



## **Oral History of Scott Cook**

Interviewed by:  
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**Hancock:** Welcome to the Computer History Museum. Scott Cook, it's an honor to have you here for your oral history. Today is July 22, 2019 and I'm Marguerite Gong Hancock from the Exponential Center here with Eileen Fagan. We're interested in having your story for the record here at the Museum. So, can we begin at the beginning and ask, for the record, when and where were you born? And you can tell us a little bit about your family, and the heritage and values that influenced you as a young person?

**Cook:** I was born in Glendale, California on July 26, 1952.

**Hancock:** Your birthday is just around the corner.

**Cook:** My birthday's coming up this week. Let's see, the parents. My father was certainly a product of the Depression. He grew up very poor in Milwaukee with a single mom. His father died when he was five and a single, unskilled mother in the Depression is not a good picture. So they lived in attics. Her sister also was a single mom. She had two kids, so they roomed together. That kind of gave him an older brother and a younger sister, quote, they were really cousins. But the life was tough then. He'd tell stories about having to fight his way through ethnic neighborhoods to get to school. There were ethnic gangs who controlled the various neighborhoods and if you were from the outside, they didn't allow you to pass through unless you fought your way. Fortunately, his older cousin was big and tough. But my dad, as a little kid, tried to teach me to box. I seemed to have no talent for that. Not an educated family. In fact, all farmers. These were all farm stock. So, he spent his summers out at the uncle's farm because that way he could work as a kid and he wouldn't have to buy food because the farm had food.

No one in the family had gone to college and he might've headed the same way. But only when he did his bio late in life did I learn that somehow he got into Boy Scouts, and in Boy Scouts there was a leader who saw him and could tell he had potential. So he somehow got him a job with the local museum, the Museum of Natural History. One of the scientists took a liking to him and took him out and made my dad his assistant. So he got connected to science, to people who were university educated. And then when he was college-aged the same man came to him and said, "We're going to go out and visit a college." Certainly, my dad didn't have any of the money to go to college and it was not a thing in his family. But the man took him out to a university, a private college called Lawrence, and they gave him admission and a scholarship.

Then World War II happened and he was an officer in the supply corps in the Navy, so he got leadership responsibilities there. My mom grew up, her dad always had a job through the Depression, and this was working for the Kimberly Clark company in Appleton, Wisconsin. But they always had a passion for education because I can remember my mom saying from when I was really little, "You're going to go to college. You really want to go to college." She went to college for just a year and a half or two years. That's where she met my dad, but she was not highly educated herself. College was never an if, it was a when, and she was the one who always urged me to go to the front of the class, and listen, and ask questions. So, hard work. We did not take a family vacation, I mean a real honest-to-goodness vacation, until I was 16. My dad never took vacations. He was always working.

**Hancock:** And what was his business?

**Cook:** You know there are car dealers who sell cars made in the Midwest? In the heavy equipment industry, the same thing exists. There are equipment dealers who sell cranes, and diggers, and backhoes, and line trucks that are made by companies in the Midwest. He was in those local distributors here in California and then some of them started making their own things so he did that as well. So heavy equipment distribution, sales, and production.

**Hancock:** Thank you. You were saying that he worked continuously.

**Cook:** Yeah, he'd leave early and come home late simply because of the traffic in LA. And if he wasn't working at work, we were doing home projects because he would never spend money to pay somebody to do something. That meant we painted the house, and we replaced the transmission on the car, and we built the carport, and we built the deck, and we replumbed the house. So hard work was certainly a value, and getting things done. I remember a saying he had, it came out of the Navy I guess, about responsibility and getting things done. It went something like, "I know men in the ranks. You know men in the ranks. Men who are in the ranks simply because they lack the ability to get things done." So, he was Mr. Get-things-done and move on.

He wasn't a terribly warm fellow so we were not close. But that was then offset by my mom who was all love and caring, deep caring. The most caring person you'd know. She couldn't get anything done, but it didn't matter. She cared deeply. Her projects always seemed to keep going, and going, and going. So, they were two quite opposites. Very frugal, as well.

**Hancock:** So against that backdrop with these values of hard work and education, getting things done, as a young student I understand that you began with a job at a young age. Do you remember what your first job was?

**Cook:** Yeah, I think it's interesting how jobs teach you more about work and about yourself than they teach you about the job itself. These early jobs. The early jobs you get in high school. Oh, the first job was doing yard work for a neighbor. I figured that when you get a job you'd just keep working as fast as you could. That's what I grew up at home with. He finally came out and urged me to take breaks, and stop for lunch, and things like that. I figured, I'm on his nickel. I shouldn't be relaxing.

Then I got a job in a small manufacturing company painting slats of wood that they were then going to chop up and turn into blinds. Then I got a job at the local men's store. So I could leave my paint-splattered clothes behind and sell clothing in a men's store, and that was fascinating. There I learned a lot more because there you weren't just doing what someone else told you, you had to respond to customers coming in. That was observing a small business up close. So I learned more from that.

Then I did research work in college. They were offering federal grants to do research on air pollution. In LA, air pollution, at the time, was a really big deal. The smog problem was really tough. Actually, I should rewind. We're going through the job history. Then from the men's clothes thing, I was able to get a job

through my father who knew people at the local power utility at Southern California Edison. I got a job working in their truck yard, which maintained all the line equipment that puts the wires up in the air and maintained the vehicles for the executives. I was the entry-level person in a summer intern job, and that was an amazing experience about the nature of work in the United States. Here the pay was double what I got in the men's store and the work was a third as hard. So, I was one of three guys on the wash racks. The wash racks are where the trucks and the cars roll in and you wash them to get them ready for the mechanics, and then you had to wash a whole bunch of cars the executives were in. So, I lined the cars up and I'd be working through and I get all the stuff done.

And then I found within two days the other employees, the lifers, had blocked the entrances so I could no longer line the cars up. Because this job could've been done by one person, but they had three people doing it, and these people worked at a third of the speed. One of them took a creeper, it's a thing you roll under a truck, and after lunch, he put the creeper under a truck out in the yard and went to sleep. So they didn't want any young whippersnappers showing that this job could be done so much faster. They wanted to make it look like, boy you had to work all day. They were blocking my ability to get the work done.

So that's what happens in an environment where you lose control of your workforce and you're not managing. It was a union workshop. They were optimizing for things other than getting the work done, and so that was shocking to me. It was shocking to me that anybody could work at a place and intentionally not be trying to get the work done fast and efficiently. So, that was an eye-opening experience. It's also where I met the first person who I knew who then died.

**Hancock:** Who then died?

**Cook:** Died. You know when you grow up you don't typically have people you know that die. But this widened the circle of people I knew and one of the workmen died over the summer. "Wow, I was just talking to him two days ago." That kind of rocks your world. So anyway, that's what I was doing summers.

And then school, I was looking at the bulletin boards they had that advertised concerts and things, and there was this poster saying, "Federal research grants available for research in air pollution." In LA, particularly where we lived in the smoggy side of town, air pollution was really awful. And we'd been learning in economics class, the way you control these things, ideally, is you tax behaviors you don't want and that gives everyone an incentive to do less.

So I grabbed a buddy of mine, a really good buddy, and said, "Hey, let's file for one of these grants and see if we can do research on how to use a tax regime to control and induce lower air pollution in the Los Angeles basin." So, we didn't know. We were sophomores at that time, and we didn't know what we were doing, but we wrote up a grant proposal and submitted it, and by God, we got a federal grant as sophomores.

**Hancock:** <laughs> Congratulations.

**Cook:** This actually turned out to be life-changing because I'd been, and my buddy as well, we were on a trajectory to go into economics. We were econ. and math majors, both of us, and we thought we would get a PhD and become a researcher or a professor in economics. This just looked like an earlier start to that. So we got the grant and then we did the research, and boy we learned how to do a giant project, produce a book this thick.

And then there was a research competition. One of our professors entered our research document into this graduate student research competition. Now, at this point we were only juniors, and this was a competition for graduate students. He entered it and didn't ask us. Then we made the finals, so we had to drive up to Monterey, to Pebble Beach, where they had the finals econ. conference and they announced the winner. Also, with a paper in contention was one of our TAs. Well, they announced that we won <laughs> and the TA, the graduate student who was teaching us, didn't win. So, that was a heady experience and so boy I was thinking, "This research thing really works."

That paper got noticed by the head of the economic section of the Air Resources Board here in California, which was the Air Pollution Regulatory Authority, and he was looking for a summer intern. So he interviewed me and I got a job now working in my field in Sacramento with the head of the agency. And my goal was to change the world. This air pollution problem's out of control. Now, I'm actually with the Regulatory Authority. I thought, "Wow, this is going to really accelerate the ability to change the world and get things adopted that'll drive behaviors in the right direction."

That was so helpful because then I learned how painfully slow it is to work in a government agency. Boy, if you want progress and to change the world, that may be the worse place to be. I worked there two summers, I enjoyed what I did. But you could see the people who were influential, who actually drove the direction of policy, weren't the experts with the PhDs. It was the administrators. The guy who ran the agency was the guy who had the influence to drive what happened in working with the legislature and what happened in air pollution policy in the state. It wasn't a specialist. So that caught my attention.

And then at the same time in school, when I was a junior, I showed up at the ski club meeting. I was learning to ski. I thought I'd go on a trip or something.

**Hancock:** This is at USC?

**Cook:** At USC, and the head of the student recreation association, all the recreation clubs, would report into this one administrator. And he stood up and said, "Okay. <claps> Is the president of the ski club here?" There were like 500 people in the room or 300 in the room. "How about any officers?" Looking around. It turns out everyone had graduated and there was nothing. No plan, no nothing. So he said, "Well, who wants to be president?" And I had been talking to people, "Hey, let's get a ski trip together. We'll go to Utah and try that." So several people pointed to me and said, "Him!" Well, nobody was foolish enough to run against me, so I was suddenly the president of the ski club.

So I figured, "Okay, there's no programs, how are we going to put together something?" That was the beginning of the junior year. And by the end of the second year, by the time I graduated, our ski club was

now the largest campus organization at USC, and the largest ski club in the state that charged dues. We had trips to various states. We had a ski cabin all winter long that people could stay at for a buck a night, and we had a whole bunch of programs.

**Hancock:** A buck a night?

**Cook:** The thing is you rented it for the whole season and you get such a discount because then the owner knows they've got reliable money coming in. You get such a discount, and then you throw lots of beds and mattresses in. So, yeah, we priced it at a buck a night on weeknights, two bucks a night on weekends. That was a lot of fun. Here I was producing a product, a set of services, that people liked, that made their lives better, and I could create quite an organization. So that's when I switched and said, "Well, this economics thing doesn't look as fun or as impactful, and business seems to be a way to—" I mean, this ski club was just a little business. It's just you couldn't keep the profits. The profits stayed with the school. So that's when I switched and decided to get an MBA. Anyway, that's probably too long of an answer to your question.

**Hancock:** That was perfect. Before we jump ahead to you going to HBS, I would like to pursue another thread and that is your interest in computers, and ask when did you first get exposed? I think I read something about your experience with a 1620. But what was your exposure to computing and technology?

**Cook:** Well, I did science projects in elementary school. In fifth grade, my science project was on computers. That was more hardware-oriented, just understanding how software logic and the binary math works. But then in high school, I was roaming through the main library and just going through the shelves looking for things. It was just interesting to explore what was the book next to the book you were looking for. And I found a book newly written; I don't think anyone had checked it out yet, on computers. It actually taught you how to program computers. Oh, it's a big, thick green book. I said, "Oh, that looks interesting." So I checked that out and I started reading it. Wow, your mind was opening up. You could cause this machine to do things by writing symbolic stuff. So I used that to teach myself how to write programs.

And I was interested in this work that had been done in blackjack where they did computer simulations and were able to figure out better strategies for playing blackjack based on the cards that had fallen already. Thus, what are the cards that were remaining to be dealt? I thought, "Well, maybe I would apply the same logic to the game of baccarat," which is a card game similar, in some ways, to blackjack. So I started writing a program to simulate in the computer the play of baccarat. Now, the problem was I didn't have a computer and, in fact, nobody had computers. Our high school did not have computers. Our school district had one. An IBM 1620 that they used, I think, for payroll and accounting, and it was buried in the basement of the school district headquarters downtown, far from my home. But fortunately, my girlfriend's mom was the punch card operator. <laughs>

**Hancock:** How convenient.

**Cook:** It's amazingly convenient. <laughs> So she would take my coding sheets and she would punch out the cards and then she'd get the job run and then bring me back the results, which inevitably meant it didn't run because there were bugs. And then I'd try to debug it without any help from a debugger, and then give her the changed coding sheet and she'd go down and punch the cards and re-run it. So that was my introduction to computers, the IBM 1620. But then I got carried away with other interests. Boy, I would've given the world to have a computer at home, and one you could program without cards. Where you'd get immediate feedback on whether the job ran or not. Oh, that would've been heaven, absolute heaven. But I didn't live in that heaven. This was 1967 or '68. Well before that heaven was a reality.

**Hancock:** It was yet to come.

**Cook:** Yes.

**Hancock:** So let's weave those two threads together. You decided business is your interest and you applied for business school. How did you make the decision on where to go?

**Cook:** Well, the trick getting into business school, particularly the top business schools, is I hadn't worked. And their recruiting is heavily skewed to people who have generally two or more years of work experience. But I didn't see the value of that. I didn't understand that very well. So the trick was getting in. I didn't have the principle in mind yet, but I have an example of something that later became an important principle in life, which is go find the best wheel maker. Don't reinvent the wheel. Go find the best wheel maker and learn from them how to make a wheel.

So I was lucky that just as my interest changed to try to get into business school, with Stanford and Harvard being the two top schools at the time, I saw in our campus newspaper a little display ad saying, "Minority students: interested in getting an MBA from Stanford? Come to this information session." Stanford was doing outreach to schools that had minority populations because the Stanford MBA program was not very diverse.

So they had a faculty member or admissions officer and a student come down, and describe, "Here's what we look for." Well, they're basically giving you the key to the test. I mean, they said, "Here's what we look for in admission." I was taking notes like this and then just use that to say, "Okay, if that's what you're looking for, you write the application to the test." And what they were looking for was very different from what a grad school in economics, which was what I was more familiar with, was looking for. So I wrote a very different application and they were much more interested in things like the ski club, because that was running a small business, than they were in research.

There were two reasons I got into both Harvard and Stanford. One was, I went to that information session, so I learned from an expert. The other was, I later saw the admissions application count. The number of applicants that HBS got, and just the time of Watergate, there was a giant dip in MBA applications. Law school applications went way up because the heroes of Watergate were the lawyers. And this was the tail end of the Vietnam era when business was kind of held in some disrepute among college students. I happened to apply right in the middle of the valley of reduced applicants.

**Hancock:** Perfect timing.

**Cook:** Perfect timing to apply.

**Hancock:** So you were admitted to both, and what led you to head to Cambridge?

**Cook:** I'd grown up in California. I'd never been to the East Coast. I planned to return to California but here was a great way, two years on the East Coast, to see the things I hadn't seen and to learn how that part of the world lives.

**Hancock:** Were there significant professors or classmates that really made a difference to you? Or times you point to and say, "That was something significant," in your journey during your Harvard years?

**Cook:** I would say I struggled. I started fast because early on they're just bringing you up to speed on things, which have to do with economics and math, and accounting. I had taken some accounting at USC, so early on I did great. But then as the issues in the cases moved more to management, to leadership, to a business strategy, I'd never worked in a real business. So I struggled.

**Hancock:** Is that a difficult time?

**Cook:** Yeah, particularly because you had the fast start and then things got tougher. I kind of figured out I really needed to go work somewhere that was going to teach me. And that's where, maybe, I would give the most credit for direction. I didn't know what I really wanted to do. I was so envious of other students. Many of them came out of finance and they knew exactly what they wanted to do after school. In fact, they even know which investment bank they wanted to work for. I didn't know any of that. I felt clueless.

So I finally figured I had to narrow it down to something and I figured I wanted to go work for the Procter & Gamble company, because they were well known as the post-graduate degree in business, and well known to teach you. They also had a culture, and I could tell this already, of focusing on developing great products. Because *Consumer Reports* is the magazine I've read the longest, since I was in high school. And P&G products often, routinely, were at the top of their category when reviewed scientifically, when they were actually tested by *Consumer Reports*. I admired that. I admired a company that really focused on trying to produce the best product in its category in product performance. So that aligned with my values. That's what companies should be trying to do.

And it was made even stronger when I talked to one of my classmates who'd worked for Colgate over the summer, and I asked him about products. He said, "Oh, yes, yes. We know our products are often not as good as Procter & Gamble's but we try to do it through marketing." I said, "Ixnay to that. That's not my belief at all. Don't try to sell people mediocre stuff." So that became my goal coming out of school. And I managed to get offers from a whole bunch of the consumer products companies. All except for the one where I fell asleep in the interview.

**Fagan:** <laughs> What was that?



**Cook:** They basically teach you the concept of test marketing. Before you interview with the company you really want to work with, go interview with a company that you don't really want to work with just so you get practice. Then before you do a road trip visit, if a company asks you back, go do a road trip with a company you don't really want. So, I didn't want to work for Heinz in Pittsburg. But nobody interviewed with them, so they started outreaching to students and saying, "Come to Pittsburg. Come work for Heinz." So I figured okay this will be my practice road trip interview.

But we were doing a student project, my second year, and I was leading the project team. So I was up all night going through the submissions and editing. I was up all night in Pittsburg in a hotel room doing this. So I got the next day into the interview and the people were so dull. Oh, my God.

**Hancock:** <laughs>

**Cook:** One interview, the guy just talked about himself. He never asked me a question. Finally, I get to the big guy and he was wearing this white shirt with a tiny color and this pencil-thin tie. And this was the era when we were all wearing giant colors and big ties, and glasses like the people in the NASA moon launch. He just looked like a dinosaur and, God, I don't remember his name, but he was so dull. And it was after lunch and I started getting sleepier, and my mind shuts down. All I could remember was the last few words he's said. So then I would come up with a question related to the last few words he said because I couldn't remember what he'd said two sentences ago. And then finally, finally it happened.

**Hancock:** <laughs>

**Cook:** So I didn't get an offer from Heinz.

**Hancock:** It's the one place you didn't <laughs> get an offer?

**Cook:** Yes, but I got offers from the rest of them. General Foods, General Mills, people like that. So I had a quandary of how to make the decision of which one to go to. Again, I thought, "Okay, I'll go talk to the experts." So I went to three of the marketing professors and asked them, "Hey, I got these offers. Which one should I take?" Because though P&G had been my going in one, I could tell from the town it was not really where I wanted to live. I asked each professor, "Here are the offers. Which should I take?" They all said, "Oh, they're all great companies. Great companies. Yes, they're really good. They're fine and you can't make a mistake. They're all good." So I said, "Cut the crap. Really, which one should I go to?" All three, almost sotto voce, said, "Yes, you should go to Cincinnati." And they were right. Going to P&G did change my life.

**Fagan:** Before we go there, can I come back to one thing that I have to ask you? Why were you reading *Consumer Reports* from a very young age? <laughs> What is it about that? I think that's not a thing that kids do.

**Cook:** That's fair.

**Hancock:** <laughs>

**Cook:** I don't know why. My parents subscribed. Actually, no, they were too cheap to subscribe. We would go to the library to look up when they were considering a major purchase, particularly cars, so they could check. And I just found it fascinating to read about products, to read about what was the test methodology that was used and to see how wide a range of products delivered on the outcome results. Some were terrible. Others were much better. See the stuff on car reliability. The cars varied so much. If I remember, this is before the Japanese changed the car industry, the most reliable vehicles made in America were trucks. The Ford F-150 and the Chevrolet equivalent were by far the most reliable vehicles. Who would've thought? How could that be?

**Fagan:** Maybe because they had to be. Because people were using them to work.

**Cook:** Maybe. Yes. The vehicles were not very reliable back then. This was a low bar. I don't know, it just fascinated me. And I began to see on some of the products there was this moon and stars on the package. I wondered, what was that? Well, it was the P&G logo, and then I started seeing the correlation. Crest toothpaste, for example, our dentist told mom she should be using Crest. So, boom, she follows. If an expert tells her something, we were all over it. So we used Crest. And P&G invented how to put fluoride into toothpaste, and did the clinical trials, and all of that to prove that out. That was a big thing when you were a kid.

**Fagan:** I feel like that's kind of foundational that you did that so early, and that's a theme that has just gone on for you, thinking about the quality of a product. So I have one other question. At the time you were at Harvard, or even before, it sounds like maybe in the ski club you did, did you ever think about running your own business?

**Hancock:** What was the genesis of that idea of starting your own company?

**Cook:** When I was a little kid, I'd thought about doing that. Even in high school. I don't know why. I mean, I think there are some people who are natural in organizations, in sports teams, and all that. But a PhD track would've been more fit for my nerd-like tendencies. So the idea of starting something. I toyed with ideas in high school. I worked at the men's store. Cufflinks at the time were made garish, at least to those of us growing up, and I didn't want garish bright things. That looked like you were something from, I don't know, Vegas. So I toyed with the idea of taking natural woods, like manzanita, and polishing and woodworking them and turning them into cufflinks. So, I toyed with some ideas.

It was really running the ski club. I thought, "This is fun," because you're an entrepreneur and you could make something happen that a lot of people would want, that opened doors for them they couldn't open on their own. So that really hooked me. And then I think when I was in business school, I don't think my classmates saw me as being the company man and growing up in a large organization. There were many others who were much smoother at that. I think everybody saw Peter Wendell, who was a section mate of mine, who'd worked at IBM. I think we all would've bet money he'd become the head of IBM. He was just typecast to do that.

I can remember in junior high thinking about how could I get the money, and I thought in order to start a business you had to have all the money already to start the business. I didn't know about this venture capital thing. So I was trying to figure out how I can make enough money to be able to start a business when I got out of college. So, yes, it had always been a, I don't know--

**Fagan:** Sort of a life-long dream to start a company. What would your classmates have thought that you would become?

**Cook:** I think there's a slogan about successful entrepreneurs that behind every successful entrepreneur is a supportive spouse and surprised in-laws. I think that would go for my classmates as well. I think they would not have expected this outcome. What would they have thought? I don't know. Yes, I don't know what they would've forecast.

**Hancock:** You mentioned that P&G was life-changing for you. In what way?

**Cook:** Oh, yes. P&G was absolutely life-changing. I mean, it's where I met Signe, and without Signe my life would be totally different, and wrong. And it's where I learned the fundamentals of business. I learned much more at P&G about business than I learned in business school. I think, one, I was there longer, four years. But two, you learn by doing. And cases are not the real world, as good as cases are as a teaching modality. And that's where I learned the principles of how you hire people, how you manage, how you set objectives, how you do goal setting, how you assign responsibility as opposed to tell people what to do. How you know if your product's better, how you find out what the consumer wants most, and then how do you relentlessly drive toward that? And how do you manage advertising and marketing? How do you manage product development to focus on the outcomes that customers most want? Oh, gosh, so much. How do you do user testing? So many of the things that we applied at Intuit was stuff that I learned from P&G.

**Fagan:** What was your role at P&G?

**Cook:** I was in brand management. So I started as a brand assistant and you got to sales training out in the field. Then you come back as an assistant brand manager, and then you're promoted to brand manager. So, when I left, I was the brand manager on the largest brand in our division, which was the food division. And that was Crisco shortening. One of the five biggest brands in the company. And then my wife Signe was in two of the soap divisions and she wound up in the big soap division working on detergents and dish soaps. She wound up on Dawn dishwashing liquid working for some young whippersnapper brand manager that everybody thought, someday this guy will be president, and sure enough he was 20 years later. Yes, so without P&G, boy-- I learned like a sponge there. And it was also difficult work for me. That was not natural work, but boy did I learn.

**Hancock:** And from there to Bain. We want to make sure we leave time to talk about Intuit.

**Cook:** Yes. I could tell that my career was not going to finish in Cincinnati. That I was not going to become a lifer at the company. I wasn't getting along with my boss. I had some great bosses. When I was

at ABM, I had an awesome boss. A guy from the south, Wayne Hilton, from whom I learned a ton and who was just a great inspiring leader who got you to stretch beyond anything you knew, and was really encouraging. So I did some of best work, probably, for Wayne. And then I got promoted to brand manager. I had a good boss who later was at Visa, and then they transferred some guy, when my boss left, from another division. And, boy, we hit it off from the first phone call. When I found out he was going to be my boss, I called and said, "Hey, Jim. Hey, it's great. This is Scott. I'll be working for you. That's great." He said, "How'd you find out!" I said, "Well, it's just a rumor on the floor." "Oh, okay. Bye!"

**Hancock:** <laughs>

**Cook:** That was the first phone call and it went downhill from there. So, as happens in many cases, the reason I left at that time was because of my boss. I would've ultimately left. But actually if I had stayed, I would've wanted to get transferred to R&D and become a technical brand manager, because I wanted to get closer to where products were made and designed. So if I had held on, that's what I would've done, and I think that would've been a better fit for me as well.

But I was also looking for a change. I had friends who were working in consulting and a good friend who was at Bain, a classmate who was at Bain. He was learning so much that I wasn't learning at P&G, a much bigger palette about learning about business. So, he got me interviewed in the West Coast office that Bain was growing. I interviewed with McKinsey, BCG and Bain, all in the Bay area, which were the hardest offices to get into because it's where everyone else in their organization wanted to work. And I got offers from two. From McKinsey and Bain and took the Bain offer.

Then on the honeymoon when Signe and I got married I said, "Oh, by the way, I'm planning to move to California <laughs>. I know you like the Midwest and I know you're loving P&G, but I've had enough. I'm heading west." Signe was doing great at P&G, and this was kind of tough for her. Anyway, we moved west. She got a job at Clorox; I got a job at Bain. And then she hated Clorox and went to work for Software Publishing. That turned out to be very important because that reconnected me with software. She was the first non-technical employee of Software Publishing other than the receptionist. And then I got to meet the people she was working with, and I got to hear what they were doing. So that got me intrigued with software again.

**Fagan:** What year was this, do you know?

**Cook:** She joined Software Publishing in, I think, late 1981. And then one day she complained about doing the bills, and it clicked. Oh, this is a classic P&G kind of problem. Find a problem that everybody has. For P&G, tooth decay or kids that poop in smelly diapers or clothes that are dirty or underarms that are smelly. So find out a problem that lots of people have, maybe everyone, where you can use technology to solve a problem. Invent a much better solution. I said, "Ah, this feels like a P&G problem. Everybody's got to pay bills. My wife's complaining about it." And she's good at it. It's just not fun. It was a pain and wasted her time.

I said, "Software. Computers could be very good at this because to manage a checkbook all you need is simple arithmetic and simple data storage, and a simple display. You could do it on an 80-column green screen, which is what we had then. And the printout can be dot matrix, because a check is all numbers and words. So, it just clicked, "Ah, this technology would solve that problem if you just had the right software." So that was the pattern recognition that happened because of the P&G experience.

**Hancock:** Was it immediate for you or did it take some percolating for you to put those pieces together?

**Cook:** No, it was quick. <snaps> You know, you tend to see problem and solution kind of at the same time. And so that's where the programming experience that I had was really helpful, because I had enough knowledge about what a machine could do and couldn't do. Because it's just as important what you say "No" to. So then I said, "Okay. Well, I've got a market of one so far, my wife. Is there anyone else like her? It would seem that there'd be other people who'd have the same problem, but I don't know that." So I started to do what you do at P&G. Let's go do the market research. I went to the Palo Alto library and got the phone books for Palo Alto and for Winnetka, Illinois, and started calling people to ask, "Well, what do you do in your personal finances?" and then, "Do you do this, this, this?" and, "How often do you do it?" So there's habits and practices research where you first find out, "What are people's practices?" and then get their attitudes.

Then I asked them what they liked and didn't like, and sure enough, my wife was not unusual. Most people do just the basics in their personal finances, because they don't like doing the work, and they just wish it were done. So that thesis, based on observing her, turned out to be borne out from interviewing a hundred people in up-scale neighborhoods. And then I went and looked at the competition. Turns out this was not a new idea. There were already products out that did personal finance, so I went and bought the market leader, and said, "Okay. What customers want is for this to be fast and easy. How much time does this product save? Because if they've already aced it, well, then there's no sense in me doing it. I'll just buy this for her as a gift and we'll be done." So, I bought the Home Accountant and tried it, and oh, my God. It was terrible.

**Hancock:** <laughs>

**Cook:** It was hard to learn. So non-intuitive. It made no sense, and then it was slow. It was so slow to get the work done because the screens were badly organized. Oh, and try to print a check on it. Oh, my God. If you wanted to actually enter the information just once, so go into your check register and then go on the check, oh, that was hellaciously difficult. I said, "This is awful." But I knew from the bestseller list, it was there at the beginnings of the bestseller list, and this would rank number 9 or 10 on the bestseller list. So people are buying this thing, but there's an incongruity here. Something doesn't fit. This totally fails to deliver on the benefit that I thought people wanted: get the work done fast and easy. Yet people are buying it. So something doesn't fit. Maybe I'm wrong. Maybe my research was wrong.

Then I had to find out what was happening to the users, the people who bought this product called the Home Accountant, and so I had to find users. I went to software stores, computer stores at the time. I started interviewing people at the software magazines, which fortunately were located generally out here

in California. I found and interviewed people who'd bought the Home Accountant, and the first question was, "Have you bought any personal finance software?" and 65 percent of the people in the industry had. Next question: "Do you use that personal finance software?" Four percent. So 65 percent bought; 4 percent use. So you got them into the tent and they walked out. Then the question was, "Well, why not? Why did you stop?" and the answer, "Oh, too hard," "Too slow," "Took too long," "Wasted my time," "Couldn't understand it." And so now I had solved the riddle of the incongruity. In fact, they were buying it because they hoped it would save them time. It didn't deliver, so they stopped using it. And that said, there was an opportunity here.

Now, there were other competitors coming in and I knew there were rumors that two more were going to be announced. So I lived in fear that somebody else would figure this out, because it was so obvious. But no one did. I went and I found one of the competitors who was about to enter and I interviewed the CEO to find out what he was doing. And no, they believed that more features were better. They had no interest in making it fast or easy. They were adding pretty colored graphs and they were adding budgets and they were adding investment accounts and balance sheets. Well, I never found a consumer who did a balance sheet in the research. They kept adding more and more of what no one does.

So the idea kept looking better and better. That initial hunch got validated by the research, got validated by the competitive research. Got validated as the competitors kept moving away from the space. It was a race for more features in their view, and we were going to build a product with almost no features. I checked with banks to see what was happening with online banking and I found what a mess that was back then. So anyway, the idea kept looking better and better.

Some of the other business ideas I had, you start researching them and <laughs> they get worse and worse. This one got better and better. Meanwhile, my work at Bain was not going very well. The office was having to downsize because we'd lost key clients, and I was part of the downsizing. So I started designing screens on the side. I started researching how you build easy-to-use software. I toyed with the idea of coding it myself, but that would've been a bad idea. So then I said, "I got to get somebody to come be my co-founder and help build this, someone who knows how to build software." So that's what led me on the track to find Tom.

**Hancock:** So that fateful day you went over to Stanford; is that right?

**Cook:** Mm-hm. We'll probably talk more about that Monday night, because we really date the founding of the company from when Tom and I got together.

**Hancock:** Since this is part of your story, could you just say what was it that made you recognize and decide to go ahead with Tom, of all the possible people? It was a chance meeting, right?

**Cook:** Oh, totally chance, yeah. And we'll talk about that Monday night, but now, your question. He was different from the other ones I interviewed. The other ones were engineers who loved engineering for the engineering. For the problem of writing the software, of coding. He was much more expansive in his view. He was interested about what customers wanted. He was interested in business. He could absorb

this idea that we're building for consumers and we're going to optimize and design for consumers, which nobody was doing at the time. Software's designed and written by engineers, for engineers, and then launched, which is how Home Accountant came to be. And he was different than the others. He was an athlete. He was a team player. He was just a cut above any of the rest that I talked to. And boy, it turned out to be such a right decision, because we needed a company of entrepreneurs, and he was a great entrepreneur, side by side.

**Hancock:** Well, that is a remarkable journey that we're going to talk about on Monday when you're together, but I did want to hear your perspective on that. Can you talk a little bit about the decision for the essential features and the naming too, before fast-forward a little bit to what's ahead?

**Cook:** The features came out of the research, and it was the smallest set of things that would allow you to pay bills, keep a record of what you did, a check register, and then keep that accurate through reconciling to the bank if you chose to do it, and then allow you to figure out where the money went. So it was the minimal feature set. We left out everything else. There was no budgeting, no investments, no balance sheet, no credit cards. It would manage a single checking account. We were so little and had no money, you wanted the smallest feature set. But also our whole goal was to automate the stuff people do and leave out the stuff they don't.

I tell you what was different about our approach was the user testing. So while we were in development, we got the product halfway built and then we would bring in users who had never seen it. In this case, we didn't have any money, so we went to the local Palo Alto Junior League and said, "We'll have coffee and donuts. Who wants to come and try computer software?" So, we recruited people, in this case women, who had never touched a computer. We figured, "Okay. If we can make it great for people who've never used a computer, then it's going to be great for everyone." And then we'd put them in front of a computer. We wouldn't show them the manual. We wouldn't show them the quick reference card we were building, and we'd say, "Here's a stack of bills. Go pay these bills." We'd watch, and they would start trying. We'd see them do false starts. They'd get stuck. They'd make it partway and then stop, have a quizzical look, looking at this. We were taking notes, and then afterwards we'd interview them. "So when you got there, what were you thinking?" and we'd learn why the product was confusing. Now, we thought it was easy. We had just designed it, and I've learned the principle: every technology product is easy in the hands of its developer.

But our goal was to make it easy in the hands of the customers, and those software companies weren't doing this at the time. All I was doing was borrowing another technique from P&G: during development you always test with consumers. Acceptance tests and paired comparison blind tests, so you can see what really happens when real people use it for real in their real home. We were just doing that in this case. Then we'd see where they got stuck, we'd see what was confusing, and we'd go and rebuild it. Redesign those parts, and we'd test again, and we'd find, "Okay. It got through those things. Now other steps are confusing," and then we'd go back and redesign and test again. And we kept doing it until pretty much a novice could pick it up and use it without needing instruction.

**Hancock:** How long a time was that process?

**Cook:** I hoped we could build a software in six months. Tom started working on it. We got together in March. We started the company in April, and I was hoping we'd have it out by the fall. The whole process actually took us 18 months. Part of that was we didn't know what we were doing. Part of that was the usability testing. Part of it was I had talked to some of the experts, again, learning from the wheel makers, and they had told me, "Oh, write this in BASIC. Something like this should be written in BASIC." Because they thought it was a tiny little thing. They didn't know how much we were going to try to do to make it work like the real thing. Tom designed a check register design that looked and worked like a real check register, which made it much harder to code. But anyway, so I went in and said, "Tom, we're going to write this in Basic." Tom said, "No, no, no. I know Python. Let's write it in Python." I said, "No, we're going to do it in BASIC." Well, that was a horrible decision that I forced on Tom. BASIC was terrible for writing this, and that slowed us down. So, I can't allocate how much time the usability testing took, because...

**Hancock:** Sure.

**Cook:** Yeah.

**Fagan:** One of the keys to Quicken's success, I think, was the fact that you had a check as the simple interface. Did you start that way or did that come later?

**Cook:** I started that way with a check-- so I think you're right. I think one of the key things Quicken did that the others didn't do was we reused the commonly known metaphor. In this case, the visual metaphor of a check and a check register. So that had made intuitive sense to me as far as the check, and my earliest designs had a check. The screen looked like a check. But I then got inspired when the Lisa was launched. A buddy of mine at Bain & Company had left and gone to work for Apple in the Lisa Division. So he took me over, and I was anxious to learn about it. I'd heard all this buzz. He took me over into Apple and showed me a Lisa, and I was agog. "Oh, my God. Look at that. Screens that look like the real things." Files. Paper files. File folders. "Wow, they're really emulating on the screen the real objects you would use."

I can remember, I was so agog with all the insights that I observed when Peter, Peter Ripp was his name, showed me the Lisa, that I left the Apple headquarters and went to the nearest restaurant I could get to, which was a Bob's Big Boy, and just sat there eating a milkshake, writing down what I had learned. Oh, my God. And then went back and shared it with Tom, and Tom was able to use those concepts. He came up with making the database not look like a database, which everyone else had done. Because a regular human would not know a database from a hole in the wall. Or actually, no. They'd be much more familiar with a hole in the wall.

**Hancock:** <laughs>

**Cook:** But instead, he figured out how to make it look and work like a check register, which was brilliant. Because it turns out that the check register screen, the database, was the most frequently used part of Quicken. He made it the same layouts, the same thing where you add the transaction at the end, and if it



has a different date it automatically places in the right place. It scrolls page by page just the way a check register did. Much harder to code. In fact, it slid so you could see the transactions moving, as opposed to if it snap changed, you wouldn't know what happened. But we had it slide. So, you know, "Oh, it's scrolling up and down to make it evident by its appearance," and nobody else had done that. It was vastly harder to code, particular on an 80-column green screen. But this was Tom taking the principle and applying it far beyond where I had thought.

But another piece of this was, again, learn from the best wheel maker. I knew that I didn't know much about ease of use in software design, but if we were going to make this succeed it had to be drop-dead easy for people who are novices. So I went to do research. I said, "Let me find the easiest-to-use software," and then I checked with the software stores, the computer stores. "What's the easiest things you sell?" and they said, "There're two things, Bank Street Writer, a word processor for kids, and the PFS Series of software." So I called people at both companies. I called the people at Bank Street Writer, which is in New York, and I said, "Who's the designer who designed the ease-of-use?" and I talked to that person, and he didn't know what he's doing. He just left out almost every feature. He had no principles, no rules. I learned nothing from the guy.

But then I talked to Software Publishing. Fortunately, by dumb luck, my wife worked there. So she introduced me to one of the three founders who was the designer and head engineer, and he had been at HP. He'd written a book at HP on ease-of-use software design. He had principles. He had examples. So, I just went to school with this guy at his knees, learning from him." John Page was his name, and he taught me the principles, he gave me examples. I would show him designs and he would give me comments. And he today will say that Intuit did a better job implementing his principles than his own company that he was co-founder of, Software Publishing.

**Hancock:** <laughs> That's quite a tribute. <laughs>

**Cook:** Yeah. So this is that principle. I learned at P&G the name for the principle. Don't reinvent the wheel; learn from the best wheel maker. And this was a founding example. If we hadn't done that, we would not have been able to get the software as easy as it was.

**Hancock:** So you came out of the gate, you had the problem, you had a solution. But things didn't take off quickly, did they, in terms of funding and other things--

**Cook:** No, we were a total flop, for years.

**Hancock:** Yeah, so...

**Cook:** No, it didn't take off. No. If anything--

**Hancock:** Let's talk about that--

**Cook:** I thought--

**Hancock:** That's part of the entrepreneur's journey.

**Q:** <laughs>

**Cook:** Yeah, I thought this would be easy to get funding for. So we pushed off the date that we went out to look for funding. Because, "Okay. This is a slam dunk. We've got a clear problem. We've got stopwatch time trials of the competitors all being worse than doing it by hand." I wanted the software to be largely done, because the one doubt you could have about us is, well, we'd never done software. I worked with Procter & Gamble, and Tom was still a student at Stanford. Hadn't graduated yet. I figured people would have real doubts about our ability to technically pull it off. So instead of going out for funding in '83, we went out in '84, when the software was now mostly done. We could say, "Hey, try it yourself," and I thought this would be easy. We don't even need a business plan. Wrong. We got shut down by every venture capitalist we talked to, including classmates. Business school classmates. We didn't get a penny from the venture capitalists.

**Fagan:** What was the stated reason?

**Cook:** Well, usually when venture capitalists turn you down they don't give you a reason. They just kind of disappear into the night. "It's not for us." But if you go and start learning and asking and drilling, I think it's a lot of very good reasons. First of all, this was not the team you'd bet on. None of us had done software before commercially. You know, I was a former fat and oil salesman and Tom was a student. Secondly, the software was largely developed by using my savings, my retirement plan from Bain, and borrowing from my dad, we'd largely spent the money on the technology. We were going to spend the venture money on marketing, on advertising, and VCs at the time had never invested in advertising. They didn't understand it, and it makes sense. If you don't understand something, probably shouldn't invest. Thirdly, most software at the time was sold to companies. The idea of consumer software hadn't really happened yet, and VCs typically sold products to companies. You sold chips to companies. You sold products like VisiCalc to companies. So the whole idea of selling to consumers was out of their experience.

And lastly, I'd say, a set of very good logic. First of all, we were building for the IBM PC. This was 1984, and people said, "Well, I think it's unlikely that households will buy PCs." This was a \$3500 machine. Today probably equivalent of, who knows, 10, \$12,000. "I don't think homes are going to buy these. Secondly, if I'm wrong, and by some accident homes buy IBM PCs, then they're not going to use it for personal finance. That's a stupid use of a computer." I said, "I grant you that. With all the existing products, it is stupid." And they said, "Well, no one's using them today for personal finance, so I don't think they're going to use it for personal finance. And thirdly, if by some luck they actually do use it for personal finance, they're not going to buy your product, Intuit. They're going to buy something from the established leaders, because those products have lots of features, and features is what sells software. The more features, the better. And you're telling me, Intuit, you have almost no features." "Yeah." "And you're proud of it." "Yep."

So, I think, the bottom line, we were in a different paradigm. The industry was in an enterprise where they sell technology to corporations who buy features. We were in a consumer paradigm where people want their problems solved and they're not trying to buy a lot of features. They're trying to get something they can use that's easy. And the gulf between those two paradigms was immense. We believed we were right, and all those investors thought we were wrong. We were totally non-consensus because we were coming from a consumer paradigm, from a P&G paradigm.

Now, what ultimately happened was all of our competitors in personal finance went bankrupt, because they had the wrong paradigm. They were treating consumers as if they were a corporation. And eventually when we got through a long valley of death, we had the right paradigm. Everyone could then see it, but only after it was successful.

So in hindsight, it was probably a great thing to get no venture capital because it meant that Tom and I, and then Eric, owned the company, or at least almost all of it. And what we were doing was so radically different that probably having venture capitalists on our board then would've forced us to hew to the old paradigm, the enterprise paradigm, and we would've wound up doing the wrong things, like our competitors. God, I remember one competitor, a startup doing personal finance, same time as us, went and got a huge booth at COMDEX. Oh, God, they must've paid a fortune. But consumers don't go to COMDEX. You could see the booth was entirely empty. Money just pissed away. But that's what every other company did, because if you were selling to corporations, corporations went to COMDEX. So it was probably a gift, not getting venture capital. But at the time, it was the first of our existential crises. The, "We almost didn't make it because..."

**Hancock:** So in this valley of death, can you say more, especially for our entrepreneurs who are trying to learn from looking at your experience, about what do you think was critical on that journey of death, and then what ultimately got you across that chasm?

**Cook:** So what ultimately turned out to be critical to get through this long valley of death, when investors didn't believe, stores wouldn't carry the product, and at the time all software sold through stores. Journalists wouldn't write about it, or if they did they wrote demeaningly. Ultimately when the business took off, I went back to research, why were people buying it? Even though we were doing advertising and things like that, the main reason people were buying it was word of mouth from a friend. Now, why were friends telling friends about it? Because of the work we did on ease of use in 1983 and '84 and the usability testing and the learning from Software Publishing on the ease-of-use principles.

We did another thing. We decided that ultimately the thing that needed to be standardized was user interface. Back then, in the DOS era, software had all these different interfaces. The interface you saw in VisiCalc was totally different than the interface design you'd see in WordPerfect. Totally different keys, did different things, and this was really hard. Every software product you learned, you had to learn an entirely different way of operating, which the keys did, and I concluded, "What needs to be standardized is user interface. They need to be the same across products." So I said, "We're not going to invent a new user interface for ourselves. We're going to copy, slavishly copy an existing one." And that's ultimately what Apple did. They started enforcing, first on the Mac and then later on the phone,

standardized user interface. And that's what Windows did is create a standard user interface. But this was a decade before that.

So who were we going to copy? The two most popular interface designs were the VisiCalc/Lotus 1-2-3 design, and then what Software Publishing was doing, because they had gotten very good traction on their database products. Well, the spreadsheet didn't fit what we were doing at all, and the idea that you had to use command characters and things like that, and "at" signs if you're going to do a formula. None of that worked. So we went to Software Publishing and said, "We want to copy your interface, and we will license it from you." We paid them a buck, had a contract. Paid them a dollar and then did a pixel-by-pixel copy of their user interface, so it'd look exactly the same. We used the same keys to do the same things that they did so that users would not have to learn a new interface. And that may be the first example I'm aware of, of what's now common in software, is you try to go with it and design it to work the way people are already expecting. But ultimately what caused people to buy it? It was the word of mouth from friends, and that came because of all the diligent work we had done to find the biggest problem we could solve. Solve it. Stopwatch time trial to make sure we were saving time. And then designed it to be real easy. So that's ultimately what it is, that attention to being so customer-centric on the design.

**Fagan:** Thinking about lessons for entrepreneurs, just to pick up. There had to be a million reasons to give up. You know, every VC, stores saying "No." Personally, what kept your drive alive and Tom's drive alive?

**Cook:** I think it was two things. One, we knew we had a better product. We knew we solved the consumer problem and no competitor did. And the competitors were selling. People were buying, which means they were getting screwed. They were buying a product which 90-plus percent of the time they would stop using within a month or two. So we had the kind of Messianic zeal to say, "No. We're missionaries to get people to a better life, because they're getting hosed by these existing products."

In fact, we'd kept alive for a while by selling to banks when we couldn't get into stores. My standard selling demonstration, we'd have a whole bunch of bankers from, say, Mellon Bank, in a room, and I'd say, "Who's the most technically proficient here?" And they'd get somebody from an IT background. I'd say, "Okay. Here's the market leader." It's on the computer. I'd bring a Compaq, put the floppy in. So this was Home Accountant initially and then Managing Your Money. "Here's their manual. Now, here's a bill. Write and print a check for this bill." We'd put the most technically proficient person in, and then we'd just watch. I probably did this at 20 banks and probably at least twice per bank, so that's at least 40 times. Never was anyone able to use the market leader to do the simplest thing, write and print a check. It was impossible to figure out on your own. You had to read and study the manual. I'd let them go as long as they wanted. So after they got frustrated, some of these IT guys kept going because they didn't want the computer to beat them. They didn't want to look stupid in front of...

**Hancock:** <laughs>

**Cook:** So they'd finally give up, and I said, "Okay. Okay. We'll take those floppies out. Here's Quicken. We'll put that in. Same bill, but I won't give you the manual and I won't give you the quick reference card.

Now figure it out.” Generally took five minutes max, and they were printing a check. You could see that. It was undeniable. So that kept us going. And the other thing was, I had funded this thing by borrowing money from my dad, using all my savings, and then I kept borrowing from my dad. When we struck out with venture capital we got two rich people to put in \$151,000. We wanted two million, but all we could get was \$151,000. And then we’d burn through their money. I then figured out that I was tanking my dad’s retirement. He grew up poor. This was his life savings that he was going to retire on, and I was sucking this. I knew that if we closed the company, I was going to have to pay off my dad, and I felt honor bound. I’d have to pay off the investors. Even though they bought equity, you know, I took their money. So I looked at the amount of money we were eating, and the number of years on a salary job that it would take me to earn to pay the money off. And that’d be a decade or more with no vacations, no spending on anything I wanted, just to earn the money.

I said, “Boy, shutting down is really ugly, because I owe the money.” So we kept going, because the only way to pay them back was to get the business to work a little bit, so I’d make enough money to be able to pay down the debt. I mean, if someone would’ve walked up to me, and Tom was shocked when I later told him, if someone had walked up to me and said, “Hey, I’ll take this thing off your hands. I’ll pay down half your debt,” I would’ve said, “Here are the keys.” Because I just couldn’t see how-- I mean, Signe’s a planner, a wonderful planner, and she’d ask, “Well, what’s the plan?” And I’d say, “There is no plan. The plan didn’t work. So <laughs> we don’t have a plan now.” <laughs> It was really, I mean, we had to stop paying salaries. Had to stop spending money of any kind.

I still remember Tom LeFevre, who I brought in to be kind of our chief operating officer. He’s very diligent, very detailed, and we needed that. He took me out to Round Table Pizza on University Avenue, and said, “Scott, let me walk you through the numbers. We’ve been trying to get more revenue. We’ve been trying to do these deals and we ain’t getting those deals. So we will run out of money in two months. It’s going to go to zero, and then we’ll have to close our doors. Unless we turn off the tap on all spending right now.” So that’s what we did. I went and found the employees the next day and said, “Well, we will pay you for all the time you’ve worked, but we can’t pay you for the days going forward. I’d dearly love you to stay, but I know probably you’ll have to go get a job at a company that actually pays money. And I don’t know when we might be able to start paying you again, but we have to conserve every penny we have to keep the company alive.” So that’s how desperate we were.

**Hancock:** Dire times.

**Cook:** So that was only the second of our existential crises. More crises to come.

**Hancock:** Let’s talk about those in the time that we have. Time is going by too quickly. Crises and inflection points, if you could just continue those. And then you started to talk about your mantras, these ideas that have been signature. Things that you’ve brought and kept at the company and developed. I want to make sure we get to those two sets of topics next.

**Cook:** You know, what's interesting is if you look at the facts of the company, from 1986 on, we basically grew at a monotonic rate. We tripled year after year. Triple, then a triple, and then a triple and then a triple and then a triple, and then our growth slowed down to 80 percent.

But you can't look at the results and see an inflection point. In fact, it was very continuous once we started gaining revenue. And why did we start gaining revenue? We've talked about that. It was the attention and detail we put into the product design. But then I would look for what were the things that changed our destiny, even if they didn't change us in the current tense? Even if you couldn't tell at the moment. So one of those was, we got banks to start buying the software and reselling it. If that hadn't have worked we wouldn't be here. That's what started the software sales that started us tripling. That's what got us the users who told their friends. But having banks sell packaged software was more of a desperation move. We had to get Quicken to sell through the regular channels, so then we figured out how to get retail to work, selling through retail stores.

Then I'd say the next change in mindset was a long story, which we can talk about separately, when we went into selling software to businesses. We'd never planned to sell to businesses. This was going to be a consumer software company. But by 1991, we were selling payroll software, which was only used by businesses. Then QuickBooks, starting in '92, changed our future, though you couldn't see it in results at the time. Then I would say the next big change in our future was something that Tom Proulx led. This one you could see. This led big impact at the time and a huge impact since, and that was the acquisition of Chipsoft to get us into tax software. This was really led, piloted, just determined by Tom. Tom really drove this. I would not have done it, but Tom drove it, and by God, he was right. He was so overwhelmingly right. So that changed our future.

I'd already, by this point, 11 years in, decided that we needed to bring someone in to run the company who had skills that I didn't. So that led to the hiring of Bill Campbell to be our CEO. And again, you don't see any trajectory change in the company, but boy, without having Bill, we couldn't have scaled like we could. We couldn't have developed the leadership team we did. We couldn't have managed the combination of Chipsoft and Intuit. Bill just brought immense skills exactly where we needed it and exactly where I didn't have the skills. Suddenly we needed to be world-class, and he brought that.

That takes you into the mid-'90s. Then it was the drive of some of our product teams to get our products in the cloud. So by '99 and 2000, we had both QuickBooks and TurboTax in the cloud. They got horrible... Almost nobody bought them. Everyone was still stuck on desktop software, buying a box with a disc in it. But thanks to kind of entrepreneurial talent in both our San Diego and Northern California locations, we had teams of true believers who said, "It's going to be better to be online." Guys like Craig Carlson and Dan Wilks, for example. So we were very early to get packaged software online.

During this whole theme, another of our brushes with death was when Microsoft decided to enter. There's a whole story, which we can talk about separately. But that became a curse that we had to live with for a decade, as they had slain every competitor they'd gone up against. Every competitor had gotten pounded into the dust by Microsoft, and not because Microsoft was bad. Because they were good. They were really good at software, they were really good. They understood network effects. They

understood pricing. They had the operating system. They were powerfully good, and then we found out that they were coming after little pipsqueak Intuit. If it wasn't for Eric Dunn, we wouldn't be here. If it wasn't for Eric Dunn, and then helped by Mary Baker, they would've wiped us off the map. Just as they had every prior opponent they had tackled.

**Fagan:** What did Eric do?

**Cook:** Oh, it's a long story. We had no Windows engineering capability in the company. We had Mac and DOS, and when Microsoft told us they were coming, we said, "Oh, shit. We got to do this fast. Oh, boy." So we hired an outside firm to port DOS Quicken to Windows, and they were a firm with nothing but Windows engineers. So, you know, we were pinning our hopes, basically. Microsoft said they would be out in one year with a Windows version of a finance product, and we actually thought they'd probably beat that timing, and so we knew we had no more than 12 months.

Well, six months in there was a major review that Tom and Eric did with this outside contractor, and Eric figured out, "Uh-oh," and Eric had a hunch of this already. He could tell they weren't understanding the code enough to be porting it, because they would have to be asking him questions about the code. He'd written the code, so the DOS version of Quicken had been rewritten by Eric. He'd written a lot of the key spots, and he knew you couldn't understand it without talking to him. They weren't asking. So he could tell they weren't making progress, and then he and Tom went in and did a deep look and they weren't. Tom concluded they were not going to finish. So Eric said, "Okay. I'll take it over. Let me pick the team. All I ask for is a BMW M3 when we're done."

**Hancock:** <laughs>

**Cook:** So Tom decided on the spot, <claps> "That's a deal." Eric picked some of our best engineers and they basically moved into a conference room and they coded night and day nonstop, because now we'd lost six months of time. We had six months to do it. Eric led it, so we launched only one month after Microsoft. Then one month later we added the features that Microsoft had that we didn't, and then Mary Baker put together a scorched-earth marketing plan. We cut the price really low. We marketed really heavily. We just went with all guns blazing, because this was our moment of truth. If we didn't hit them so hard, everyone would assume that, "Microsoft's going to do it again," and all the magazines, the stores would just start selling the Microsoft product. We had to hit them so hard <claps> that everyone said, "Oh, whoa, that's new. Look. Microsoft is losing. That's never happened before."

And so Mary developed a plan more aggressive than I would've, and she was right. We even went and started pitching Microsoft, the other parts of Microsoft, "You should promote with us, because we've got a lot of customers. Microsoft Money? They have hardly any customers." So, we even got the operating system part of Microsoft to start promoting with Quicken for Windows instead of Microsoft for Windows, which really hacked off the Microsoft Money team.

**Hancock:** <laughs> I can see why.

**Cook:** But yeah, we were not afraid to work with any company that wanted to help our cause. So that was an existential threat like we'd never faced, and thanks to Eric and Mary, we were the winner, not the loser.

END OF THE INTERVIEW