JOHN K. WATERS

JOHN CHAMBERS AND THE CISCO WAY:
NAVIGATING THROUGH VOLATILITY

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JOHN CHAMBERS AND THE CISCO WAY:
NAVIGATING THROUGH VOLATILITY
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DEDICATION

This book is dedicated to Beverly and Leo Waters, dyed-in-the-wool Midwesterners who hated to see their son move to California, but eventually got used to the idea.
Every writer faces the blank screen alone, but no one creates a book single-handedly. Without the hard work, generous cooperation, and unflagging support of many others, this one simply would not have been possible. I’d like to thank everyone who helped me in this enterprise, but especially:

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I am also deeply indebted to the many people who took the time to talk with me about their experiences with Mr. Chambers and Cisco Systems. I am particularly grateful to author and analyst Glenn Rifkin for his insights into Cisco’s acquisitions strategies, and his anecdotes about the people who built the company; to analyst Ken Presti, for his historical perspectives on the networking industry, the company, and the economic downturn; and to Lorene “Kitty” Anderson-Walter, for her thoughtful recollections of Chambers’s childhood struggles with dyslexia.

To those who chose to speak with me off the record, I wish I could give you the credit you deserve for your absolutely invaluable contributions to this book. In lieu of public acknowledgments, let me say, many, many thanks.

John K. Waters
December 2001
INTRODUCTION: THE QUINTESSENTIAL INFORMATION AGE CEO

1 A WEST VIRGINIAN CHOIRBOY

2 SELLING A DREAM

3 MEANWHILE, WAY OUT WEST: THE FOUNDERING OF CISCO

4 HEIR APPARENT

5 COMPETITION AND CONVERGENCE

6 THE CUSTOMER IS THE STRATEGY

7 GROWTH BY ACQUISITIONS

8 THE CISCO SEDUCTION

9 E-VANGELIST

10 WALKING THE TALK IN CISCO CITY

11 GETTING POLITICAL

ix
Contents

12  NEVER SAY NEVER  151

EPILOGUE: REORGANIZATION  165

Appendix A  CISCO’S ACQUISITION HISTORY  169

INDEX  181
JOHN CHAMBERS AND THE CISCO WAY:
NAVIGATING THROUGH VOLATILITY
INTRODUCTION: THE QUINTESSENTIAL INFORMATION AGE CEO

It is the spring of 2001, and Cisco Systems CEO John T. Chambers is speaking at a business luncheon in a hotel in Santa Clara, California, not far from the company’s headquarters. He’s dressed in a conservative business suit—his trademark—and, as always, he’s talking fast, but softly, and with a southern courtliness that belies his position as chief executive of an industry-dominating high-tech company. He fixes his audience with his blue eyes, brushes a wispy lock of blond hair from his broad forehead, and you can hear the hills of West Virginia in his voice.

He is addressing a business-savvy local crowd, and they don’t hesitate to ask about the implications of his company’s recent reversals of fortune, about the efficacy of Cisco’s vaunted acquisitions strategy and legendary virtual close in the light of those reversals, and about the future of the so-called New Economy, of which Chambers has been such a vocal, center-stage advocate. He answers their questions with characteristic optimism and a disarming forthrightness. He is there to calm worries about the economic downturn that has ravaged his industry, and to manage expectations about his company. He would be doing both of those things, in one way or another, all summer.

The tech wreck that had started as an e-commerce shakeout with the bursting of the dot com bubble, and had grown into a full-fledged eco-

1