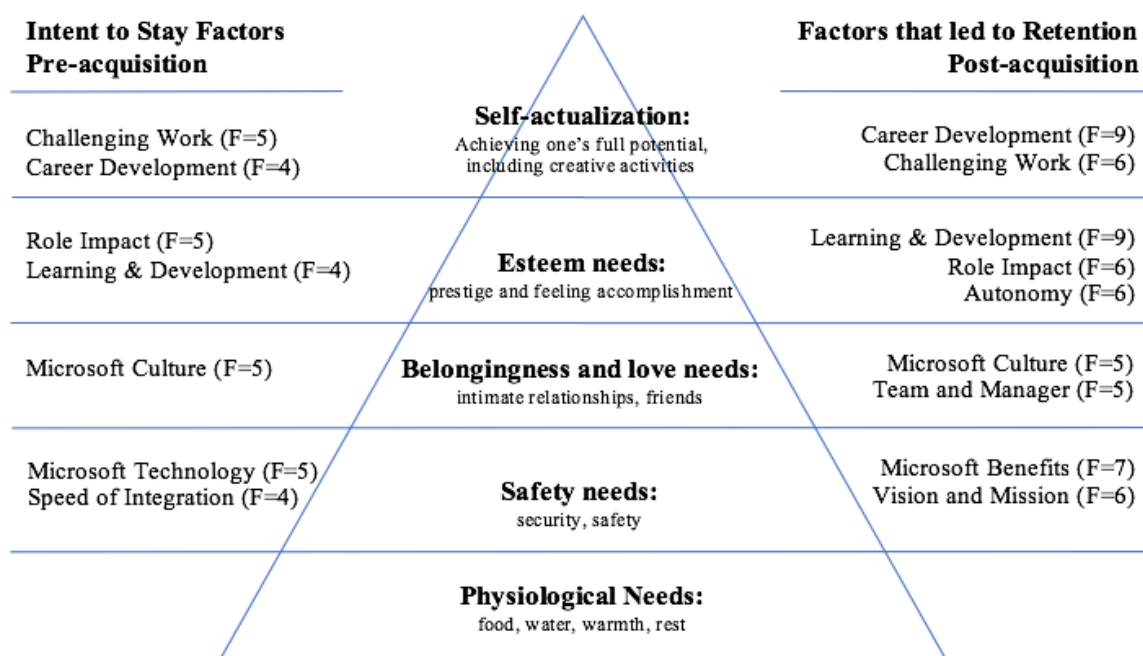


Figure 3 maps retention factors, pre- and post-acquisition, to McClelland's (1987)

Three Needs Theory. Given the importance of managers and management pre- and post-

acquisition, mapping employee needs based on McClelland's (1987) theory allows managers to speak to needs more directly, and can influence how they set goals, provide feedback, and reward employees – all critical to setting employees up for success.

**Figure 3**

*Pre- and Post-Acquisition Factors mapped to McClelland's Three Needs Theory*

	<b>Intent to Stay Factors Pre-acquisition</b>	<b>Factors that led to Retention Post-acquisition</b>
<b>Need for Achievement</b> Sets and accomplished challenging goals Takes calculated risks Likes to receive regular feedback on their progress and achievements	Challenging Work (F=5) Role Impact (F=5) Learning & Development (F=4)	Learning & Development (F=9) Challenging Work (F=6) Role Impact (F=6)
<b>Need for Power</b> Wants to control and influence others Likes to win arguments Enjoys competition and winning Enjoys status and recognition	Career Development (F=4) Speed of Integration (F=4)	Career Development (F=9) Autonomy (F=6)
<b>Need for Affiliation</b> Wants to belong to the group Wants to be liked, and will go along with whatever the rest of the group wants to do Prefers collaboration over competition Doesn't like high risk or uncertainty	Microsoft Culture (F=5) Microsoft Technology (F=5)	Microsoft Benefits (F=7) Vision & Mission (F=6) Microsoft Culture (F=5) Team & Manager (F=5)

In the context of Herzberg's (1959) Two-Factor Theory, the lows from Table 5 represent factors that represent employee dissatisfaction. As such, consideration should be given communication plans that address layoffs/reorganization, and product vision. Importantly, on-boarding should address how employees navigate at a company Microsoft's size; focusing on systems, processes, and decision making. While these are not the factors that surfaced as factors that influence intent to stay, these are factors that can create employee dissatisfaction, which may lead to attrition.

**Conclusions: Pre-acquisition**

The following sections examine the findings related to the factors that are of

importance to an engineer pre-acquisition; acknowledging that these factors cut across Maslow's (1954) Hierarchy of Needs – primarily basic and psychological needs – and McClelland's (1987) Three Needs Theory.

**Role Impact / Challenging Work.** Engineers that joined a technology company in Silicon Valley through an acquisition in this study looked for reassurance that their role in the new company will be impactful and challenging. This is important because prior to joining Microsoft engineers were passionate about the vision of the startup. The vision fueled passion and engineers felt like they had skin the game for the technology or product that they worked on. At the point of an acquisition, engineers put many things into questions. Namely, their role in the company moving forward: will their role be eliminated, will their role be moved to Redmond, or will the work shift?

Concerns related to role impact and challenging work should be addressed pre-acquisition to minimize distractions and to maximize the intended purpose of the acquired company or technology. Putney and Sinkin's (2009) body of research acknowledges that the 'keys to retaining staff are minimizing change, giving them a clear picture of why they will benefit from the combination, and providing constant communication. In addition to addressing an employees need for an impactful and challenging role, communication strategies should address other upfront concerns such as job security, compensation and benefits, and employee agreements. This recommendation is explored further in the recommendations section of this chapter.

**Microsoft Culture / Brand.** Organizational culture and an organization's brand impact the acquired employees' continued employment decision (Chen, 2015). Given the hyper-competitive nature of Silicon Valley and the talent war (Cohen & Levinthal, 1990;

Powell et al., 1996), engineers are keenly aware of the company cultures and brands that they are interested in working for. In Silicon Valley, engineers want to work at a company whose culture celebrates speed, agility, and fun.

Addressing culture and brand is critical for Microsoft. Engineers external to Microsoft often perceive Microsoft as being bureaucratic, process-driven, and stale. Importantly, Microsoft's recent cultural transformation is quite visible and is starting to shift perceptions of the company. As such, this will be explored further in the recommendations.

**Total Rewards.** Acquired employees want to see 'what is in it for them'. Based on an employee's life and career stage the needs will vary, but they want to know that Microsoft as a company has a Total Rewards package that will enable them to care for themselves and their families – both health and financial needs.

Since Microsoft has the most comprehensive benefits package in the tech industry, it is important to highlight the program features. In addition, Microsoft must highlight additional perks that are available to employees working in Silicon Valley and San Francisco. This will ensure that employees understand the 'what's in it for me' upfront.

**Microsoft Technology.** Engineers in Silicon Valley code on iOS and Android platforms, and leverage open source to collaborate with and contribute to the software engineering community. This is a concern when joining Microsoft due to the perception that Microsoft only codes for Windows' devices and that Microsoft does not leverage or continue to open source.

Given Microsoft's new culture and mobile first, cloud first strategy, engineers

now code across platforms. In addition, Microsoft invests heavily in exploration of new technology, which is key to sustaining competitive advantage (Burgelman et al., 2004; Wheelwright & Clark, 1992). Examples of Microsoft's cross-platform technology (e.g., Yammer, Xamarin, Skype) and investment in technology and research should be highlighted as part of pre-acquisition discussions.

**Speed of Integration.** Newly acquired engineers want to maintain stability leading up to and post-acquisition. In addition, they do not want to experience a flurry of change all at once. As such, Microsoft must attempt to consciously determine the appropriate speed or pace of integration changes (Butler, Perryman & Ranft, 2012).

This consideration is key since Microsoft has been acquiring companies since 1994 – 164 to be exact – and has a systematic integration process in place. Given Microsoft's tenure and size, Microsoft is considered a behemoth compared to the companies they acquire. As such, pre- and post-acquisition plans related to integration, functionalization, and organizational design should account for the human need for time when experiencing change. Employees must be inspired to change; a clear unifying vision becomes the call to action, so its communication must be relentlessly pursued to effect behavioral change (Neal, 2008).

**Career Development and Learning & Development.** Pre-acquisition engineers want reassurance that they can learn, grow and develop at the acquiring company. They want to understand 'what is in it for them' and assurance that their career, growth, and development are not at risk at Microsoft.

The growth strategy for Microsoft Silicon Valley is via acquisition. As such, there are many career development opportunities across the Bay Area. In addition, there

are opportunities to learn and grow. To retain key talent, enticements must be offered in the career development area (e.g., development opportunities, personal growth, training) (Tetenbaum, 1998).

**Team / Management / Manager.** Pre-acquisition engineers want to know how their company will be integrated into the larger Microsoft structure. Specifically, what it means in terms of their roles, management structure, and how they fit into it (Putney & Sinkin, 2009).

In May of 1995 Jack Welch was quoted in Fortune for saying, "Having the company you work for acquired is probably the worst thing that can happen to somebody, other than the loss of a family member... All the things you have learned - all the truths you have known - your boss, where you get your paycheck from, your security - change in one day." As such, communications should be in place providing employees clarity on their role, team, and management structure. The goal is to reduce uncertainty, employee stress and fear prior to and during the acquisition (Podgorski & Sherwood, 2015).

### **Conclusions: Post-acquisition**

The following section examined the findings related to the factors that are of importance to engineers post-acquisition. While there are retention factors that overlap, the pre- and post-acquisition environment shifts the context of the retention factor.

**Growth & Development.** Acquired engineers want assurance that they can learn, grow, and develop their career at Microsoft. Given the diversity of opportunities for growth and development in Silicon Valley, it is important for newly acquired engineers to understand the different teams and technology across Microsoft Silicon Valley and San Francisco. This will help address the perception that to grow and develop



at Microsoft one must relocate to headquarters in Redmond. Examples of the tactics are outlined in the recommendation section.

**Challenging Work.** Engineers want to work on complex and challenging work that has impact. Post-acquisition, engineers want reassurance that their challenging and impactful work will not be sent to Redmond or that their work will be absorbed by another team. This aligns with Herzberg's motivators where the nature of the work is of primary importance. This is an area of focus in Silicon Valley since the growth has been through acquisitions that do not accrue to a regional charter or remit. Remit and charter will be explored further in the Recommendations section in this chapter.

**Mission & Vision.** Post-acquisition engineers want to preserve the integrity of the technology and product vision and mission. It is important to provide engineers clarity on the intentions for the technology or product acquisition. Specifically, how the technology or product contributes to Microsoft ambitions, and how the technology or product will be integrated into the product roadmap.

**Company Culture.** Pre-acquisition engineers had perceptions of the Microsoft brand and culture, which contributed to their decision to stay or leave. Post-acquisition, Microsoft Silicon Valley should deliver an employee experience that honors the new culture at Microsoft. This recommendation will be explored further in the Recommendations section of this chapter.

While these are the factors that are most critical to an employee pre- and post-acquisition, there may be different factors that create employee dissatisfaction. Given Herzberg's (1959) Two-Factor Theory, it is important to acknowledge that the absence of job satisfaction does not preclude dissatisfaction. As such, it is important to have

communication channels in place to keep dialogue and capture real-time feedback (Putney & Sinkin, 2009).

### **Recommendations**

The study provided an overview of the factors that acquired engineers consider when deciding to stay or leave Microsoft. The recommendations presented account for factors that are important to engineers pre- and post-acquisition. Given the variance in factors pre- and post-acquisition, consideration should be given to the timing and sequencing of pre- and post-acquisition support. The following recommendations will be provided to the Microsoft Venture Integration and Silicon Valley HR teams, and other M&A integration practitioners, as considerations with recognition that further research is required to validate the findings of this study and determine which themes are applicable outside of Silicon Valley and outside of Microsoft.

**Communications Plans.** The first recommendation is creating comprehensive communication plans that addresses employee questions and concerns, and that leaves an open door for continuous dialogue. The communication plans should address questions about changes in teams, management, managers, roles, compensation, and work, differences and similarities between company cultures, vision for the acquisition, plans to integrate products or technology, and opportunities for career growth and development.

At Microsoft, the communication plan can include all-hands meetings to address vision and strategy of acquisition, fireside chats with department leads, email updates, Q&A documents, office hours with managers and HR, training related to technical skill development, and career development conferences. In these forums, a focus should be placed:

- a. on the opportunity to work across platforms
- b. the impact of the work, the cultural transformation under Satya
- c. the strategic role of Silicon Valley for Microsoft (Appendix B: Snapshot of Microsoft Silicon Valley)
- d. the opportunity to grow and develop across the many teams in Silicon Valley and San Francisco – now including LinkedIn.

Communication forums encouraging dialogue will help create an open and honest environment where employees can surface and seek answers to questions, concerns, and rumors. The goal is to communicate at all levels of the organization about the topics that will address concerns related to basic survival needs, and physical and mental safety.

**Community & Belonging.** The second recommendation is integrating employees into Microsoft by creating an experience in which employees feel a sense of community and belonging. Creating community and belonging address Maslow's (1954) needs for belongingness and esteem and to McClelland's (1987) need for affiliation. In belonging, employees feel a sense of connectedness with co-workers, peers, and management. These needs can be addressed by creating an employee experience, pre- and post-acquisition, that makes newly acquired employees feel welcomed and valued. Specifically, by formally welcoming the new team to Microsoft in Silicon Valley, by intentionally integrating newly acquired employees with managers, teammates, and management, by creating forums for networking with employee resource groups, and by participating in virtual teams across Silicon Valley, San Francisco, and Redmond, and by offering training opportunities with other teams (See Appendix C).

In addressing esteem, employees will feel confident and accomplished. These

needs can be addressed by managers via one-on-one meetings to address questions and concerns, and to provide feedback to newly acquired employees. Solidifying a strong positive relationship with the new supervisors also supports Herzberg's (1959) two factor theory. In addressing esteem needs, newly acquired employees can evolve toward self-actualization, which can yield higher levels of engagement and satisfaction.

Microsoft (and other technology companies based in Silicon Valley) should consider a location strategy that allows employees to access local events that engage them. Specific to Microsoft, a two-hub model where events are offered both in Silicon Valley and San Francisco. This will ensure that employees can network with colleagues without dealing with the challenge of commuting for an hour to attend an event. At events such as Hackathon or events hosted by employee resource groups employees could network across organization and team boundaries. At the region level, Microsoft Silicon Valley can continue hosting the annual picnic, Growth Conference, and holiday party so that employees can come together across all four sites, while being supported by shuttle services.

**Personal & Professional Development.** The third recommendation is investing in the growth of employees – personally and professionally. Investing in an employee's growth enables self-actualization. Maslow describes self-actualization as the desire to accomplish everything that one can, to become the most one can be. In terms of McClelland's (1987) theory, investing in an employee's development taps into a need for achievement and power, and for Herzberg as motivators. Investing in the growth of employees can take on many different forms. In the context of a current job it can include providing challenge work, autonomy, variety, meaningfulness and in the context

of career development it can include developmental opportunities, personal growth, and training.

Specific to career development, employees should receive support in navigating job rotations in across the teams in Silicon Valley. An annual career development conference can be used as a vehicle to bring employees together to learn about different teams across the region in a job fair / product demo fashion (See Appendix D). This format enables networking across teams, and internal movement. This event can also host learning and development programs intended to help with career development. In addition, there should be a central location where employees can learn about each of the teams that make-up Silicon Valley and San Francisco (See Appendix E). This document will provide employees end-to-end visibility to the teams, the work each team does, and exposure to contacts for networking purposes. As a compliment to this work, there should be a regional talent council represented by leaders across each of the product teams that have decision making authority of movement (See Appendix F and Appendix G). One of the roles of the talent council is to understand the talent in the region and to help facilitate movement across the different teams. This should be done in partnership with line HR and talent management.

**Recommendations to Organizational Development Practitioners.** The strategic intention of the acquisitions Microsoft makes in Silicon Valley narrowed the focus of this study to factors that lead to retention of engineers. Given Microsoft's strategic intention of acqui-hiring and acquiring in lieu of R&D focusing on retention was key. This may not be the case for all acquisitions. As such, organization development practitioners must understand the strategic intent and vision for an acquisition prior to

creating pre-, post- or acquisition integration plans.

In addition, organization development practitioners should think about the impact of the acquisition as part of the broader system. Specifically, what are the factors that will enable the acquisition to achieve its intended business outcomes? In that clarity, mapping the work, pre- and post-acquisition, to ensure that the acquired organization is setup for success.

***Pre-acquisition.*** Before the deal closes there are periods in time that merit a phased communication and change management plan. Prior to the deal being announced publically employees should be brought on-board to the strategic intent of the acquisition. Questions that should be addressed include: vision for the acquisition, integration of products or technology, and similarities or differences in company cultures. Thereafter, and closer to the deal closing, addressing questions about changes in teams, management, managers, roles, and compensation. Again, it is important to phase the communication to ensure content is timely and relevant – just-in-time, just-enough.

***Post-acquisition.*** At the point when the deal closes employees may have questions of their management or of the acquiring organization. What is the on-boarding process for newly acquired employees? What information will employees need to address their basic needs? Who will be the on-site support for the newly acquired team? Who will address questions related to benefits, travel and expense reporting, procurement, hiring new talent, etc.? Again, sequencing of the on-boarding is key, as employees may not retain information about managing a team when they are still trying to address their basic needs (e.g., signing up for new benefits, transferring 401K plans, etc.). As such, on-boarding should be phased out to ensure individual needs are met first.

Thereafter, employees can learn how to manage in the context of the new organization.

### **Limitations**

There were limitations that existed in the study that should be addressed by future research and are described below. They include issues related to the unit of analysis, participants, and sample size. The limitations, in detail, are:

1. Unit of Analysis – Engineering. A primary limitation that affected this study is focusing on retention factors for engineers only. The success of the product or technology acquired is due to the end-to-end business including contributions from other functional areas such as sales, marketing, IT, finance and other functions. Therefore, one cannot assume that engineering is the only function that must be retained to maximize the investment in the acquisition. In future studies, an analysis can be conducted on the retention factors that are important to the entire company vs. the engineering function only.

2. Unit of Analysis – Silicon Valley. Another limitation was focusing on Silicon Valley only. Given the hyper-competitive nature of Silicon Valley, some of the retention factors may be unique to the region. As such, a generalization cannot be made about the factors that lead to retention of engineers that are acquired in locations outside of Silicon Valley. If this study were repeated, researchers should run an analysis across multiple cities where Microsoft acquires products and/or technology.

3. Research Study Participants – Current Employees. A third limitation is analyzing retention factors for engineers that are currently working at Microsoft. Engineers that are no longer with Microsoft did not have an opportunity to share input into the factors that would have led to their retention. As such, there may be retention

factors that are not captured in the data. In future studies, it is important to conduct an analysis of retention factors when the deal is announced.

4. **Sample Size.** This study included 19 engineers across Silicon Valley and San Francisco. Given the complexities of mergers and acquisitions, this sample size may not be representative of all factors that lead to retention. In future studies, access to a greater pool of participants would help validate the proposed themes and surface new themes.

### **Suggestions for Continued Research**

The current research study focused on retention factors for acquired engineers in Silicon Valley. Given Microsoft's acquisition presence across the globe, research should be expanded to include acquisitions in other geographies. Broadening the data set will provide the Venture Integration HR team a broader view of the factors that lead to retention across the globe. A global view of retention factors can influence the systems and processes in place globally vs. the work happening in one region.

The acquisitions in Silicon Valley are primarily in lieu of R&D or acquihires; however, the strategic objectives of acquisitions vary across Microsoft. As such, the factors that lead to retention of engineers will vary based on the strategic objectives of the acquisition, location, and other considerations. Broadening the data to include acquisitions with varying strategic objectives may glean insights into factors that are important, but not yet represented in the data.

Maslow's (1954) Hierarchy of Needs, McClelland's (1987) Three Needs, and Herzberg's (1959) Two-Factor Theory all serve to provide explanations of motivation and human behavior. More research can be done to understand the role of each motivation theory in helping employees reach heightened levels of engagement and



retention. It would be beneficial to investigate these in more detail, as motivational theories were not a focus of the study. Further investigation would create a stronger alignment between motivation theories and the factors that lead to acquisition integration.

### **Summary**

The purpose of this study was to understand factors that lead to retention of engineers that join Microsoft through an acquisition in Silicon Valley. The study utilized a mix methods approach; analysis of the Microsoft Poll was used to inform the design of the focus group questions. Focus groups were then conducted across Microsoft Silicon Valley sites (San Francisco, Mountain View, Palo Alto, and Sunnyvale) to understand the factors that led to retention of engineers. The study findings led to two set of retention factors – pre- and post-acquisition – which then mapped back to motivational theories - Maslow's, McClelland's, and Herzberg's motivation theories.

Pre-acquisitions retention factors included role impact/challenging work, Microsoft culture and brand/image, Microsoft technology, speed of integration, and team/management/manager. Post-acquisition retention factors include career growth, learning & development, total rewards, challenging work, mission and vision, and Microsoft culture. While there was overlap between pre- and post- factors, the context in which applied was different.

Despite limitations concerning the scope of the study – Silicon Valley engineers currently working at Microsoft – several recommendations emerged from the study. The recommendations were mapped to motivation theories and split into three categories – Communication, Belonging & Esteem, and Personal and Professional Development.

Recommendations for future research include an expansion of the research sample – to

also include non-engineering employees and non-employees working across the globe – to examine the validity of the retention factors for non-engineering populations in Silicon Valley. Given the unique nature of each acquisition, organizational development practitioners must be clear about the strategic objectives of an acquisition to align priorities that enable the intended strategic outcomes.

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## Appendix A: Focus Group Questions


1. What factors have led you to stay at Microsoft?
2. How can we engage acquired employees to positively impact MS culture and their retention?
3. What are some of the challenges you faced as an acquired employee?
4. When you joined, did you plan to stay?
5. What kept you at Microsoft over the years?
6. What are the highlights of your MS time?
7. What are the lowlights?
8. What would you have done differently in your career if you could?
9. What advice would you give to employees who have recently joined through an acquisition?
10. What are your career goals?
11. What are the barriers you perceive to meeting them at MS?
12. What are your thoughts about developing your career at Microsoft outside of current team?
13. What skills would you like to develop that you feel you can't in your current role?
14. Based on what you heard from your network, what type of projects/experiences/resources would help you to develop skills AND also achieve your career goals in Microsoft?
15. What would keep you here if you were offered comparable pay?



## Appendix B: Snapshot of Microsoft Silicon Valley

# Silicon Valley

## SITE FAST FACTS




**Est. 1981**

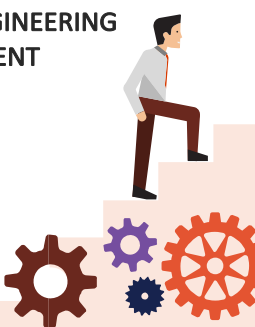
**4 Locations**


- 📍 Mountain View
- 📍 Sunnyvale
- 📍 Palo Alto
- 📍 San Francisco

**2,274**  
Employees



## ENGINEERING TALENT





**6 CVPs**  
**45 Partners**  
**Engineers**

Highest software talent diversity of major US Cities

**15.8%**

Hispanic/Latino & AA/Black software engineers in SF vs. 4.8% in Seattle

**17.7%**

Female software engineers in SF vs. 7% in Seattle

Organic and inorganic growth (**Acquisitions:** Accompli, Mobile Data Labs, Xamarin | **Organic:** HoloLens, Analog)

**Emerging Talent:** Software Engineers with AI background


**Critical Mass Talent:** Data Scientists

**Top 2 US market for computer hardware engineers**


**100% Female intern conversion (11/37)**

## SILICON VALLEY ECOSYSTEM

### INVESTMENT




Silicon Valley and SF account for **40%** of the total venture capital in the US and the most patents in the US




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### DENSITY



Home to **99 \$1B+** tech companies

Over **50** tech companies launched per month

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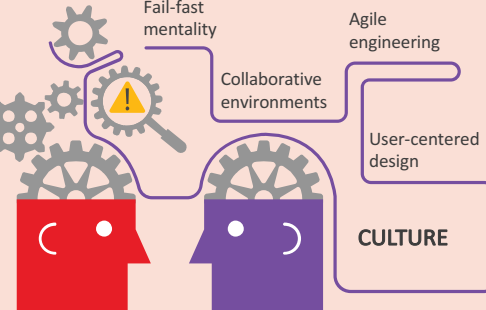
Fail-fast mentality

Collaborative environments

Agile engineering


User-centered design

**CULTURE**



## PRODUCT IMPACT

### CORE PRODUCTS



For Mobile & Mac


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### GROWTH INITIATIVES

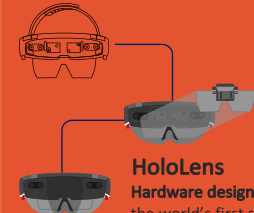
- StorSimple
- Xamarin
- O365 for SMB
- MileIQ
- Bing Next
- Deskless Workers

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### HARDWARE EXPERTISE



## INNOVATION



**HoloLens**  
Hardware design for the world's first self-contained, holographic computer



### **Appendix C: Map of Teams Across Microsoft Silicon Valley**

# MSV business and talent

## Mountain View

### Office Product Group

Outlook Mobile ▪ PowerPoint ▪ Office 365

### Windows & Devices

HoloLens ▪ Silicon & Sensors  
▪ Xbox

### Sales Marketing & Services

Silicon Valley Microsoft Technology  
Center (MTC)

## Sunnyvale

### Artificial Intelligence & Research

Cortana Speech & Language ▪ Search Technology  
Center

### Office Product Group

Office 365

### Cloud & Enterprise

StorSimple ▪ Azure Data & Applied Sciences ▪  
Azure Networking ▪ Intune

### Sales, Marketing & Services

## Palo Alto

### Office Product Group

Skype

## San Francisco

### Office Product Group

Yammer ▪ Outlook Mobile ▪ MileIQ

### Cloud & Enterprise

Xamarin

### Windows & Devices

Havok

### Sales, Marketing & Services

### Microsoft Ventures



**Appendix D: Growth Conference Objectives, Agenda, and Communication Campaign**

# Empower your career

MSV Growth Conference 2017 | April 10, Mountain View campus

Learn what excites you. Discover ways to have impact. And connect with teams that inspire you. MSV Growth Conference gives you resources and tools to chart your career path.

- Inspirational speakers
- Personalized career coaching
- Speed networking
- Exciting product demos



Meet Silicon Valley teams



Have your professional photo taken







Win Xbox and other prizes in the Raffle!



Take the lead on your career:  
[landing page link]

This event is for Microsoft employees only

# Agenda

Time	Location	Event
9:00–10:00am	Galileo Lobby	<b>Hot Breakfast</b>
10:30–10:30am	Galileo	 <b>Executive Kick-off</b>   Navigating Career Development and Goals Chuck Dietrich, CVP, OPG Mobile Data Applications and Growth
10:30–11:30am	Galileo	 <b>Keynote</b>   Pivot: Rethink Professional Goals and Personal Growth Jenny Blake Limited Free Books Available
11:30am–12:30pm	SVC-1 Café	<b>Lunch</b> — Campus-wide free lunch service
12:30–1:30pm	Saturn   Mercury   Jupiter	<b>Panel Discussion: Accelerate Your Career At Microsoft</b> Padma Parthasarathy, Partner, Silicon   Amy Zukerman, Talent Acquisition Manager, HR Nagina Bhandary, Director, HoloLens   Mannie Tagarira, Engineer, Yammer Shawn Villaron, Partner GPM, Power Point and Graphics 
1:30–3:00pm	Galileo	 <b>Expand your Horizon with Lynda.com</b> Doug Winnie — Chief Technology Evangelist @LinkedIn Learning
	Executive Conference Room 1	<b>Wired for Success: Navigating your Career Strategy</b> Limited seats
	Nebula	<b>Leverage Ideas to Improve Your Networking Ability</b> Limited seats
3:00pm	Executive Conference Room Lobby	<b>Break</b> — Cocktail and light refreshments
3:15–5:00pm	Saturn   Mercury   Jupiter	<b>Career and Product Fair</b> 1:1 Advice with career coaches Product demos Lynda.com demo HR help desk Speed networking Bingo raffle Professional headshots
4:30pm	Saturn   Mercury   Jupiter	<b>Bingo Raffle Draw</b> — Xbox and prizes

Transportation will be available from 1355 Market SF and Palo Alto office to SVC

This event is for Microsoft employees only



Executive Kick-off  
**Navigating Career  
 Development and Goals**  
 10:00–10:30AM | Galileo

“ Very few people know exactly what they want to do in 10 years. The best thing to do is to write down your dream job and create a work back plan that gets you the skills and connections to achieve it. ”

—Chuck Dietrich  
 CVP, OPG Mobile Data Applications and Growth

**MSV Growth Conference**  
 April 10, 9AM–5PM  
 Mountain View campus

**Empower your career**  
<https://aka.ms/empoweryourcareer>

This event is for Microsoft employees only.  
 Get the free shuttle from 1355 Market SF and  
 the Palo Alto office.





“Explore what you’re interested in and define what you’re good at. Use these reflections to guide your career.”

—Cindy Alvarez  
Director of User Experience, Yammer

MSV Growth Conference  
April 10, 9AM–5PM  
Mountain View campus

Empower your career  
<https://aka.ms/empoweryourcareer>

This event is for Microsoft employees only.  
Get the free shuttle from 1355 Market SF and  
the Palo Alto office.



Panelist

## Accelerate Your Career at Microsoft

12:30–1:30PM Saturn | Mercury | Jupiter

“ If you’re looking for a mentor, talk to people who are doing work that excites you. Identify a few people to meet, see if the chemistry works, and then take it from there. ”

—Padma Parthasarathy  
Partner Design Verification Engineer

MSV Growth Conference  
April 10, 9AM–5PM  
Mountain View campus

Empower your career

<https://aka.ms/empoweryourcareer>

This event is for Microsoft employees only.  
Get the free shuttle from 1355 Market SF and the Palo Alto office.

## **Appendix E: Group and Team Descriptions for Microsoft Silicon Valley**



Microsoft Silicon Valley (MSV) is at the heart of Microsoft's vision of building best-in-class platforms and productivity solutions for a mobile-first, cloud-first world. The innovations developed here have the potential for significant global impact. MSV is a hub for diverse engineering talent and cross-platform technology partners as well as community and customer engagement. Advancing Microsoft's innovation roadmap by acquiring new companies drives our growth and employee experience.

#### Artificial Intelligence and Research



**Cortana Speech and Language** is responsible for all speech recognition and speech synthesis at Microsoft. The team's focus is on Cortana, Skype, and a service platform for first and third party needs. The team is responsible for language modeling, the online service, and offline tools with approximately 50 people spanning software engineering, research, and program management. (Sunnyvale)



**Search Technology Center** serves relevant search results for Bing Search Engine (Bing.com and other entry points), Bing for work, and several other Microsoft products including Cortana and Office 365. The team is responsible for Query Understanding and Rewriting, User Behavior Signals, Core Ranking, Core Caption Relevance, Question Answering Relevance, and InfoBot (Question Answering for Information Seeking Bots). There are approximately 40 applied scientists and software engineers and five program managers. (Sunnyvale)

#### Cloud and Enterprise



**StorSimple** builds hardware and software storage appliances that extend customer data centers into Azure. The team, has approximately 60 employees in software engineering, program management, marketing, SDET, and business development. (Sunnyvale)



**Azure Networking** builds V-Next, a virtual network in the public and private cloud for Microsoft's enterprise customers. The team of approximately 70 employees have careers options in program management, engineering, and service reliability engineering. (Sunnyvale)



**Azure Data and Applied Sciences** teams drive product features using machine learning algorithms to provide intelligence for our cloud infrastructure and insights to customers using Azure products (MLaaS). Azure Data Solutions is a fast-paced team within the Microsoft Cloud driving the widespread adoption of Azure Machine Learning through easy-to-use services. The team is approximately 20 data scientists with careers in data science, applied science, and machine learning research. (Sunnyvale)



**Xamarin** uses cross-platform development software to simplify mobile application creation agnostic of the user operating system. Xamarin develops a test cloud and an educational and insights platform. Xamarin has approximately 100 employees spanning program management, software engineering, sales, marketing, and services. (San Francisco)



**Intune** delivers mobile device management, mobile application management, and desktop computer management solutions from the Azure cloud. Using Intune, organizations can provide employees with access to corporate applications, data, and resources from virtually anywhere, on platforms such as Windows, iOS, Android, and others, while helping to keep corporate information secure. The team has approximately 50 employees with career options in software engineering and program management. (Sunnyvale)

#### Office Product Group



**Skype** builds mobile and desktop applications for consumers and enterprises for video and audio conferencing independent of devices. Skype uses the latest machine translation technology for conversations and speech to text translation for accessibility and communication. Skype has approximately 140 employees with career paths in engineering, security, Android and iOS development, data and applied sciences, conversational speech science, program management, marketing, engagement and growth, and service reliability engineering. (Palo Alto)



**Yammer** designs and builds tools for our Office 365 enterprise products, which enable our customers to communicate globally and effectively. The team of approximately 130 employees have careers in software engineering (mobile, frontend, and backend), service reliability, UI/UX design, program management, data science and analytics, sales, and services. (San Francisco)



**Outlook Mobile** builds the mobile outlook platform for Office 365 customers to easily access Office documents and email while on the go. The team of approximately 75 employees spans software engineering, service engineering, program management, UI/UX design, data science and analytics, and sales, marketing and services. (San Francisco and Mountain View)



**MileIQ** uses ambient data and intuitive design to increase productivity for millions of business owners, independent workers, and modern entrepreneurs enabling users to claim their mileage expenses with confidence. The team of approximately 75 employees spans mobile development, software engineers, service reliability and support engineers, UI/UX design, program management, data science, and sales, marketing, and services. (San Francisco)

### Office 365

**Office 365** develops rich features for the desktop and web versions of PowerPoint, Hotmail, and Outlook so people can collaborate and communicate. The team of approximately 200 employees work across software engineering (front end and backend), program management, service engineering, and UI/UX design. ([Mountain View](#) and [Sunnyvale](#))



**PowerPoint** is responsible for the design, implementation, and testing for the PowerPoint desktop, mobile, and web applications on Windows, Mac, and iOS. Team members work closely together on every detail of design and implementation of the product and use rich telemetry, data driven decisions, and intelligent services driven by Machine Learning, rapidly shipping daily and building on top of the Azure platform. The PowerPoint team has approximately 150 members spanning program management and software engineering. ([Mountain View](#))

## Windows and Devices Group



**HoloLens** is creating a hardware and operating system platform and applications for HoloLens. The team is approximately 75 employees with careers in hardware research, firmware development, board design, electrical engineering, mechanical engineering, and software development. ([Mountain View](#))



**Xbox** development team designs, develops, and is involved in the manufacturing of the Xbox console. Xbox also has a custom silicon development team for devices including Xbox and HoloLens hardware. The team is made up of approximately 40 employees with careers in hardware board design, software development, and electrical engineering, and verification. ([Mountain View](#))

Silicon and Sensors

**Silicon and Sensors** development team has a cutting-edge research and development lab for the latest silicon architecture, design, and verification. The team consists of approximately 200 employees spanning verification and electrical engineering, mechanical engineering, software development, optical engineering, algorithms engineering, 3D, touch, signal processing, and sensors and image processing research. ([Mountain View](#))



**Havok** is a leading provider of game development technologies servicing the most demanding technology requirements for leading game developers. The team works with AAA game developers on cutting-edge 3D technology, such as Bungie, Naughty Dog, Infinity Ward, Insomniac, Xbox, and Sony. Approximately 15 employees are part of the Analog research and development team with careers in software engineering, program management, and developer relations engineering. ([San Francisco](#))

## Sales, Marketing and Services Organization



**Sales, Marketing and Services Organization** works with Bay Area companies to provide solutions across the Microsoft product stack. The sales and consulting services teams work with customers in small, mid-market, and enterprise businesses to deliver a wide range of Microsoft cloud and on-premises solutions. The team of approximately 340 employees spans sales, program management, marketing, business development, account executives, strategy, evangelists, and solutions architects. ([San Francisco](#), [Sunnyvale](#), and [Mountain View](#))

## Silicon Valley Microsoft Technology Center (MTC)



**Silicon Valley Microsoft Technology Center (MTC)** hosts a team of enterprise architects and business strategists who deliver strategy briefings, architecture design sessions, workshops, and proof of concepts to Microsoft customers. They deliver innovation tours, experiences, hackathons, and community events at the Microsoft Silicon Valley campus. The team consists of approximately 10 technology solutions professionals. ([Mountain View](#))

## Microsoft Ventures



**Microsoft Ventures** is a strategic investing partner in the Bay Area, where partners are actively investing in startups from Series A to Series D. The team of approximately 10 people focuses on investing in technologies, enabling Microsoft's mobile-first, cloud-first vision, spanning big data and analytics, business SaaS, cloud infrastructure, machine learning, productivity, and security. ([San Francisco](#))

## Locations

### Mountain View

Office Product Group  
Outlook Mobile  
PowerPoint  
Office 365  
Windows and Devices  
HoloLens  
Silicon and Sensors  
Xbox  
Sales, Marketing and Services  
Silicon Valley Microsoft Technology Center (MTC)

### San Francisco

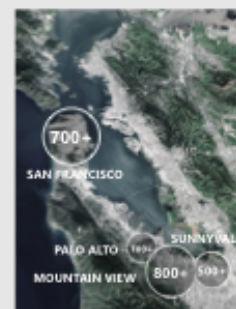
Office Product Group  
Yammer  
Outlook Mobile  
MixedReality  
Cloud and Enterprise  
Xamarin  
Windows and Devices  
Havok  
Sales, Marketing and Services  
Microsoft Ventures

### Sunnyvale

Artificial Intelligence and Research  
Cortana Speech and Language  
Search Technology Center  
Office Product Group  
Office 365  
Cloud and Enterprise  
StarSimple  
Azure Data and Applied Sciences  
Azure Networking  
Intune  
Sales, Marketing and Services

### Palo Alto

Office Product Group  
Skype



**Appendix F: Team Charter – Engineering Talent Council for Microsoft Silicon Valley and San Francisco**

## Microsoft Silicon Valley & San Francisco Talent Council

Last Update: September 22, 2016

### TALENT MANAGEMENT PROBLEM STATEMENT

“The perceived lack of career development opportunities drives attrition at MSV, which impacts the effective utilization of key talent.”

### SUPPORTING DATA:

- 75% of MSV employees on the ‘high’ predictive attrition list left Microsoft vs. 59% in Puget Sound
- 40% of Partners ‘Buy’ vs. ‘Built’ (joined through an acquisition vs. developed internally)
- MS Poll Career Development Index (67% MSV Engineering vs. 74% PS Engineering)
- Decrease in Women representation at L65 and below; development and retention of women at L62-64

### TALENT COUNCIL OBJECTIVES

1. **Sponsor, role model, and develop** leadership readiness needed to address the perception that careers can't be developed in MSV
2. **Enable** internal talent mobility across San Francisco and Silicon Valley, agnostic of engineering group
3. **Develop** an end-to-end view across MSV via development and succession plan reviews for key talent (pivotal, diverse, HiPO, early in career, and Principal)
  - **Pivotal Talent Profiles: Mobile App Development, Backend Distributed Systems, Machine Learning/AI, and Hardware**

### TALENT COUNCIL ROB

Timing	WHAT	HOW	Success Criteria
Quarterly	<b>Build Talent Internally</b>	<ul style="list-style-type: none"> <li>• Review key open roles and create candidate slates</li> <li>• List of People needing assignments within next 3 – 6 months</li> <li>• List of Positions to fill within next 3 – 6 months</li> <li>• Development Plans follow-ups</li> </ul>	<ul style="list-style-type: none"> <li>• Intentional discussion about career development</li> <li>• Internal candidate slates</li> <li>• Retention of EG talent</li> </ul>
Annual	<b>End-to-end view of talent across San</b>	<ul style="list-style-type: none"> <li>• Talent Talk by Software and Hardware with a focus on:               <ul style="list-style-type: none"> <li>• Predictive attrition (High, Medium)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Developing One Microsoft view of Talent in MSV</li> </ul>

	<b>Francisco and Silicon Valley</b>	<ul style="list-style-type: none"> <li>• Diversity (Women, AA/B, H/L)</li> <li>• Talent Pool / Stack</li> </ul>	<ul style="list-style-type: none"> <li>• Retention of EG Talent</li> </ul>
	<b>Succession Planning</b>	<ul style="list-style-type: none"> <li>• Identify and prioritize key strategic roles</li> <li>• Identify likely top development and diversity candidates for key strategic roles</li> <li>• Review of Succession Plans for possible exits</li> </ul>	<ul style="list-style-type: none"> <li>• Create development opportunities for key talent</li> <li>• Strengthen internal bench by intentionally developing successors</li> </ul>
	<b>Talent Landscape &amp; Market Insights</b>	<ul style="list-style-type: none"> <li>• View of regional Strategic Talent Plan: capabilities needed, now and in the future</li> <li>• Market Insights: external view of the talent landscape; with a focus on pivotal roles and diverse talent</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic talent planning discussion with GTA and EG leaders surrounding build vs. buy strategy</li> </ul>

#### MEMBERSHIP

	<b>Council Member</b>		<b>Council Member</b>
Software	Partner, Director of Engineering, Algorithm	Hardware	Distinguished Engineer, XBOX
	General Manager, Yammer		General Manager, Silicon & Sensors
	General Manager, Bing Experience & Platform		General Manager, HoloLens Design
	Group Program Manager, PowerPoint		
	Group Engineering Manager, Skype		



**Appendix G: Engineering Talent Council for Microsoft Silicon Valley and San Francisco**

## MSV Talent Council

General Manager, Yammer

Distinguished Engineer, XBOX

Partner, Director of  
Engineering, Outlook

Group Engineering Manager,  
Skype

Partner, Scientist Manager,  
Bing Ads

General Manager, HoloLens  
Design

Partner, Director of  
Engineering, Skype Consumer

Partner, Director of Engineering,  
Algorithm

General Manager, Silicon &  
Sensors

Partner, Software Engineering  
Manager, Azure

Technical Fellow, Relevance &  
Intent

General Manager, Office 365

General Manager, Bing  
Experience & Platform

Group Program Manager,  
PowerPoint