An Interview with Slack CEO Stewart Butterfield
RYAN SMITH: Hey. Welcome everyone to another session of Experience Week. This is super exciting because we’re talking about product experience today. I’m Ryan Smith, Co-Founder and CEO of Qualtrics, and I have the pleasure of sitting down with Stewart Butterfield, Founder and CEO of Slack. How are you, Stewart?

STEWART BUTTERFIELD: I’m well. Thank you.

RYAN SMITH: First, before we get started, Stewart, let’s talk about where Slack came from, how you came up with the idea. This isn’t your first rodeo. You created a well-known product called Flickr. Very few entrepreneurs can do it once let alone twice. Just take us through the origin of Flickr and then Slack and why we’re here?

STEWART BUTTERFIELD: All right. Well, the bad news is that they are close to impossible to replicate. Both are pivots from failed massively multiplayer games. It’s the kind of thing I think if you started off with the intent to build a failed massively multiplayer game, you may not end up with at product like this. There’s something common to both of those failed games, Flicker and Slack, and that comes from an experience I had 25 years ago. It’s 1992, it’s my first year of college, one of the things we had to do is go down to the basement computer lab in the Clara Hugh Building at the University of Victoria and get our accounts on the school’s UNIX machine. I got that. This is a couple years before the web or maybe a year and a half before the web really took off.

The things on the internet were Usenet, Talk, IRC, email. And I could use email to talk to friends who had gone off to different colleges. But Usenet kind of just blew my mind, this direct way of news group topics, kind of like a bulletin board. And this was 90% of the traffic on the internet in the days before the web. In fact, wreck.music.gdead for the Grateful Dead discussion group was the like the Netflix of its time. It was like 40% of internet traffic. And the thing that was so exciting to me was the use of computing technology to facilitate human interaction, which was really brand new. That you could transcend geography, that you could transcend the way in which you grew up and find these people who could be in different time zones, on different continents, but shared the same interest as you. It might not seem connected, but over the next couple of years when the web came to prominence, I taught myself HTML. I got a job as a web designer. And the first days of blogging, I was really avid maybe from ’99 through 2002 or something like that. And all this early online community. The birth of social software.

Now we’re at the point where everyone has these fancy phones in their pocket. You can communicate with anyone on the surface of the planet, literally at the speed of light and what are we going to do with that technology? Again, as a species, stumbling our way trying different things, experimenting. But I think we’re still on the really early stages. When I say we wanted to try and make a game, I think what people think is the [inaudible 00:03:02] or a guy with a sword fighting a dragon or something like that. This was much more taking those early virtual communities and putting them into the context of play, really collaborative, a lot of social interaction, one world that was shared, and the point of the game was to evolve the world.

There’s a book by the theologian, James Carse, called Finite and Infinite Games and the first line of the book, and I’m paraphrasing a little bit, there are two kinds of games, one is played for the purpose of winning, those are finite games, and then infinite games, which are played for the purpose of continuing to play. That was really our inspiration. Turns out, a little bit hard to explain, a little bit lofty, not super commercially viable especially in 2002, which is when we started the first company. I’m sure you remember this time. We had the dot com crash. We had WorldCom and Enron, the big accounting scandals. 9/11. It was just a disaster moment, black economy, the NASDAQ had fallen 80% from its peak and no one wanted to fund anything on the internet at all, but especially not something whimsical like a game. We looked to something we could get to market quicker because the game was really complex and ambitious. But would take advantage of the technology we had already developed, that turned out to be Flickr. That’s a whole story there, which we can gloss over.

Flickr got bought by Yahoo in 2005. Myself and the whole team went to go work there and then 2009, the beginning of the year, I was out. And three of those original Flickr team members still at Yahoo, we all decided to leave and to start a new company to
build a web based massively multiplayer game. This time we couldn't fail. Technology had advanced. Servers were really cheap compared to 2002, way more people online. We were all better at what we did. There's all this great open source software. The network had spread from a couple people having dial up at home to more or less ambiguous broadband. And failed again. But we spent three and a half years on it and we had a cross disciplinary team. We had creative people, artist, animators, writers, musicians on the one hand. And we had more traditional software development team back end programming, technical operations. We had customer support, business operations.

And we used one of those technologies that I first discovered back in 1992, IRC or Internet Relay Chat, as the foundation for how we communicated at the company. And IRC has this one fundamental concept called a channel. And you send messages to the channel rather than to individuals or to groups of individuals as you do in email or most messaging systems. It's a fundamental shift, because the channel can exist before you arrive, and it can exist after you leave. You can look into other channels across the system. When you join the organization whether it's the next day or six months later or five years later, all of that stuff is archived in all these different channels. And we slowly over the course of years built feature after feature, solved the really irritating problems, took advantage of the obvious opportunities.

Fast forward now to 2012 end of the year. It was apparent that the game wasn't going to work. It just wasn't going to be viable again. It was never going to be kind of business that would justify the 17 million bucks in venture capital investment we had raised. But, we all realized we would never work without a system like this one again. I thought that it might be something the rest of the world would want. And I still remember going to Andreessen Horowitz, one of our investors and telling them that this is what we're going to do and saying, "We think that there's a big market for this. We think over the next 10 years that kind of the fullness of time, this could be a 100 million dollars in revenue. This could be a billion dollar company." I'm sure they remember this differently. We were like, whatever. And we blew past that a couple years after launching. The demand has been much bigger than we would have thought. I think we've accidentally discovered something for which there is a lot of latent demand.

RYAN SMITH:
That's really cool. It's a fascinating story. And I think it's one that a lot of people can relate to just from how something great comes out of a pivot. But I also think it takes a lot of guts and will power to be able to do that. If you think about where Slack is today, what's most exciting for our audience to see the size? Talk about that.

STEWART BUTTERFIELD:
There are over six million daily active users, nine million on a weekly basis, little more than half, 55% of those are outside of the US. There is 50,000 paid teams around the world. We have millions of people paying for it. When you say daily active user, people are logging in there every day, because it's the kind of app that you can't just check in on once in a while. If you're not using it every day, you're not really using it. And when we think about the future, obviously, there's just more. There are hundreds of millions of people around the world who fall into the sweet spot of knowledge work and they could be speaking English or some other language, they could work in IT or legal or recruiting our finance or tech, marketing, and we barely scratch a surface there. We're a couple percent of the way in.

And the second thing, Slack tends to replace the usage of email for internal communication. It's not an email killer, it doesn't get rid of email across organizational boundaries. But when people hear that I think what comes to mind is you type some text into a box, you hit the button and it gets sent over the internet and someone else can look at it, but that's not all we use email for. Email is this system of record. It's our to do list. It's the fundamental security passport you can use to reset your password everywhere else. It's the way that you get receipts for all your transactions. You take a ride or a Lyft or you buy something at Amazon that's where your receipt shows up. It's friends and family. It's invitations to events. It's unwelcome pitches from sales people. It's welcome pitches from sales people. It's newsletters you subscribe to, marketing messages, spam.

But inside of a company, really specifically, it's the way all decisions get made. It's where the job offer gets approved, or the budget is debated on, setting direction for the company, all the formal announcements ... we just hired a new executive, or we bought a
company, or we're shutting down this division or whatever. And all of that stuff moved to Slack including all of the critical work flows, which can be things as mundane as approving expense reports or putting a ticket into IT for support, because your laptop's messed up all the way up to approving the contract for your biggest customer ever.

RYAN SMITH:

Yeah. Look, we've definitely seen that at Qualtrics where it's prevalent throughout all our organizations especially in engineering. As we shift a little bit and talk about product itself, you've had a lot of ideation I think. The virility or the vital component of Slack's been super impressive to a lot of people. When you think about creative end product, and you think about hiring, how do you actually think about those together. I just came in... on the wall I saw empathy and creative... how does that all play out? I've heard you talk about it before.

STEWART BUTTERFIELD:

There’s a saying from Charles Eames, architect and designer, that the role of designer is that of a good host. That way of thinking that the people using your product are your guests, puts you in a very different mindset. Then you're this creative genius in what you're doing is super important and the world just doesn't understand you, and people should appreciate this. Because we have a really 180 degree different attitude when we evaluate our own stuff versus when we use other people's software or experience other people's products.

It's like this thing where when you go to a restaurant website if you're anything like me, you want the phone number, the address, the opening times or the menu and nothing else matters. And yet, no one makes restaurant websites that prioritize that stuff. It's this stupid music starts playing and there’s a slow Ken Burn’s pan over some pasta or whatever and you have to wait for that to be done. No one wants that experience for themselves and yet they feel like other people are going to want it. And that's the most exaggerated example I can find. But we really try to put ourselves in the position of our customers and try different techniques for that.

One that I’m not sure if it’s truly effective or not, but I’ve tried a lot with people is just try to imagine, someone’s heard about Slack a couple of times, maybe they saw a tweet about it, they saw an ad that we put up and then someone recommended again. It's the end of their day, it's 9:00 p.m., they just put the kids to bed, they're watching TV, they lay back, they go to the App store and they install our app. And we're just not even in the top 1,000 most important things in their lives. They have all these other concerns, ambitions, issues, and we don't want to create an experience that is anything less than the most respectful it could be of their time.

Imagine, if you were designing this for yourself, you don’t care about the company at all, just purely selfishly, how would this work? How would you be on board and into the app? How would the administrative features work? How would you invite people? How would you install applications into Slack from our app directory? It’s a tough one. For whatever reason, a lot of people have been trained up on techniques for value extraction from customers as opposed to value creation for customers. Our business and we want to make money, but I really admire... and there can definitely be some survivorship eyes here but companies like Amazon... we had 20 plus year focus... they’re now 20 something years old, they started making money a couple of years ago, and up to that point it was just creation of value. And they’re still relentlessly focused on how fast can the delivery happen, how fast can the pages load, how fast and accurate can the search results be? And those fundamental are really critical and it’s harder and harder to ensure that our focus remains on those as we get bigger and as we get more customers as we get more demands from customers as we get more feature requests, more input of just all kinds.

We almost as a point of religion try to keep ourselves as open to feedback as possible. Expose as much of the company to surface area of customers as we can. I have no one magic trick there except for, again, focusing on that experience and imagining that this person using the software is our guest, they are more important than us. We are trying to be of service to them, and if we can truly create value there will be plenty of opportunities for us to capture some of that down the road.
RYAN SMITH: Most people probably watching this are either with a really small company where it’s really easy to be involved with all the details. We’ve actually had this conversation before. I remember a couple of years ago, you and I were talking about being involved in all the details on the product side. But you just mentioned Amazon, where as you get bigger and the challenges that we’ve gone through that you’ve gone through of scaling. How do you make sure that you don’t have product drift? Right? Or something that ends up different than you thought. I don’t think many people set out and say, “Hey. We want to build a product with a horrible experience.” But here we are surrounded by products that have a horrible experience. What’s a couple tips that you have for creating that and maintaining that focus?

STEWART BUTTERFIELD: I think it’s really remembering how much deliberate effort it takes, and that can literally be putting things on the wall. You saw some things on the wall here. But the checklist techniques, it’s here’s the mantra we’ll repeat it at the beginning of the meetings weekly or whatever it is to keep that foreground. Because when new people start at Slack, I tell them this story. I’m in Vancouver, we have an office there. I’m meeting with our Creative Director for product design. We’re having a one on one. We’re in this neighborhood in Vancouver where the sidewalks are very narrow and there’s a lot of vendors have sandwich boards out on the sidewalks, and you kind of got to go like this when if you’re walking down, and it starts to rain. And we don’t have umbrellas and most other people do maybe three quarters or something like that.

When people are walking towards us, we noticed that very few of them move their umbrellas out of the way, the pokey thing is right eye level when we’re walking down the street. And it became kind of a joke, we’re talking about it and we’re trying to predict the next person, would they move it out of the way or not, and they didn’t. One explanation, and this is not the correct explanation, because you should not attribute to malice what can be explained by ignorance. One explanation is these people don’t have any avenues to exercise power in their life so they’re just like, I’m going to make you get out of the way of my umbrella. That’s probably not it.

But what explanations are made? One is, they just don’t notice. They’re walking down the street and despite the fact that they would inevitably living in any city like Vancouver have had this experience themselves before where they didn’t have the umbrella and someone else did, they just don’t see it. Or they see it and they’re like, I don’t know what I can do about this. It’s too bad that that’s happening, and that that person has to get out of the way of my umbrella, but I don’t have any theories about what I can do to make that situation better.

What it’s really like, there’s two options. One is, this, a hundredth of a calorie worth of effort in one little tiny muscle in your wrist. And the other one is this. Those two things will get the umbrella out of the way. And I don’t like thinking about the world this way, because it’s a little bit of a pessimistic view, but most people didn’t move their umbrellas out of the way. Most of the people just don’t see the problems. Or if they see the problems, they don’t see a solution to the problems. And it’s not like there’s one class of humans who are geniuses and will see it every time and there’s a bunch of morons, and we want to make that we only hire the geniuses. We all have that tendency, we all have that continuum, we all have a focus on ourselves and our own priorities and our own needs.

RYAN SMITH: You mentioned something earlier around ... and it seems like there is a repetitiveness that has to go on to educate everyone around what we’re focused on and the principle of great product, great design. You mentioned being a host. Right? What makes a good host in your mind? If you’re hosting the product, and you actually view it as you’re a steward over that experience. What makes that?

STEWART BUTTERFIELD: I think it’s pretty simple. It doesn’t mean getting the result is simple, but the orientation is pretty simple, which is thoughtfulness, anticipating needs. One of my favorite examples of literally being a host, if you have someone coming to stay at your house, some guests and you have a guest room. Take the towels that you want them to use and put them on the bed nicely folded. When they come in they’re like, oh, I should use those towels rather than going to the bathroom, there’s a whole bunch of towels in here, I’m not sure which one’s I’m supposed to use. It might sound like a stupid example, but again it’s incredibly little effort, and it anticipates that need.
Anyone who has ever been to a good restaurant and not necessarily the fancy and expensive restaurant. But just one that's well run. It can be a little family joint. There's this thoughtfulness that goes into greeting you at the door, how you get to the table. There's a big difference between the abrupt, please wait to be seated and then a kind of mean host or hostess and the kind of welcoming. And a huge amount of thoughtfulness that goes into the presentation of the menu. There's a lot of places that use light gray text on white paper that's tiny and then it's dark in the restaurant, and you see people pull out their phones. If you see someone pull out their phone at a restaurant, there was a failure of thoughtfulness on the part of the restaurateur.

But also the noise levels, how responsive the servers are. There's this great experience where you never feel like you're being pestered and yet anytime you want something they're right there. If your water is empty, they're there refilling it. When you're ready to have the plates taken away, they're taken away. When you're ready for the bill, the bill just magically shows up. I know those require a $500.00 tasting menu in a three star Michelin restaurant.

It's a lot of the same things for us. We will produce it. And I'm absolutely myself have been guilty of this myself. I spent decades as a designer for a living. This looks cool when I step back and look at it but boy that text is actually super hard to read, there's important explanatory text that's right underneath it.

Here's an example recently from Slack. When you create a channel, the channel name ... and this is changing soon, for now anyway has to be lower case letters. We had a field in the IOS app that capitalized the first letter of your word. You would type a lower case letter, we would capitalize it, you'd finish typing the thing, you would hit enter, and then we would tell you, no uppercase letters allowed. And that's just such an incredible example of not something anyone would have prioritized in the creation of this dialogue box. We got a requirement, we need to work on this feature. It's that oversight, a lot of it is just running through the experience yourself. And really, again, putting that effort in to putting yourself in the position of someone who doesn't know the stuff, doesn't care about it, doesn't have the same priorities you do. They don't work for Slack, they're not interested in whether we're successful or not other than they're a customer and they would like us to continue to exist. What experience are they looking for?

RYAN SMITH: And it's 9:00 p.m. and they just put the kids down. Right?

STEWART BUTTERFIELD: Yeah. Exactly. We're thinking about the future of work and we got all kinds of amazing visions, and we're on this hundred year transformation and we're starting to really understand how to make use of all this technology to work better. It's a messy process now. And meanwhile for them, it's I'm mad at this person because they got a promotion and I didn't, and I'm annoyed with my spouse because they said they were going to go pick up stuff from the store and they didn't do it. All the things that are going on in their life. Like I said, we're not even in the top 1000 of their concerns.

RYAN SMITH: When you think about hiring a host? Right? A product host, what do you look for? When you talked earlier about how no one's right all of the time.

STEWART BUTTERFIELD: It's a tough one. There's a couple of things that for me are show stoppers. And one of them would be the kind of person who is rude to the receptionist or rude to the server in the restaurant, rude to the security guard on the way in, I think is just not going to have the ability to put other people first. That's just three strikes and one action for me.

RYAN SMITH: Hygiene issues, right?
STEWART BUTTERFIELD: Yeah. Some people are just strangely dismissive. Unless someone’s important to them, and it’s going to be valuable for them for some reason, they’re just jerks. There’s and obvious one. The rest of them are a lot more subtle. One positive marker is curiosity and an open mind. It’s an indicator for me of a couple of qualities that are positive. Proactiveness, I think is one of them, intelligence is another. But I think curiosity is important in its own right. It’s a stance toward the world, which is I like to learn. I have theories, I’m excited to test them out and I want to understand how things work. And if you have that orientation, I think you’re much more likely to be successful.

RYAN SMITH: If you think about, here you are, you’ve got a great host, you’ve got a great product, you’re in a bigger company or a littler company and you’re doing well. You’re actually able to drive change. Are you leading ... and this is a question we always get into around the product. Are you leading ahead of what the customer wants? Are you responsive to what they want? Are you creating something that they’ve never seen before? What’s your take on this, because I think you’ve got this great vision around communication, and I think everyone’s starting to see it. But I don’t think everyone saw even yourself what Andreessen Horowitz was saying.

STEWART BUTTERFIELD: Yeah. We definitely, we really thought the biggest we would ever get was how big we got about 18 months ago. And that was definitely wrong. And now the sights are set much higher. And we think that there are [inaudible 00:23:46] literally hundreds of millions of people who will be using Slack or something like it within the next decade. For now at least, we’re number one. Knock on this little wood here thing. I’m trying to say this in a way that doesn’t appear that it’s contradictory. We’ll see if it’s a contradiction.

RYAN SMITH: By the way, this question is ... it’s very hard. It’s like how far do you lead your customers? Right. It’s hard.

STEWART BUTTERFIELD: It’s definitely ... it’s a call and response kind of thing. It requires paying deep attention. But I think of it a little bit more like performer on stage like a magician or a musician or whatever, feeding off the audience reacting to them, having an understanding of their cues, but not when someone holds up their lighter and says, Freebird. Instantly stopping the song that you were playing and starting to play Freebird. Maybe you don't play Freebird all night.

You're responsible for their entertainment, and you don't just do exactly what they want you to do. You're trying to create for their benefit, but if you don't pay attention to them at all ... if you're trying to do standup comedy and you have no sense of the room, you're going to bomb for sure. We tend to look for the intent behind what customers are asking rather than the specific implementation. Because usually the implementation that they're requesting, the feature that they're requesting or the change in the product is really driven by what they see today, and it's reacting to that rather than what the higher goal is. And what the higher goal is for any executive, any manager is going to be we want to increase alignment, we want to break down silos, we want to make sure everyone's coordinated on the same page, pushing in the same direction. And what's interesting is the non-executive, non-managers, the workers inside the organization actually want exactly the same thing.

If you think about Office Space, the movie, or the TV show, The Office, or Dilbert or anything, any of those tropes of office life and the disenfranchisement that people feel or alienation, it's really, I don't feel I understand the context for these decisions, nothing makes any sense, I'm not in the loop, I don't understand what these other groups are doing. These both seem to be working on the same project, but it's redundant. And that overlap and the kind of like the Venn diagram of what the end users, let's say, inside the organization on what the leader's want is exactly the sweet spot that Slack tries to drive towards.

RYAN SMITH: It's interesting the way you explained it around, if you're an artist, and you're onstage and how your job is really to give them a show. Right? And they're obviously there. Right?
STEWART BUTTERFIELD: The reason I said it was contradictory is because I'm just saying that you're trying to be the host and you're not the rock star. If I can come up with a better or you can come up with a better analogy there, I'd love to hear it. The key point here is paying attention to them and having a read for it and understanding their reactions and be able to ... if you are a good magician it's all about misdirection and where people are paying attention. If you don't have a really good sense of what people are thinking about, then you're going to fail. And I think it's the same thing in software. You really have to pay attention.

RYAN SMITH: The last question is if we think about creative. Right? You were a designer. I think one of the challenges ... I run creative teams. Every organization does it differently. How do you think about where creative plays a role in product and engineering?

STEWART BUTTERFIELD: I think there's so many different ways I could answer this. Because the last word you said was engineering, that got me thinking was the interplay between product and engineering, because you can in poorly functioning organizations ... it can be like here's what we want to do, and their response can be, that's impossible or that's too expensive or it's too hard or it won't work because of whatever. Even if that's the first response in a well-functioning product development organization, both sides get created from that. That's too expensive, that's going too long or that's too complicated or that's not going to work or it's impossible. What about if we did it this way? Well, I guess if we did it this way then we could do this and there's this negotiation. You can think about in one says two parties who are in opposition negotiating to some kind of consensus [inaudible 00:27:57] in the middle. Or in the best case it's like Lennon and McCartney or Jagger and Richards or something like that, there's actual interplay and we're pushing this direction, we're pushing this direction and it's multiplicative. We actually accentuate each other's strengths and drive to whatever the best solution is. That's definitely the ideal, not realized every day, but that's the game.

RYAN SMITH: It's typically after the third, fourth, fifth, sixth iteration that you actually come upon something great. I think if that doesn't exist then you're always going with the first or the second, you don't actually ever do anything.

STEWART BUTTERFIELD: I'm trying to remember what it exactly it was but ... The first version of Yesterday, that song, is scrambled eggs or broccoli or something like that. He's trying to think of what the lyrics would be. That's good that that version didn't get out.

RYAN SMITH: Well, look, it's a true pleasure. I think that we're all watching the growth, and we're excited to see this whole vision play out. I think it's an exciting time. Thanks for all your help.

STEWART BUTTERFIELD: Yeah. Great to talk to you.

RYAN SMITH: All right.