Nathan Myhrvold

This is a very interesing and valuable point. I think that more strategic thinking about our image would be very worthwhile because we could be more proactive and better prepared.

On thing that Bill's mail does in my view is begs a quite fundamental question, which is this - who is telling our side of the story?

The twin extremes of MS failure and guaranteed success are mutually inconsistent. It is easy to rebut either one, but who is doing the rebuttal? At present there are two types of third parties who communicate our image on a broad basis - journalists and competitors. We do some direct communication via advertising, speeches, customer contact etc, but by and large the people who set our image are these folks, not us. Neither of these groups are going to do the rebuttal for us.

Journalists MIGHT be influenced by what we say but frankly I doubt it. This may sound crazy since they are supposed to "quote" us in interviews and take a balanced point of view, but relying on them to communicate our message is fundamentally a LOSING game. I hate to use an obtuse physics analogy, but the second law of themodynamics guarantees this. No matter how eloquently we put forward our perspective, these guys spend their lives in a sea of randomness and entropy caused by competiors and people repeating silly stuff which will cause whatever ideas we've planted in their heads to spill out in short order. Empirically speaking, I have seen smart journalists that we spend tons of time on write silly stories on us time and time again. Even worse, the few journalists that really do get it and might agree 100% with the stuff in Bill's mail generally are silent. So, we have a mixture of a few people who have a big personal stake in taking negative postions on Microsoft(controversy sells, scoops sell, herd instincts sell - especially to the herd...), including Zachmann, Charles Ferguson etc, the majority of the press who more or less parrot anti-MS feelings because they quote competitors in an indiscriminant and uncritical fashion, and few if any people who have a strong pro MS stake to balance the really negative people. The net is negative.

The classic reactive mode stuff that we do when the shit hits the fan, and the small scale proactive work that we do can fix this for a while, but like any battle against entropy it is really a matter of reducing how much you lose - you don't get to win. Journalists don't have any stake in telling our side of the story - the things which motivate them are quite different. In fact, it is hard for journalists to be strongly in favor of a company because they hate like hell to be labeled as patsys or dupes. Zachmann would be about 10X more credible today if he had JUST bashed Microsoft rather than also sucking up to IBM and OS/2 - being strongly anti-MS is very tenable, but being an OS/2 shill can be embarassing. I am not press bashing, I am just stating a fact. It goes without saying that competitors are not going to help much either, and numerically speaking they outnumber us.

The reason that I bring this up in this context is that the fundamental contradictions in the failure vs guaranteed success model exist in large part because there is nobody who has a stake in calling bullshit on this or getting our story out to people.

As I have said before in mail on this topic (my Telling It Like It Is memo) I think that we have to take a stronger and more direct role in getting our story out. A magazine article by Bill or somebody else at Microsoft which points out the "failing vs guaranteed success" model would make the point a hell of a lot better than 9 out of 10 journalists that we talked to about this. Yes, it would "have our fingerprints on it" but I think that it is still a lot better than the great independent story that never gets written. Bill's Infoworld editorial was a good example, but I think that we should do this a lot more.

Even more than having us act defensively to counter negatives and call bullshit on inconsistencies, I think that we should mount some very proactive campaigns which get our side of the story out in advance of reacting to external problems. I'll write more about this later.

Nathan

From:	Nathan Myhrvold
To:	Peter Rinearson (Alki Software)
Subject:	FW: Microsoft failing but guaranteed success
Date:	Monday, December 06, 1993 3:37PM

More grist for the mill!

Nathan

From: Bill Gates <billg@microsoft.com>
To: jeffr; martyta; steveb; w-pamed
Cc: billg; billn; jonl; mikemap; mikemur; nathanm; paulma; peteh
Subject: Microsoft failing but guaranteed success
Date: Saturday, December 04, 1993 1:01PM

This is the kind of thing I would share if we ever had high level talks about our image and PR activities. Despite the vacuum that we need to deal with at some point I think it is still worth writing these things.

There are a number of people who believe Microsoft is so powerful that it will be successful and take immense profits for at least the next decade without having to drive state of the art innovation. These people say that no one can challenge us because of our position.

There are people who think Microsoft is about to fall off a cliff and fail since various challengers will pass us by. They say our success was brief and is bound to pass soon citing IBM and others who have lead and then failed or pointing out we are doing too much and small companies together can replace everything we do.

Lets call these views the guaranteed success view and the about-to-fail view.

The key point is that they can't both be right. They share only one thing - saying negative things about Microsoft.

I think it would be valuable to take our various hard core detractors and point out the inconsistency of these viewpoints and try to pin them down into one camp or the other. I think Zachmann has staked out camp number 2. It would be nice to have notable examples from each camp. We have to defeat any efforts by people who try to have it both ways by saying things like "they would fail if they played fair but they won't because they don't" by forcing them to be more specific about "fair". . When dealing with outsiders like a FORBES magazine it would be nice to know which viewpoint they are going to take.

Novell got caught on this dilemma a little bit when they had the FIRST BOSTON analyst testify in congressional hearings that NT was going to totally fail and Netware win based on the workings of the marketplace. They like this support in some forums but not in congress where they are trying to push our dominance and get us crippled.

The truth is of course in the middle. Microsoft stock is a rational indicators of a number of views - it is not at its peak and it is not infinite but it is not at it lowest ever either. My view is that if we don't work hard and continue to be innovative then we will fail to our vigorous competitors so the truth is closer to the about-to-fail than guaranteed dominance. We have to prove ourselves everyday and our past record although good is no guarantee of anything in the future.

I find it easy to debunk either point of view but unless we have people clearly positioned every statement we make is used against us one way or the other. Lets take the answers to a few questions:
Can Windows easily be replaced as a standard? Of course the answer is that it is possible but not easy. If we are talking to someone who thinks we are going to fail we emphasize how hard but the quotes sound very dominant. What does it mean we are adjusting headcount in some groups downward causing us to let some people go? Of course it means we are subject to all the rules anyone else in being an effective competitor but it we talk about how solid we are overall it makes us sound dominant.