

# The Plot Quickens

*New book tells the inside story of the development and innovative marketing of Intuit's automated personal finance software. Author Kathy Schroeder explains it all.*

Kathy Schroeder is the co-author, with Suzanne Taylor, of the new book "Inside Intuit: How the Makers of Quicken Beat Microsoft and Revolutionized an Entire Industry." Her work history includes marketing leadership positions at Ford Motor Company and the Business Development group of NetEarnings.com.

**UBIQUITY:** What was it about Intuit that made you want to write this book?

**SCHROEDER:** My writing partner and good friend, Suzanne Taylor, worked at Intuit for more than eight years. During that time, I heard many stories and saw many successes from the company on the marketing front. I was interested in exploring how marketing innovations and the software industry worked together to produce successes like Intuit.

**UBIQUITY:** How did Intuit founder Scott Cook go about creating the company? Did he take a strict technological approach?

**SCHROEDER:** It was absolutely not a strict technological approach. He calls himself a "former fat salesman", reflecting the fact that he was a brand manager for Crisco for Procter & Gamble after he left Harvard Business School. His experience was along the marketing dimension. When he began to think about selling software, he didn't come from a technical point of view. He came to the idea of software sales from user and marketing perspectives.

**UBIQUITY:** How did he find out what users wanted?

**SCHROEDER:** From the very start, he imported some of the Procter & Gamble practices about market research. Before he even started the company, he did market research himself. He had phonebooks from Palo Alto, where he was living, and from Winetka, Illinois. So he yanked out those phonebooks and started making random cold

calls, just as he would have done at Procter & Gamble. Although there, of course, the research department would have done it for him.

**UBIQUITY:** How did he get the idea of using software to automate the tasks of personal finance?

**SCHROEDER:** His wife's complaints about the dreary nature of managing finances got him thinking about how managing finances was the kind of task that a computer could do well. Scott had always had an interest in computers and had thought previously about ways that they might change people's lives. That general interest in computing combined with his marketing knowledge and his wife's thought about how boring it was to do this financial task crystallized for him into the idea of creating software to do the repetitive, mundane elements of managing personal finances. Software would have to do them accurately and more easily for the user than the manual way that everybody was using at the time.

**UBIQUITY:** When he made those initial phone calls, did he mainly establish that people hated doing this? Or did he find out why they hated it and get ideas from them on how to do it?

**SCHROEDER:** He focused on both. He wanted to confirm his wife's feelings and his initial belief that managing household finances was a dreary repetitive manual time-intensive task. He also wanted to know why. He got a lot of information about the drudgery of repetitive arithmetic and the fact that people write checks to the same people or same vendors or suppliers on a household basis month after month. Those things made the whole task un-fun to manage on a personal basis.

**UBIQUITY:** When he approached technology, he took a marketing view. What was his approach to marketing itself?

**SCHROEDER:** He definitely took a very quantitative, rigorous and disciplined approach to marketing. Intuit conducted the first user study. When they were close to releasing the first version of Quicken, they had a small office in the basement of a building on University Avenue, which is Palo Alto's main street leading into Stanford's campus. It's very much the heart of Palo Alto. He, or some of the people working with him, would grab people randomly off the street and bring them in to look at the software. Nobody

else was doing that kind of user research. Over the years, that grew into Intuit having one of the first on-site usability labs.

**UBIQUITY:** Are they still grabbing people off the street?

**SCHROEDER:** Not exactly. If you visit Intuit headquarters today, you'll see a sophisticated layout with two-sided glass and cameras to look at both the users' faces and their hands as they work through the programs. At the beginning, every employee watched users. People who worked at the company, no matter what their discipline, answered tech support calls, listened to users' questions and complaints, and watched the user research. From the start of the company, Scott thought it was important that all the people in the company immerse themselves in the company's research.

**UBIQUITY:** Do other technology companies require this type of thorough research of user needs?

**SCHROEDER:** Many people who have left Intuit have carried the requirement through the Valley. The innovation of orienting the entire company around the research and doing usability research firsthand was at the heart of Scott's wanting a pervasive understanding of all the user's needs and to inform all the decisions about how the product was shaped. But it wasn't just Scott. Tom LeFevre and Tom Proulx, who was in charge of technology at Intuit for many years, both contributed. Both were sensitive to Scott Cook's original customer focus. It was never a one-man show, although Scott's vision, determination and drive certainly infused the company with a purpose.

**UBIQUITY:** What did you know of Scott Cook before you wrote the book?

**SCHROEDER:** I have to say I came into this project without knowing anything other than the anecdotal things I had heard about Intuit. I had never met Scott Cook. I was a little skeptical about some of the exulted things that I'd heard about him. We did 22 interviews with Scott through the course of researching and writing the book. His help had a tremendous impact on the book and he was also personally inspiring. I may have come into the project as a skeptic but I emerged as a fan.

**UBIQUITY:** Did anything surprise you as you researched the company?

**SCHROEDER:** One of the biggest surprises in terms of Intuit was the explicit embrace of specific values. I've lived in the Silicon Valley for 14 years. I personally have a somewhat cynical view of corporate values, those documents that HR departments cook up. The degree to which those documents and values are respected in many of the companies isn't necessarily what HR would have you believe when they first discuss them. At Intuit I found that all of the employees that I talked with really believed in the values themselves and believed also that the executive team believed in the values. I found that remarkably different from many of the companies that I'd had experience with. I was delighted with the intellectual passion that Scott Cook and the rest of the management team embraced: the ideas of not just creating an explicit listing of these operating values, which are still in evidence at the company today, but also "walking the talk" and making decisions throughout the company in accordance with those values.

**UBIQUITY:** What values are you thinking of?

**SCHROEDER:** The book has a list of Intuit's ten company values. Integrity is the first value on the list. I believe that they try, in all cases, to act according to integrity. They also include values about putting customers first and treating them fairly, about the fact that Intuit is the people and it's the people who make the difference. I am impressed that these are not just values that people put up on posters and then ignore.

**UBIQUITY:** You said that Scott Cook likes to call himself a former fat salesman. What do you think he would answer if you asked him whether Intuit was essentially the same as Procter & Gamble?

**SCHROEDER:** On the one hand, he made a point of speaking to us in an interview about the fact that Procter & Gamble is in its way a technology company. It holds a huge number of patents on household products. It puts customers at the center of its product innovations. In those ways, I think he'd say that Intuit and Procter & Gamble are the same. Still, I think that Scott has a sense that technology and especially financial management lay at the heart of what people live their lives around. People don't make life-changing decisions about brands of toothpaste or cooking oil. But they do make life-changing decisions about what colleges they can afford to send their children to, or what houses they can buy, based on the financial analysis they do with the software products that Intuit provides. Scott has been dedicated to trying to help change people's lives

through his company's technology. In that way, I would guess that he would characterize Intuit as different from Procter & Gamble.

**UBIQUITY:** What do you think of his early struggle?

**SCHROEDER:** By the time the company was ready to introduce and launch the first product the market for venture capital had essentially dried up. He was unable to get funding to introduce the product. The first two-and-a-half or three years were incredibly rocky, culminating in a six-month period where he stopped paying salaries. Another element of this story that surprised me is that he had three employees who stayed working for Intuit for six months when he couldn't pay them anything. Tom Proulx, of course, was one of those. In addition, two women stayed and were able to make the company endure long enough so that Scott was finally able to see some success with the Apple II version of Quicken.

**UBIQUITY:** What was the hardest job in getting the company working?

**SCHROEDER:** I think that the biggest personal challenge that Scott faced was having the sheer determination to stick it out with six months of not only not paying his own household expenses, but not paying the expenses of employees, not being able to pay back his parents who had put money into venture. He had the determination -- he says he was informed by fear -- that he absolutely could not fail. It was too hideous to contemplate. But I think he sells himself short. I think the kind of determination that gets you out the door and back to the office where you're sitting on packing crates and you can't afford to pay the rent is an inspiring part of the story.

**UBIQUITY:** How would you characterize Intuit's relationship with Microsoft over the years?

**SCHROEDER:** Generally, their relationship was very competitive. Microsoft, particularly in the late 1980s and early 90s, had a formidable reputation as a company crusher. There are a number of examples of companies that were driven out of business by Microsoft or who were bought by Microsoft and then disbanded. When Microsoft brought out its version of a competitive product called Money, Intuit's focus was on beating Microsoft. Probably the core culture regarding Microsoft was the idea that they were a competitor that was so formidable they had to be crushed. Then there was this odd

period during which Scott and the board agreed that Intuit would be sold to Microsoft with the guarantee that Intuit would continue to operate separately. The concept was that the enemy would become the ally. I think that was a stretch, particularly for the more old-time Intuit employees. Once the Justice Department intervened and Microsoft decided not to pursue the sale with Intuit, the concept of competing against Microsoft came back in full force.

**UBIQUITY:** Is there a general feeling in Intuit that the battle is won?

**SCHROEDER:** Intuit is not a company that rests on its laurels. One of its values is "Seek the best," and "seek" is very much part of the culture. Even with 6,500 plus employees, the company is focused on momentum and innovation, and on ensuring that it stays ahead of other people in the market. There's no resting going on.

**UBIQUITY:** In recent years, various people have questioned the desktop metaphor that companies such as Microsoft have made famous. Has Intuit ever questioned the continuing usefulness of the metaphor for Intuit of the writing of the check? Is there a possibility that Intuit might adopt some other principal metaphor?

**SCHROEDER:** There are two ways to think about the question. One is that Intuit does a lot of market research and is very focused on innovating to serve its customer's needs. For example, Intuit entered the Internet arena aggressively and serves its customers across a broad number of platforms. You can get Turbo Tax a number of ways. My father did his taxes last year on Vanguard's free Turbo Tax online. Turbo Tax is available at grocery stores and Costco and many other places. Intuit continuously attempts to evolve that metaphor to make it as useful as possible across many media. I would also say that as long as the desktop model drives revenues, Intuit will not walk away from that model. People are still buying boxes of software. A lot of what was said about the day of desktop software being over was said during the height of the Internet craze. Many of those people are speaking much more softly today. Platforms evolve and new ways are introduced for people to interact with technology and with financial institutions like their banks. Intuit spends a lot of time looking at how banks interact with their customers to ensure that they're up to date with such things. Intuit will evolve as well.

**UBIQUITY:** What was hardest about doing the book?

**SCHROEDER:** This was our first book, so I think we were unprepared for the time commitment. We did 132 interviews and a great deal of original research. We dug around in old boxes of materials that Intuit had stored for long periods of time. Synthesizing that material and getting it into a story that is entertaining as well as interesting and maybe educational, if we've done well, was a challenge.

**UBIQUITY:** Did you find any villains either in Intuit or elsewhere?

**SCHROEDER:** There is not one person or force in particular that I can identify as a villain, despite the fact that my writing instincts called for one. We occasionally amused ourselves by inventing one because every good protagonist needs an antagonist. This is Basic Writing 101. In fact, a lot of pressures have acted on Intuit over the years. Some things -- government decisions, competitive moves -- have not gone in their favor. With regard to Microsoft, which is the closest to the villain of the piece, Intuit senior staff said that it was a gift that Microsoft brought out Money when it did because it galvanized them to make Quicken an order of magnitude better than it would have been. I have to say I regretted feeling so positive about Scott Cook. I fought against that throughout the course of the book because I didn't want to come across as someone who wasn't objective. I entered the process as a skeptic. But over the course of getting to know the players and the people who worked together to found Intuit and create the company, I can't help but walk away feeling not only impressed by also incredibly educated. I learned so much more about business by talking to these guys than I ever learned from my Stanford MBA. I feel very fortunate to have had the opportunity to write the book.

**UBIQUITY:** Do you ever use Quicken yourself?

**SCHROEDER:** Yes. My husband is more of the financial maven in our household, however. He has used Turbo Tax every year for as many years as I can remember. That has nothing to do with the software product though. That has more to do with our division of labor in our marriage.

**UBIQUITY:** OK. Who gets the groceries?

**SCHROEDER:** Me. I spend it and he just keeps track of it.

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