



John Donahoe, CEO of ServiceNow

Working on Priorities or Goals? Shift Your Focus to "Desired Outcomes."



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John Donahoe, CEO of ServiceNow, is in his third chief executive role. In our conversation, he shared smart insights about how to set priorities that matter, creating a "social contract" with your leadership team, and the importance of staying present in the moment, even if you're being pulled in a million directions.

Q. As you've worked with more senior leaders over your career, what are the subtle differences that explain why some people succeed more than others?

A. The first is that you have to have self-awareness about your strengths and weaknesses. Where do I need to improve? How do I compensate for areas that are not my particular strengths with my team? When you're leading, you're under pressure. It's a marathon and you're going to confront adversity. It's in adversity that self-awareness really makes a difference.

The second thing is that the best leaders have a continuous thirst for learning. The best leaders ask questions, they don't make statements. They're always probing and they're curious. What's interesting is that if an organization sees its leader as a learning animal, people are likely to replicate that, leading to greater levels of feedback, insight and collaboration.

Finally, for the best leaders, it's about "we," not "me." It's that notion of servant leadership.

Q. A big challenge for leaders is to get their team of direct reports to operate like a real team. How do you do it?

A. In many ways, that is as much driven by the team as it is driven by the leader. About six months after I joined, we had a leadership offsite. We talked about our collective and individual priorities, and there was a recognition that no individual could achieve their priorities without engagement from the others.

It was grounded in the idea that we can't get done what we want to get done unless we operate effectively as a team. It wasn't about being a team for team's sake. Then we spent a half day trying to develop a social contract of how we operated as a team. What was fascinating is that the team said, "John, we want you to leave, because this needs to be our social contract, not your social contract."

And we've put the social contract on the wall in our executive space. It says:

- We are a team first.
- We build trust and have each other's back.
- We work east-west.
- We don't tolerate ambiguity; we create and role model decision clarity for ourselves and for our teams.
- We debate like we're right, listen like we're wrong and then decide, commit and lead together.
- We make each other better.
- We stay connected and celebrate each other's success.
- We keep our team healthy, supporting each other and striving for balance in our lives. We role model one plus one plus one equals magic.

And because it's on the wall, we're saying that the entire company can hold this team accountable to live those values. And if they don't, you can call us out on them.

Q. What does "work east-west" mean?

A. That means that when they have tough issues, they're not going to come to me. That would be a north-south movement. They're going to confront and engage on tough issues with each other and try to resolve them. In fact, they have a Slack channel that I'm not on.

And let me tell you the story about "one plus one plus one equals magic." I'm privileged to

serve on the Nike board, and Phil Knight was nice enough to come to ServiceNow's first global leaders meeting about 18 months ago.

I did a fireside chat with Phil, and I said, "Phil, you've had the chance to see some of the greatest teams in history over the last 40 years. You've had a front-row seat. What's the difference maker that separates the greatest teams from the simply great teams or the good teams?"

Phil said, "With the greatest teams, it's not one plus one plus one equals five. It's not even one plus one plus one equals ten. The greatest teams have this ability to make one plus one plus one equal magic." It's that intangible quality of that deep commitment to each other and to the purpose.

Q. One of the biggest challenges we see for teams is setting priorities. How do you do that?

A. I'm extremely disciplined about priorities, and we create a document each year with both collective and individual priorities that we distribute every year to every VP, but anyone in the company can have them. We discuss our purpose and our values. And then for each area, it has the desired outcomes and priorities for each area. There's a page for each of my direct reports, and on the first page they all sign the document, just as they did with their social contract.

"By listing these outcomes, it becomes really clear how interdependent they are, and how everyone's priorities have to cascade off them."

We say that if we achieve these desired outcomes as a company, we're going to be successful, and we're going to say we had a good year. It's not just about the financial results; it's about achieving these desired outcomes, and we list the priorities to get to those desired outcomes. By listing these outcomes, it becomes really clear how interdependent they are, and how everyone's priorities have to cascade off them. I travel around the world reviewing our global priorities with all our employees, and how we cascade them down across the organization.

And then on a quarterly basis, I meet with my direct reports to say, okay, where are we against our priorities? We have our financial results, but where are we against these priorities? For the second half of this year, our theme is to go further on fewer.

I'll ask, what are the priorities that we've got to nail in the second half of the year? What are the ones where maybe we're not going to get there from here? Should we stop them or defer them so that we reallocate our time and energy to making sure that we achieve the highest priorities? And if there are any new priorities, we can add them, but what ones are we going to take off?

It has to be a dynamic process. If it's too structured, then the process overwhelms the content, and people get too focused on the process around the structure, rather than on what we are trying to accomplish.

Q. What are your guidelines for figuring out how many and how specific you want the priorities to be?

A. It starts with me writing the desired outcomes – and I describe them as outcomes, not priorities or goals – for each person. And I say, “These are the outcomes I want to be able to say yes to by the end of the year.” That begins a dialogue with each of them. I’ll say, “Are we clear on the desired outcomes and are we clear that you own these outcomes, not me? If you want me to own them, I can, but that probably won’t make you very happy because I’m going to be a lot more involved than you would like me to be.”

Last year, I had all these outcomes for all my direct reports on my whiteboard for the entire year. I never erased it all year long, and every meeting I’d say, “I know you’re really busy, but we’re in agreement that by the end of the year you’re going to get to that outcome, right?”

That has an amazing effect of focusing attention on the the priorities that are most important to get to that outcome. Priorities for priorities’ sake are dangerous. Priorities have to be geared to a specific outcome in mind.

And they have to be measurable, but they don’t always have to be quantitative. I might write statements that I want to be able to say yes to at the end of the year. It might be about launching one or two new products for the next year. There might not be metrics for everything, but the question is, have we achieved that outcome, and can we identify the specifics that we need to tackle to achieve it?

I also visited Alan Mulally when I was running eBay and he was running Ford. I’ve borrowed his system of tracking milestones and progress each quarter in terms of red, yellow or green. Just as Alan did with his team, I say at these quarterly reviews, “I don’t want to talk about the greens. We will spend zero time on what’s going well. We’re only talking about the yellows and the reds. How do we get a yellow to a green and how do we get a red to yellow? And if something’s red and it’s going to take Herculean efforts to get to yellow, is it a big enough priority or should we stop it?”

Q. This is your third CEO role, after running eBay and Bain. How have you evolved as a leader?

A. The inner game of leadership has become more front and center to me. After spending a decade at eBay, I did something that I’d never had an opportunity to do in my career — I took a year off. I wanted to use the time to reflect on what it was I wanted to do in the next stage of my life. I was 55 years old, I’d had the benefit of two wonderful careers at Bain and eBay, and I wanted to reflect on what was next.

I did a ten-day silent Buddhist retreat at Spirit Rock in northern California. That began a deep reflection on what I would characterize as the inner game of life, but that then evolved to the inner game of leadership. A lot of the principles of Buddhism are around mindfulness and being present and aware in the moment.

"I now meditate on a regular basis, even if I'm being pulled in a thousand directions."

I met George Mumford, who was Phil Jackson's meditation coach for the Bulls and the Lakers, and began understanding the linkage between mindfulness and performance for athletes. They train and condition their bodies to be able to perform at the highest levels, but they also condition and train their minds, and they have a similar discipline about how to be present in the moment when the pressure's on and they have to perform.

I began a practice where I now meditate on a regular basis, even if I'm being pulled in a thousand directions. It's connecting that process of mindfulness and being present with being able to be at your very best and perform at your very best.

Q. Since you've developed this focus, have you noticed how has it changed how you show up as a leader?

A. At a minimum, it's helping me enjoy the moment in the moment a little bit more. For many years, I would put my head down, under-promise and over-deliver. But I didn't always allow myself to enjoy the moment in the moment.

Now my mantra is to try to play like Steph Curry. He's a role model in that Steph plays with joy when he's on the court. He plays with the same kind of joy on a night he's one-for-ten that he does on a night when he's ten-for-ten. He's just happy to be on the court.

At this stage in my life, I'm trying to see how can I both lead with authenticity and effectiveness but also enjoy the moment in the moment.