

## Dan Warmenhoven, CEO NetApp Addresses Alliance of Chief Executives

### Summary

Dan Warmenhoven, CEO of Network Appliance was our keynote speaker. He reveals leadership secrets that helped fuel the incredible growth.

### Facts

- Company: Network Appliance
- Person: Dan Warmenhoven, CEO
- Years as CEO: 11
- Head Count: 4,000
- Product/Service: Data Management and Storage
- Growth Rate: 46% CAGR average over 11 years.
- Sales: 2 Billion.
- Founded: 1992

### Leadership secrets that kept him on top or the rocket that is NetApp. . . .

By Robert Sher

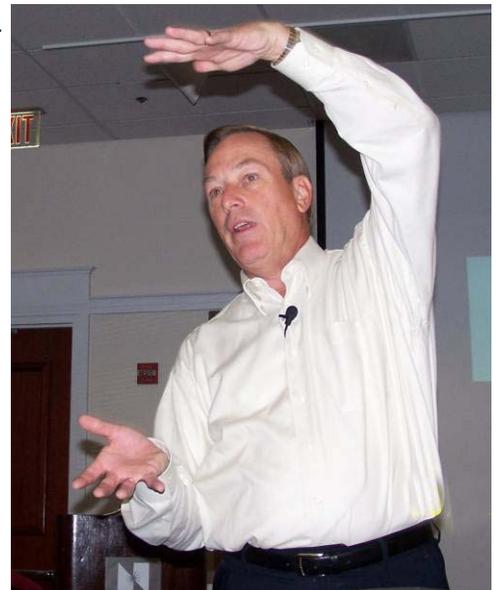
I asked him for his secret for staying at the top of the “rocket” that is his company. He said, “I’m not that introspective”. Nonsense. He grew a 15 million dollar firm to a 2 billion dollar firm in 11 years. He’s introspective. He’s thinking about who he is, what he stands for, and why he does anything and everything, all the time. That’s my take after Dan Warmenhoven, CEO of Network Appliance spoke at a meeting of the Alliance of Chief Executives on September 2, 2005.

Of course, right after he said he’s not that introspective, he gave us all some clues.

Network Appliance (NetApp) makes giant intelligent data storage units – cabinets full of disk drives for big organizations. Dan joined the firm as CEO in 1994, brought in by their venture capital-

ist, Don Valentine. I’ve never met Mr. Valentine, but I’ve read enough about him to know that he is a tough, “don’t give me any excuses” business genius that demands performance. Warmenhoven thrived under the discipline imposed by Valentine, and the firm grew at 45% year over year on average for every year of its existence. They self funded the growth, by getting vendors to finance their inventory. They focused their efforts in one area, and dominated it with a product leadership strategy.

If you wanted to hear more about the technology, or the IT market segmentation accomplished by NetApp, you should have



Dan Warmenhoven, CEO

attended the meeting. What I am much more interested in is the leadership and business lessons from Warmenhoven’s experience.

### **Warmenhoven has no job**

Yes, that is what he said. He tries to never own any task. That is the job of everyone else in the company. If something needs to be done, it is managed and assigned to another on the management team.

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Dan stays free to follow his instinct and dive into any area he feels he can add value. Sometimes he dives into areas where the “noise” is growing. Sometimes he digs into possible new opportunities. He spends much of his time in the field. By keeping out of the day to day fray, he is able to stay ahead of the incredible growth.

I can see doing that when I run a two billion dollar company. Surely. Even a one billion dollar company. Even a 200 million dollar company. But what about a three to 50 million dollar firm? Is there--- can there be --- a top team so fully capable of handling all the “fray”, that the CEO can be “jobless”?

3) results orientation – evidence that they have done excellent work in the past, often after stepping into a vacuum.

The point is, if you carefully hire so you only get great people, and you send mis-hires packing quickly, you will have a team that is eager to do your job for you, and will do it well, leaving you “jobless”, like Dan.



Paul Witkay, Founder, Alliance of CEO's

### **NetApp's 10 Interview Rule**

Every CEO I know (and me too) would be DELIGHTED to have a top team so competent, so seamless in their interaction, that the CEO didn't have to get into the fray. But almost none of the CEO's I know have such a team. Dan explains that every person (manager and non-manager) is interviewed TEN times before the hiring decision is made. That's how careful they are so as to only hire the best people, and the people that embody the culture that is NetApp. Three fundamentals they look for are 1) a desire for collaboration – especially when faced with ambiguous situations, 2) an eagerness to seize responsibility, and



Dan Warmenhoven, CEO NetApp

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**Warmenhoven's Herd**

Really, the way he said it WAS a compliment. He called his top team a herd. A herd because they are all top quality talent that have similar values and ethics, that have worked together for a very long time. So they don't have endless meetings to communicate all the details. They don't waste time and effort with jockeying or positioning, or even misunderstanding each other. They know how each other thinks and works, and they always pull in the same direction. They can, "finish each other's sentences".

Not surprisingly, his big worry is about maintaining the quality of the people leading NetApp. I'm pretty sure he was referring to nearly all 4,000 employees because when you

grow that fast, everyone has to think on their feet, everyone has to lead. You can't plan top down fast enough. He says, "We set the goals, we set the budgets, and we let the teams figure out how to get there." Last year they hired 33% more people. It's quite a challenge to insure they are all top quality and all embrace the culture that made NetApp successful.

**Great People doing the Right Things**

What you just read was that Dan gets great people and has them doing the right things. Focusing their talent, time and effort in the areas where they can contribute the most value. Maybe Mr. Warmenhoven was just introspective enough to figure this out. Or maybe he was just lucky for eleven years – fortunate enough to pilot an IT firm through the bursting of the internet bubble and subsequent

IT industry collapse in 2001. (They lost 70% of their customer base in one year.) Maybe he just didn't want to make Don Valentine mad.

Truthfully, I believe most CEO's don't have great top teams because they are too tolerant and nice to send average performers packing, or because they are too afraid of the short term pain of firing a key person in their firm. Sometimes that shortcoming gets the CEO fired, or gets them doing everyone else's job, or sometimes they just get poor growth and profits. But it is never great, and you'll never get the ride Dan Warmenhoven has enjoyed.

Be introspective. For the next ten minutes, do nothing but think about you and your top team. Are they all great people doing the right things? How can you make the answer yes? Jump on it.



***Alliance of Chief Executives***  
1990 N. California Blvd., Suite 710  
Walnut Creek, CA 94596  
p. (925) 942-2400  
e. PaulWitkay@allianceofceos.com  
[www.allianceofceos.com](http://www.allianceofceos.com)

  
*Robert Sher is an active CEO in the East Bay, a long-standing member of the Alliance of Chief Executives, and may be reached at*  
[rsher@allianceofceos.com](mailto:rsher@allianceofceos.com).