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How Google's decision-making works

Eric Schmidt joined Google as its CEO in 2001. Even though the company was already a smashing success, he knew his job wouldn’t be easy.

Schmidt, 61, understood the risk that founders take when hiring an outsider as CEO. Clashes can occur as founders chafe at the CEO’s decisions.

At Google, Schmidt set up a decision-making system that prevented problems from getting out of hand. First, he let Larry Page and Sergey Brin (Google’s co-founders) continue to do what they do best while he oversaw the sales force and handled general management duties.

The trio trusted each other and became what Schmidt calls “a ruling triumvirate.” They met most days and agreed on most decisions.

When they disagreed, Schmidt set up a three-step resolution process: Identify the issue, meet in private to debate it and set a deadline to decide.

Most importantly, Schmidt ensured that the founders would have the final word. He was willing to shove aside his ego so that Page and Brin retained decision-making authority.

In a product review meeting, for example, the three leaders disagreed over aspects of a new product. There were 20 people in the room, so Schmidt met with just Page and Brin later that day to resume the argument.

When he realized that they disagreed with each other (not just with him), he stepped aside and let them duke it out. His only directive: They had to decide within 24 hours.

The next day, Schmidt asked them, “Which one of you won?” They replied, “Actually, we came up with a new idea.” Their fresh insight led to the best decision of all.

— Adapted from *How Google Works*, Eric Schmidt, Jonathan Rosenberg and Alan Eagle, Grand Central Publishing.

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