

case 1-429-228
October 15, 2012

Joy to the World

Welcome to the land of functional paradox. Dress code is whatever you feel like wearing, and it is strictly enforced. So it is with much about Menlo Innovations: a study of contrasts both within itself and relative to other companies. Menlo employees do not communicate with friends outside of Menlo during 9-5 business hours; but they do not work outside of 9-5 business hours. Employees have considerable freedom in how they accomplish their tasks, but that freedom takes place within strictly defined processes. Menlo's founders firmly believe that software development and design, a process that is typically painful at best and a complete failure at worst, "should be a joyful experience" for customers, employees and the users alike. High-Tech Anthropologists®, a group of individuals with eclectic but non-IT backgrounds, research and understand the final user and have the ultimate say about the final design. Even the founding reflects a natural proclivity to swim against the current: Menlo, a company involved in developing software, was founded as a direct result of the dot com bust.

Menlo's mission, "to end human suffering in the world as it relates to technology™," applies to its customers, users and employees. Menlo pursues its mission through a carefully considered relational organization. . . and that organization seems to work. For four years running, Menlo Innovations has been on Inc.'s 5000 Fastest Growing Private Companies in America; for five years running it has received the Alfred P Sloan Award for Workplace Flexibility. Menlo has been recognized by Crain's, the Wall Street Journal, Forbes, Inc. and Corp! Magazine multiple times. Menlo Innovations may be the best-known 20-employee company in the country. And therein lies the challenge. Can Menlo Innovations, a company built around real time and frequent communication between all Menlo employees, work on a larger scale? Can the same kind of success be experienced on multiple floors within a building? Can it be achieved across different geographic locations? Can the culture so carefully cultivated within the walls of this single Ann Arbor, Michigan facility be transferred to other locations? The Menlo founders aren't so sure, yet they are asked these questions frequently by staff, friends, family and collaborators.

History

Menlo is the brainchild of four individuals whose paths crossed in a traditional high-tech product company, Interface Systems, in the late 1990s. One of the founders, Rich Sheridan, was vice-president of R&D at Interface Systems, Inc. at the time. Rich was first exposed to computers and their allure as a 9th

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

©2012 Paul Clyde and Rich Sheridan. This case was written by Paul Clyde, Adjunct Professor of Business Economics and Public Policy, Academic Director of the Part-time MBA Program, and Research Fellow, William Davidson Institute; and Rich Sheridan, CEO and founding partner of Menlo Innovations. Several Menlo employees contributed to this material, Lisa Ho was especially helpful. The initial idea for this material came from Doug Rimatzki and Salil Deshpande's class case assignment.