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## Coffee and Conversations - featuring Rich Sheridan

For the last twenty years, Bank of Ann Arbor's Technology Industry Group has watched the local tech scene grow and change. The group, led by Michael Cole, has created relationships with the innovative and creative people who have helped to shape Ann Arbor into a nationally recognized tech-hub.

Coffee and Conversations is a series of candid conversations with some of the influential tech leaders of Southeast Michigan. Each edition features Michael and a guest, talking about all things tech – innovation, changes, successes and failures, tools of the trade and much more.

This month, Michael is joined by Rich Sheridan, Co-Founder of Menlo Innovation, Chief Joy Officer, and leadership expert.

**Michael Cole:** Congratulations Rich! I hear it's your 21st anniversary of Menlo Innovations – how did it get started and what do you do?

**Rich Sheridan:** Thank you! Yeah, June 12th is our birthday - we celebrated our 21st, so I guess we're legal to drink now. Well, we started the company right on the heels of the dotcom bubble burst in 2001. James Goebel, Tom Meloche, Bob Sims, and I decided that it was easier to start a company than find another job because there weren't many jobs back in those days, especially for executives that had just been let go from their firms. And that's what had happened to all of us at that point. And so, we decided to start a company, taking a lot of what we had learned together at Interface Systems and finding a different way to design and develop software. Now we're so well-known for the process we use that 3,000-4,000 people a year travel from all over the world just to see us. And now of course, with COVID, they do it virtually.

**MC:** Can you briefly describe your process? It must be different to draw thousands of people to learn more.

**RS:** So, these days, if people squint their eyes and fuzz their vision a little bit, they say, "oh, Menlo, it's agile," which is a big word in the software industry. And that is true to a large degree. But the specifics of our process is probably what makes us most interesting. All our team members work in pairs – two people, one computer – and we switch those pairs every five days. There are many reasons why we do that. It's an unusual way to work, particularly for tech people who sort of stereotypically prefer their darkened cubicle and their headphones and library quiet. We're a noisy place, a bright place, with a lot of conversations going on all the time because of the two people working together, sharing ideas, solving problems together, and then switching the pairs every five days means we're building relationships all the time. That can often be a challenge in a tech firm. If you're isolated, and you're normally introverted – which is true of almost all our staff, just like it is in most of our industry – you're not naturally going to form relationships with other people on the team. And so, in our case, we're probably forcing that equation just a little bit, but they enjoy working together. They enjoy solving problems together. They enjoy this idea, collaborating to create software. The net effect of this approach, though, has two significant benefits. The biggest: We avoid a common problem in the software industry that we call a "tower of knowledge" problem.

**MC:** What do you mean by "tower of knowledge" – and what problems does it lead to? Is there anything else about your process that makes you different from other companies?

**RS:** You often see this "tower of knowledge" in software companies where there's one person who knows the secret sauce of the company. Nobody else knows what they know. And you're kind of beholden to that person. And quite frankly, for that person, maybe for a while it felt like job security. Now it feels like a prison. They can't do new things. They can't work on new projects because they're trapped in their tower, and it often becomes very frustrating for them.

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Our process is not just the pairing. It is a lot of the other things we do within our process that drives quality. And then ultimately, the part we created inside of Menlo that really gets us a lot of attention is this unusually named part of our team: we call it “high-tech anthropology.” We have people on our team whose cards say “high-tech anthropologists,” and their job is to go out into the world and study people like an anthropologist would study them in their native environment, to learn their workflow, their habits, their goals, their vocabulary, and use that information to design a great user experience. Ultimately, we created a crazy big mission. We wanted to end human suffering in the world as it relates to technology. There’s plenty of it out there, so we’ll never be done, but all the pieces and parts that we use together allow us to do that on a regular and consistent basis.

**MC:** With the high-tech anthropology approach, it sounds like you can really cater software to any business - so how about your customer base? What kind of customers do you work with?

**RS:** It’s a diverse mix. We’re working on a project with Princeton University, a NASA-based project that will allow scientists to analyze data for a satellite that’s launching in 2025.

So that’s fun. The team loves these kind of projects - visualizing data coming off the Sun from a satellite that’s going to be placed between Earth and the Sun. So that’s at one end of the spectrum. At the other end, we work with a lot of startup companies, so entrepreneurs whose business is driven by their software. One fun compare and contrast - our longest running customer is a woman who runs all of the dog agility contests across the nation. You can imagine dog owners are a little crazy about their data. This company and the woman we work with control all the data, all the registrations, all the rankings of all the dogs as they’re running up and down, their little gates and bridges and tunnels and all that kind of stuff. So, you can imagine NASA at one end and dog agility at the other end. Some of our more well-known projects - we helped the University of Michigan Health System rebuild the organ transplant information system, and that was a project that was completed about 15 years ago.

**MC:** You mentioned thousands of people doing tours, and now they’re virtual tours. I know you’re heading out on the road more now, too. So, you’re getting back and doing face-to-face stuff, but talk can you tell me about how these tours have become part of your business model over the years?

**RS:** We have a part of Menlo that we call “the experience.” People want to come in, take tours, take classes, learn about us. We decided in our earliest days we would share everything we’ve learned with the world, not trying to convince anybody that we’ve found the one true way of working or anything like that, but I think a lot of companies who are looking at their culture, looking at their processes, who believe there’s a better way of doing things - maybe they read books, they attend conferences, they get inspired, but every once in a while they say to themselves, “An example right about now would be great. Could I go see somebody who’s done something and learn from them?” And that’s really what the tours and the classes are about. People coming to take formal classes, they’ll spend anywhere from a day to a week. We just had a group up from Guatemala. They spent three days with us. And what was neat for them is they weren’t a software company. They supply small hardware stores across Guatemala, and they were working on their culture, and they wanted to come learn from us and Zingerman’s. So, they spent a couple of days with Zingerman’s and they spent three days with us - kind of a neat combination that you can come up to Ann Arbor spend a whole week here, switching back and forth between a software company and a food empire to learn about how to redesign your culture.

**MC:** You’ve written a couple books now too about culture and so I suspect maybe that company got to know you through books, or for software, or both?

**RS:** It was actually exactly that. The CEO of the company had somehow found my book down in Guatemala, read it, contacted me, took a virtual tour, and said, “We want to learn more from you.” Then twenty people on their team came up here from Guatemala. I think we’re going to do a lot of business with them going forward. They need software for what they do, so I think there’s a budding software project, which is the neat part about the experience part of Menlo. Some people just come to learn from us, some take classes - do it on their own - and some come back and say, “Well, we’d really like to collaborate with you. We’d really like to not only learn your approach, but have you help us develop an important piece of software.”

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**MC:** Throughout your 21 years, there has been so much growth in your company, from the tours and books to your innovative process. What started in your basement is now a stopping point on other leaders' education journey - so how big is the company now?

**RS:** We're at about fifty employees right now. We've been bigger. The pandemic really dented us. We were at about 55 people in 2019, but it looks like 2022 could be our best year ever.

**MC:** Wow. Is everybody working virtually, or how's that working now?

**RS:** Well, when the pandemic started, we took this intensely collaborative in-person team and sent them all home. That was probably the weirdest week of Menlo's history, that week of March 16th, 2020. We figured it out. I'm very proud of the team, how they adapted.

**MC:** What a change from having two team members working together at a single computer to being home. How have you transitioned through the pandemic, and what are your thoughts on your work process in the future?

**RS:** My prediction for the end of the pandemic has been the same from the beginning. When you're away for two years, it changes people's mindsets. It changes their behaviors; it changes their patterns of living. And so, when we started thinking about reopening the office, we got resistance, probably like everybody else did, with employees wondering why or what about the commute and all that sort of thing. And so, we've been very gentle about that. We've made the remote thing work right now. I would say we're in a phase now where we say most employees can come in some days. "Most" implies not all. So, people have a choice to make - whether they want to be one of the most or not. And I would say on any given week, probably 80% of the team comes in, but any given day, probably a third of the team comes in. So, you have people that are coming in one day a week, some coming in two days a week, some three days a week. Some of us coming in five days a week.

Menlo Innovations is just one of the many tech companies in Ann Arbor that has stood the test of time - as you can see, finding creative solutions to problems, pivoting during times of change and ultimately, building a culture that inspires those within the organization.