

## One of the best planned transitions in corporate history

It's finally happened. Thursday was Bill Gates' last day as full-time Microsoft employee. It is not, of course, a shock. It is possibly the best planned - and definitely the best publicised - transition in recent corporate history.

In 1998, Gates' long-time business partner Steve Ballmer became acting president of Microsoft. In January 2000, Gates handed over the chief executive reins to Ballmer, becoming its chief software architect.

And two years ago, on June 15, Bill Gates stepped down from there, handing over the reins to then chief technology officers Ray Ozzie (chief software architect) and Craig Mundie (chief research and strategy officer). And he announced his plan to leave Microsoft as full-time employee in two years.

The two years are up. As of July 1, Gates becomes a part-time employee, turning his full-time attention to the Bill and Melinda Gates Foundation, which now has nearly \$38 billion in assets.

Microsoft has been driven rather firmly for over eight years now by Ballmer, a man compared to GE's Jack Welch - a leader with a mission, though not a visionary founder.

In that sense, Gates' "final exit" is not as big a deal for Microsoft as it might sound. And it's not quite a final exit, for Gates does remain chairman of the board, giving him tremendous influence over Microsoft's and its direction.

Yet, there is, perhaps, no other company that is as closely identified with its leader, and that will not easily change. The mystique around him just does not die down, even if he is no longer the world's richest man after holding on to that title for over 12 years. (He was number three on the most recent Forbes list, after friend and investor Warren Buffet and Mexican telecom tycoon Carlos Slim).

By all accounts, the transition was not smooth, behind the scenes. It took years to figure out who was reporting to whom between the top two, and the boardroom or meeting-room arguments between the two were famous.

Even though, way back in 2002, Gates called Steve the No. 1 guy. 'I'm the No. 2 guy - I have a strong voice and recommendation, but Steve has to decide.'

Yet, the transition is finally through, not just at the top slot but also in the technical expertise arena. Craig Mundie is seen as a capable Microsoft veteran, and will lead long-term projects involving high-power computing applications, education and on processor and infrastructure support.

Ray Ozzie, inventor of Lotus Notes, will drive the crucial Web-based strategy for Microsoft.

But these are not easy times for Microsoft.

It's no longer the omniscient threat to all that it was five or ten years ago, the name that would unleash terror in any new area where the company was rumoured to be entering.

That honour is probably better suited to Google today. And the Redmond giant has a host of

challenges: Competition from Google, a nearly-failed Internet and search strategy, a failed attempt to buy Yahoo, a Windows release that isn't quite a success.

Even so, Gates leaves the company stronger than ever, in many ways. It has over nine-tenths of the desktop OS and office software market. It's made its presence felt on the mobile platform, where it's a young player. It's enormously profitable.

As Ozzie said in a media interview: 'If there had to be a time that Bill transitioned out, we couldn't have set it up better than it is right now.'

And that's a lesson for chief executives everywhere: a long-term, transparent transition plan, and transition from a position of strength. At an Intel employee event in Santa Clara, employees made Paul Otellini and Craig Barrett sit, eye to eye, on stage, and sang to Barrett, then 66, on behalf of Otellini: 'How can I miss you so, if you don't go? How can we grieve, if you don't leave?'

Gates has done it all: From vision and foundation, to creating and running an enormously successful company, to handing over the reins to a business leader, to planning a long-term, transparent transition, to stepping down when the going was good - to run the world's biggest philanthropic foundation.

For all his squeaky voice and teenage mannerisms, he's proved his mettle as one of our the greatest leaders of our times.

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