The real business intelligence

He founded and is currently the president of the SAS Institute, the world's biggest private software company. He has fostered a flexible corporate culture that takes employees needs into account. Also, he has demonstrated that generous personnel policies can be rather lucrative.

Passion for numbers

With a Ph.D. in mathematics and statistics from the North Carolina State University, Jim Goodnight founded the SAS Institute in 1976, a company that develops specialized software to analyze data and calculate correlations between variables, i.e., in computer jargon, business intelligence, data mining and data warehousing programs. Elected the most important business leader of the nineties by Business Leader magazine, he has recently played the role of a moderator at the World Economic Forum in Davos, Switzerland. Besides, Goodnight teaches at universities and writes articles about statistics. In 1996, he founded a secondary school in North Carolina with the purpose to integrate technology into the educational process.

In the beginning of 2000, when the dot coms were flying high, Jim Collins was thinking about the companies that were started up with the purpose to gain money fast and in large amounts, and he compared this model against that of companies that aimed transcendence. Collins would challenge such entrepreneurs with the following question: "Which option suits you most: build a company to last or to be sold?". The author of best sellers "Built to Last" and "Good to Great" added, however, that ultimately it was about an artificial distinction. "The true question, the essential one, is the following: is your company built to work?". Jim Goodnight would answer yes. Almost 30 years ago he founded the SAS Institute, which was rated by Fortune magazine as one of the best places to work at—a recognition that it has also received from the Wall Street Journal, BusinessWeek, Working Mother, and Fast Company.

The specialists often highlight SAS Institute's human resources policies, which set flexible work schedules of 35 hours per week, offer free day care centers, and provide ongoing medical service in the headquarters at North Carolina, where there are also gyms, soccer, basketball, and softball fields available. No big surprises so far: some countries also offer work schedules of 35 hours per week, and there are many companies that offer day care assistance. However, Goodnight has gone a step ahead with his idea of "making employees' lives better" and has included laundry services at the gyms (clothes are returned on the next day, clean and scented), massage, and golf, African dance, tennis, and taichi lessons, as well as, for the delight of many, tons of M&Ms every Wednesday morning. Besides attracting attention from the press, these actions had a positive impact on the personnel rotation rate that is below 4% per year.

In the following interview, Goodnight speaks about SAS's corporate culture and details the core aspects of his leadership style. His answers, brief and direct—in which he sometimes blends personal and corporate milestones as if they were two sides of a coin—, reveal the power of a simple idea: treat people as you would like to be treated.

You have founded a company that has been considered for many years one of the best places to work at. What measures have you taken to convert SAS into such a valued place?
It is necessary to consider that 30 per cent of our people is dedicated to research and development. To attract and retain this kind of people it is necessary to create an

Notes about SAS

The SAS Institute has a flawless trajectory: since its foundation in 1976, revenues have increased year after year without interruption. In fact, it resisted unharmed during the outbreak of the "dot coms", which made the high tech market tremble and ended with several companies. According to Jim Goodnight, the factor that contributed the most to SAS expansion was user satisfaction with the systems. "Renovation of software licenses is annual— he explained—, and if we do not manage to fulfill our customers needs, next year they're gone. Therefore, we always pay close attention to what they want and do our best to incorporate it into our programs."

Even though the expansion was constant and fast (revenues scaled from US$ 138.000 in 1976 to US$ 1.53 billion in 2004), Goodnight intends to accelerate growth. He wishes to have an increase of 16.5 per cent in 2005, compared to the previous fiscal year. "We have already developed the software—he said—; increasing market share and revenues now depends on our sales and marketing department. Last year we grew 14 per cent; it was even more in Latin America: 50 per cent. We were never well represented there; now we have added more people and opened local offices."

SAS is a privately owned company and, according to Goodnight (its major stockholder), there are no plans for it to be listed on the stock market so far. In his opinion, the greatest advantage of this current situation is to be able to make long term plans—for they need not to worry about satisfying Wall Street's expectations—and fully dedicate themselves to their customers.

environment that stimulates creativity. But basically what we do is try to find balance between life at work and personal life for our employees. We want them to feel fine. We provide medical assistance, hair services, dry cleaning, and massages at our premises. Also, for those who wish to practice sports or workout, we have built three gyms, soccer fields, and running trails.

One of your first initiatives was to set a work schedule of 35 hours per week, which is rather unusual in the high tech world where efficiency seems to be associated with the ability to work long hours, sometimes to exhaustion. What would you say to those who believe that you have to work late everyday or during the weekends in order to be successful or productive? Is it possible to get more done in less time?
There is no reason to make your employees work overtime at the office. Today, developing programs, for instance, is a much faster activity than when I started. At that time, we had to work during nighttime because we took shifts to use the only computer that we had. Today, on the contrary, everyone has their own computer at the office and SAS has thousands of servers that enable programming to be done faster than before.

Was creating a company that would be an excellent place to work at one of your initial goals or did it just happen?
Actually, it happened quite naturally. My basic philosophy was to treat people as I would like to be treated.

What were your goals when you founded the SAS Institute?
We were pretty sure that there would be enough people willing to pay to use our software and therefore we would be able to survive. We were right. We had profit already in the first year and SAS has been lucrative ever since.

Can you explain what led you to create your own company?
I started working at the North Carolina State University, where I stayed for eight years until I realized that I couldn't continue to grow there. The university didn't have enough space and our business was growing, so we left the academic world in 1976.

Data and figures

Foundation year: 1976
Headquarters: Cary, North Carolina
Number of employees: 9,521 (4,011 at the headquarters)
Total number of offices: 318 (231 in the United States; 52 in Europe, Middle East, and Africa; 6 in Canada; 20 in Asia Pacific; 9 in Latin America)
Investment in R&D in 2004: 26 per cent of the investments
Partnerships and associations: More than 300

Customers: More than 40,000, including 97 of the first 100 companies included in the Fortune 500 list of 2004
Users: More than 4 million worldwide
Revenue progression:
1976: US$ 138,000
1980: US$ 5,05 million
1990: US$ 240 million
2000: US$ 1,120 billion
2004: US$ 1,530 billion

Did your background in exact sciences have any influence on your leadership style or on your performance as a chief executive officer?

Absolutely. My skills in mathematics and statistics help me analyze processes and I have a certain scientific approach to the way I do things.

Which activities do you usually delegate and which do you keep under your supervision? I try to delegate as much as I can and I believe that all good managers should do the same. It is essential to have people to whom you can confide responsibility and authority. I obviously intervene every now and then to give a few suggestions. As a matter of fact, I get together with the managers two or three times a week, and we pass across each other at the office all the time, so I always know what's going on.

Anyway, you're known for getting too involved on the day-to-day work; there are several anecdotes about you coding together with your programmers. Is this true?

Yes. In fact, I was still programming until about two years ago. But lately I have been leaving it a little bit aside because I'm asked to give conferences to provide greater visibility to the company.

What are the main lessons learned during your almost three decades heading SAS?

The most important one is that you have to treat each person as if he or she was capable of making a significant contribution. If we respect those who work for us and let them be in charge of their areas, they won't deceive us and will do a good job. Definitely, my job is to ensure that we take care of our people. If we do so, our employees will take care of our customers who in turn will take care of our company. It's a kind of triangle.

What are the criteria for selecting your employees?

We search for people that meet two conditions: have the necessary skills to do the work and be able to adapt to the corporate culture. Individuals that do not meet these two requirements don't last long in the company. Culture is like a living organism: it takes care of itself; it is like an immunological system that expels the foreign bodies.

Are you saying that those who do not share SAS's culture values take the decision to leave?

Sometimes they ask to leave, sometimes they are dismissed. But we have improved our recruitment method and we make sure that we hire people that are in sync with our company's culture.

In your opinion, what are the best incentives to retain the most talented employees?

To any researcher, programmer, developer, or scientist, the most stimulating thing is challenge. They enjoy it. To propose a challenging job is the best you can do to attract and retain talented people.

Milestones

1976
- Foundation of SAS Institute in North Carolina (SAS stands for Statistical Analysis Software). Release of the first product, BASE SAS software. Partnership with IBM.

1978
- Expansion of the customer base: up to 600.

1979
- Sale of the first software license outside the USA (to Databank in New Zealand).

1980
- Opening of the first subsidiary: the United Kingdom office.

1982
- Opening of the first subsidiary in the Asia Pacific region (New Zealand). Partnership with Digital Equipment Corporation.

1983
- Creation of a health center in the headquarters to offer free medical assistance to employees and their families.

1984
- Expansion to the minicomputers arena (the SAS software would only run on mainframes before).

1985
- Opening of subsidiaries in Japan (Osaka) and Hong Kong. Partnership with Hewlett-Packard.

1986
- Release of SAS software (SAS/ML and SAS/Stat) for PCs.

1987
- Opening of subsidiaries in Netherlands, Finland, and Italy. Rewriting of SAS System program in C programming language. Partnership with Apple Computer.

1988
- Partnership with Sun Microsystems.

1989
- Consulting services started to be offered. Working Mother magazine rates SAS as one of the best companies for working mothers to work at.

1990
- Partnership with Intel.

1992
- Creation of the "work-life initiatives" department.

1993
- Opening of subsidiaries in the United Arab Emirates, Poland, and Hungary.

1994
- Opening of subsidiaries in Portugal and Austria.

1995
- Opening of subsidiaries in South Africa, Thailand, Czech Republic, and Slovakia.

1996
- Opening of subsidiaries in Brazil, Russia, and Indonesia.

1997
- Employee population surpasses 5,000. Creation of the "educational technologies" division with the purpose to develop Web content for second grade and graduation students. SAS is ranked number 3 on Fortune magazine's list of the 100 best companies to work for in America, and number 4 on BusinessWeek's equivalent list.

1999
- CIO magazine includes SAS among the top 100 companies that stand out with operational and strategic excellence.

2000
- SAS unveils an aggressive branding campaign, revealing a new slogan ("The Power to Know"). Software migration to Linux platform.

2004
- Release of SAS 9, a business intelligence software.

Can you remember any key accomplishments of your career?

When the personal computer was created in 1984, we took the decision to rewrite all our systems in a programming language called "C", available in all types of computers: from personal computers to mainframes, including Unix-based systems. It was a transcendent decision, for we could use the same software in different computer lines.

You are leader of the world's largest privately owned software company, have recently presided over a panel at the World Economic Forum in Davos, and have even founded a secondary school. What motivates you most?

I'm very pleased to run this company and I enjoy what I do. Besides, I like to compete and one of the challenges of this position is to assure growth and try to overcome the competition. It is a never-ending job.

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