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HANDBOOK FOR NEW EMPLOYEES

VALVE®

HANDBOOK FOR NEW EMPLOYEES

A fearless adventure
in knowing what to do
when no one's there
telling you what to do

FIRST EDITION
2012

VALVE PRESS

Dedicated to the families
of all Valve employees.

Thank you for helping us make
such an incredible place.

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First edition: March 2012

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Preface

In 1996, we set out to make great games, but we knew back then that we had to first create a place that was designed to foster that greatness. A place where incredibly talented individuals are empowered to put their best work into the hands of millions of people, with very little in their way. This book is an abbreviated encapsulation of our guiding principles. As Valve continues to grow, we hope that these principles will serve each new person joining our ranks. If you are new to Valve, welcome. Although the goals in this book are important, it's really your ideas, talent, and energy that will keep Valve shining in the years ahead. Thanks for being here. Let's make great things.

How to Use This Book

This book isn't about fringe benefits or how to set up your workstation or where to find source code. Valve works in ways that might seem counterintuitive at first. This handbook is about the choices you're going to be making and how to think about them. Mainly, it's about how not to freak out now that you're here.

For more nuts-and-bolts information, there's an official Valve intranet (**http://intranet**). Look for stuff there like how to build a Steam depot or whether eyeglasses are covered by your Flex Spending plan.

This book is on the intranet, so you can edit it. Once you've read it, help us make it better for other new people. Suggest new sections, or change the existing ones. Add to the Glossary. Or if you're not all that comfortable editing it, annotate it: make comments and suggestions. We'll collectively review the changes and fold them into future revisions.

1

Welcome to Valve

Your First Day

Fig. 1-1

So you've gone through the interview process, you've signed the contracts, and you're finally here at Valve. Congratulations, and welcome.

Valve has an incredibly unique way of doing things that will make this the greatest professional experience of your life, but it can take some getting used to. This book was written by people who've been where you are now, and who want to make your first few months here as easy as possible.

Valve Facts That Matter

Fig. 1-2

Valve is self-funded. We haven't ever brought in outside financing. Since our earliest days this has been incredibly important in providing freedom to shape the company and its business practices.

Valve owns its intellectual property. This is far from the norm, in our industry or at most entertainment content-producing companies. We didn't always own it all. But thanks to some legal wrangling with our first publisher after *Half-Life* shipped, we now do. This has freed us to make our own decisions about our products.

Valve is more than a game company. We started our existence as a pretty traditional game company. And we're still one, but with a hugely expanded focus. Which is great, because we get to make better games as a result,

and we've also been able to diversify. We're an entertainment company. A software company. A platform company. But mostly, a company full of passionate people who love the products we create.

Welcome to Flatland

Hierarchy is great for maintaining predictability and repeatability. It simplifies planning and makes it easier to control a large group of people from the top down, which is why military organizations rely on it so heavily.

But when you're an entertainment company that's spent the last decade going out of its way to recruit the most intelligent, innovative, talented people on Earth, telling them to sit at a desk and do what they're told obliterates 99 percent of their value. We want innovators, and that means maintaining an environment where they'll flourish.

That's why Valve is flat. It's our shorthand way of saying that we don't have any management, and nobody "reports to" anybody else. We do have a founder/president, but even he isn't your manager. This company is yours to steer—toward opportunities and away from risks. You have the power to green-light projects. You have the power to ship products.

A flat structure removes every organizational barrier

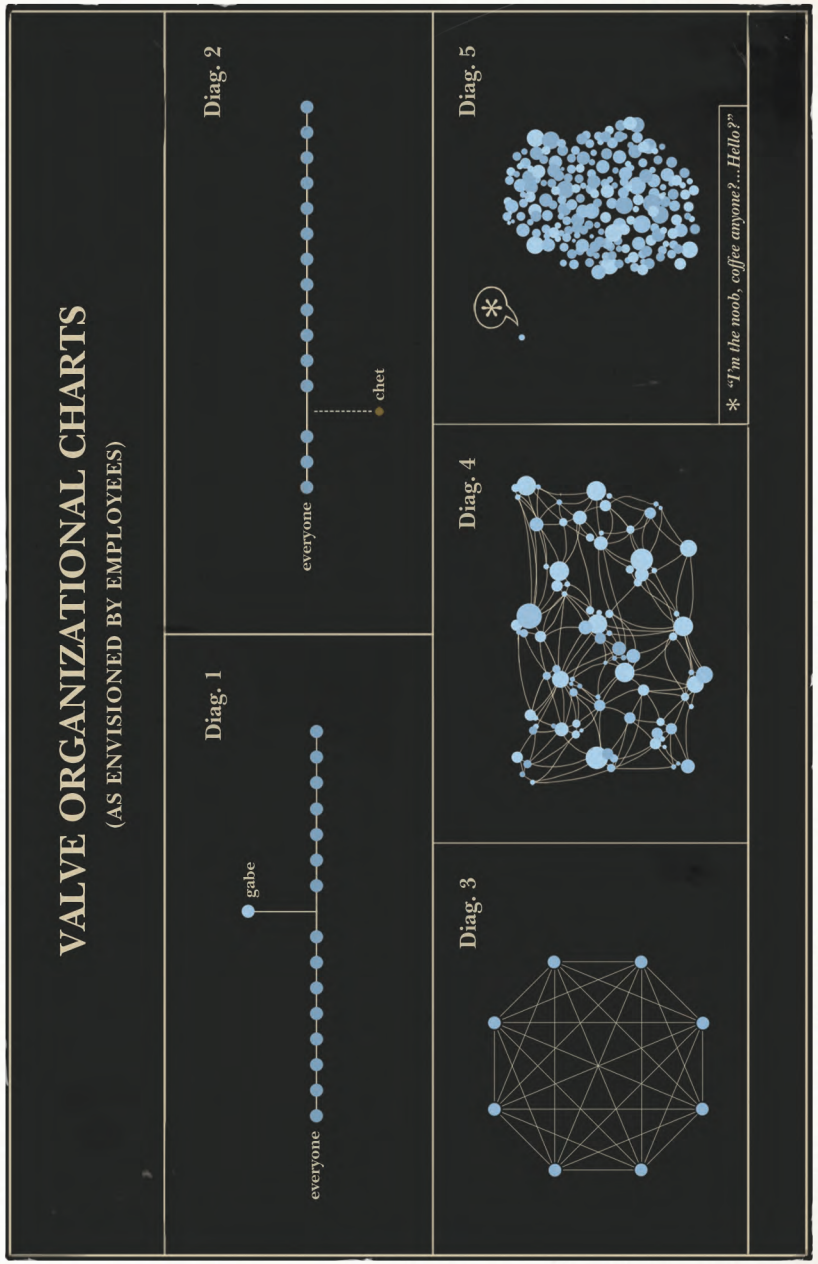


Fig. 1-3

between your work and the customer enjoying that work. Every company will tell you that "the customer is boss," but here that statement has weight. There's no red tape stopping you from figuring out for yourself what our customers want, and then giving it to them.

If you're thinking to yourself, "Wow, that sounds like a lot of responsibility," you're right. And that's why hiring is the single most important thing you will ever do at Valve *(see "Hiring," on page 43)*. Any time you interview a potential hire, you need to ask yourself not only if they're talented or collaborative but also if they're capable of literally running this company, because they will be.

Why does your desk have wheels? Think of those wheels as a symbolic reminder that you should always be considering where you could move yourself to be more valuable. But also think of those wheels as literal wheels, because that's what they are, and you'll be able to actually move your desk with them.

You'll notice people moving frequently; often whole teams will move their desks to be closer to each other. There is no organizational structure keeping you from being in close proximity to the people who you'd help or be helped by most.

The fact that everyone is always moving around within the company makes people hard to find. That's why we have **http://user**—check it out. We know where you are based on where your machine is plugged in, so use this site to see a map of where everyone is right now.

2

Settling In

Your First Month

So you've decided where you put your desk. You know where the coffee machine is. You're even pretty sure you know what that one guy's name is. You're not freaking out anymore. In fact, you're ready to show up to work this morning, sharpen those pencils, turn on your computer, and then what?

This next section walks you through figuring out what to work on. You'll learn about how projects work, how cabals work, and how products get out the door at Valve.

What to Work On

Why do I need to pick my own projects?

We've heard that other companies have people allocate a percentage of their time to self-directed projects. At Valve, that percentage is 100.

Since Valve is flat, people don't join projects because they're told to. Instead, you'll decide what to work on after asking yourself the right questions (more on that later). Employees vote on projects with their feet (or desk wheels). Strong projects are ones in which people can see demonstrated value; they staff up easily. This means there are any number of internal recruiting efforts constantly under way.

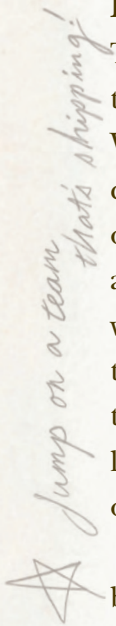
If you're working here, that means you're good at your job. People are going to want you to work with them on their projects, and they'll try hard to get you to do so. But the decision is going to be up to you. (In fact, at times you're going to wish for the luxury of having just one person telling you what they think you should do, rather than hundreds.)

But how do I decide which things to work on?

Deciding what to work on can be the hardest part of your job at Valve. This is because, as you've found out by now, you were not hired to fill a specific job description. You were hired to constantly be looking around for the most valuable work you could be doing. At the end of a project, you may end up well outside what you thought was your core area of expertise.

There's no rule book for choosing a project or task at Valve. But it's useful to answer questions like these:

- Of all the projects currently under way, what's the most valuable thing I can be working on?
- Which project will have the highest direct impact on our customers? How much will the work I ship benefit them?
- Is Valve not doing something that it should be doing?
- What's interesting? What's rewarding? What leverages my individual strengths the most?



How do I find out what projects are under way?

There are lists of stuff, like current projects, but by far the best way to find out is to ask people. Anyone, really. When you do, you'll find out what's going on around the company and your peers will also find out about you. Lots of people at Valve want and need to know what you care about, what you're good at, what you're worried about, what you've got experience with, and so on. And the way to get the word out is to start telling people all of those things. So, while you're getting the lay of the land by learning about projects, you're also broadcasting your own status to a relevant group of people.

Got an idea for how Valve could change how we internally broadcast project/company status? Great. Do it. In the meantime, the chair next to anyone's desk is always open, so plant yourself in it often.

Short-term vs. long-term goals

Because we all are responsible for prioritizing our own work, and because we are conscientious and anxious to be valuable, as individuals we tend to gravitate toward projects that have a high, measurable, and predictable return for the company. So when there's a clear opportunity on the table to succeed at a near-term business goal with a clear return, we all want to take it. And, when we're faced with a

problem or a threat, and it's one with a clear cost, it's hard not to address it immediately.

This sounds like a good thing, and it often is, but it has some downsides that are worth keeping in mind. Specifically, if we're not careful, these traits can cause us to race back and forth between short-term opportunities and threats, being responsive rather than proactive.

So our lack of a traditional structure comes with an important responsibility. It's up to all of us to spend effort focusing on what we think the long-term goals of the company should be.

Someone told me to (or not to) work on X. And they've been here a long time!

Well, the correct response to this is to keep thinking about whether or not your colleagues are right. Broaden the conversation. Hold on to your goals if you're convinced they're correct. Check your assumptions. Pull more people in. Listen. Don't believe that anyone holds authority over the decision you're trying to make. They don't; but they probably have valuable experience to draw from, or information/data that you don't have, or insight that's new. When considering the outcome, don't believe that anyone but you is the "stakeholder". You're it. And Valve's customers are who you're serving. Do what's right for them.

There are lots of stories about how Gabe has made important decisions by himself, e.g., hiring the whole *Portal 1* team on the spot after only half of a meeting. Although there are examples, like that one, where this kind of decision making has been successful, it's not the norm for Valve. If it were, we'd be only as smart as Gabe or management types, and they'd make our important decisions for us. Gabe is the first to say that he can't be right nearly often enough for us to operate that way. His decisions and requests are subject to just as much scrutiny and skepticism as anyone else's. (So if he tells you to put a favorite custom knife design into *Counter-Strike*, you can just say no.)

Whatever group you're in, whether you're building Steam servers, translating support articles, or making the ten-thousandth hat for *Team Fortress 2*, this applies to you. It's crucial that you believe it, so we'll repeat it a few more times in this book.

What about all the things that I'm not getting done?

It's natural in this kind of environment to constantly feel like you're failing because for every one task you decide to work on, there will be dozens that aren't getting your attention. Trust us, this is normal. Nobody expects you to devote time to every opportunity that comes your way. Instead, we want you to learn how to choose the most important work to do.

How does Valve decide what to work on?

The same way we make other decisions: by waiting for someone to decide that it's the right thing to do, and then letting them recruit other people to work on it with them. We believe in each other to make these decisions, and this faith has proven to be well-founded over and over again.

But rather than simply trusting each other to just be smart, we also constantly test our own decisions. Whenever we move into unknown territory, our findings defy our own predictions far more often than we would like to admit. We've found it vitally important to, whenever possible, not operate by using assumptions, unproven theories, or folk wisdom.

This kind of testing takes place across our business, from game development to hiring, to selling games on Steam. Luckily, Steam is a fantastic platform for business learning. It exists to be an entertainment/service platform for our customers, and as such it also is a conduit for constant communication between us and them.

Accepted truisms about sales, marketing, regionality, seasonality, the Internet, purchasing behavior, game design, economics, and recruiting, etc., have proven wrong surprisingly often. So we have learned that when we take nearly any action, it's best to do so in a way that we can measure, predict outcomes, and analyze results.

Recruiting can be a difficult process to instrument and measure. Although we have always tried to be highly rational about how we hire people, we've found much room for improvement in our approach over the years. We have made significant strides toward bringing more predictability, measurement, and analysis to recruiting. A process that many assume must be treated only as a "soft" art because it has to do with humans, personalities, language, and nuance, actually has ample room for a healthy dose of science. We're not turning the whole thing over to robots just yet though *(see "Hiring," on page 43).*

Can I be included the next time Valve is deciding X?

Yes. There's no secret decision-making cabal. No matter what project, you're already invited. All you have to do is either (1) Start working on it, or (2) Start talking to all the people who you think might be working on it already and find out how to best be valuable. You will be welcomed—there is no approval process or red tape involved. Quite the opposite—it's your job to insert yourself wherever you think you should be.

Teams, Hours, and the Office

Cabals

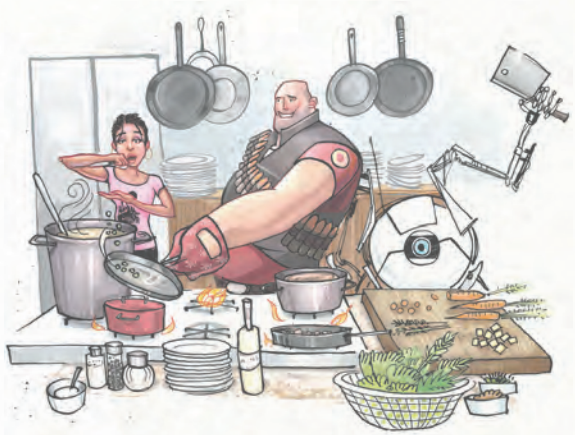


Fig. 2-1

Cabals are really just multidisciplinary project teams. We've self-organized into these largely temporary groups since the early days of Valve. They exist to get a product or large feature shipped. Like any other group or effort at the company, they form organically. People decide to join the group based on their own belief that the group's work is important enough for them to work on.

For reference, read the article on cabals by Ken Birdwell. It describes where cabals came from and what they meant to us early on: **http://tinyurl.com/ygam86p**.

Team leads

Often, someone will emerge as the "lead" for a project. This person's role is not a traditional managerial one. Most often, they're primarily a clearinghouse of information. They're keeping the whole project in their head at once so that people can use them as a resource to check decisions against. The leads serve the team, while acting as centers for the teams.

Structure happens

Project teams often have an internal structure that forms temporarily to suit the group's needs. Although people at Valve don't have fixed job descriptions or limitations on the scope of their responsibility, they can and often do have clarity around the definition of their "job" on any given day. They, along with their peers, effectively create a job description that fits the group's goals. That description changes as requirements change, but the temporary structure provides a shared understanding of what to expect from each other. If someone moves to a different group or a team shifts its priorities, each person can take on a completely different role according to the new requirements.

Valve is not averse to all organizational structure—it crops up in many forms all the time, temporarily. But problems show up when hierarchy or codified divisions of

labor either haven't been created by the group's members or when those structures persist for long periods of time. We believe those structures inevitably begin to serve their own needs rather than those of Valve's customers. The hierarchy will begin to reinforce its own structure by hiring people who fit its shape, adding people to fill subordinate support roles. Its members are also incented to engage in rent-seeking behaviors that take advantage of the power structure rather than focusing on simply delivering value to customers.

Hours

While people occasionally choose to push themselves to work some extra hours at times when something big is going out the door, for the most part working overtime for extended periods indicates a fundamental failure in planning or communication. If this happens at Valve, it's a sign that something needs to be reevaluated and corrected. If you're looking around wondering why people aren't in "crunch mode," the answer's pretty simple. The thing we work hardest at is hiring good people, so we want them to stick around and have a good balance between work and family and the rest of the important stuff in life.

If you find yourself working long hours, or just generally feel like that balance is out of whack, be sure to raise the

(cont'd on page 19)

Fig. 2-2 Method to move your desk

step 1. Unplug cords from wall
step 2. Move your desk
step 3. Plug cords back into wall
step 4. Get back to work

A Timeline of Valve's History

1996

VALVE

Valve is formed in Kirkland, WA, by Gabe Newell and Mike Harrington.

Formation papers are signed on the same day as Gabe's wedding.

Quake engine license is acquired from id Software.

Production commences on the game soon to be known as ***Half-Life (HL)***.

Production commences on Valve's second game, ***Prospero***.

Valve recruits and hires two game teams, including the first international employee from the UK.

1997

Gabe promises that if ***HL*** becomes the #1- selling game, the company will take everyone on vacation.

After internal review, ***HL*** deemed not good enough to ship.

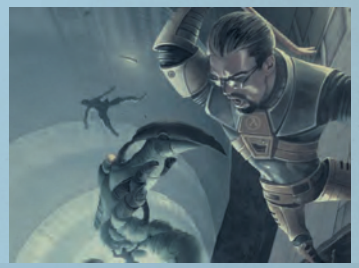
HL team returns to the drawing board and essentially starts over.

Prospero permanently shelved.

1998

Half-Life: Day One OEM demo is released.

Released as a demo bundled with the Voodoo Banshee graphics card, the OEM release circulates far beyond its original intended audience. Valve realizes the level of anticipation for the full game.



Half-Life is released.

Following a certain Black Mesa Incident, the world is never the same again.

TeamFortress Software Pty. Ltd. is acquired.

Creators of ***Team Fortress (TF)*** join Valve and commence work on ***Team Fortress Classic***.

Valve's first company vacation to Cabo San Lucas, Mexico.
# of employees: **30**
# of children: **0**

1999

Valve establishes a pattern of supporting the best mods and occasionally acquiring them.

Half-Life: Opposing Force is released.

Expansion pack follows events in Black Mesa from the viewpoint of an invading soldier.

Team Fortress Classic is released.

2000

Mike Harrington amicably dissolves his partnership with Gabe Newell, leaving Newell as the sole head of Valve Corporation.

Counter-Strike (CS) is released.

Ricochet is released.

Robin Walker demonstrates to the mod community how a game can be created quickly and easily with Valve's SDK.

2001

CS soon becomes the world's #1 premier online action game.

Half-Life: Deathmatch Classic is released.

Half-Life: Blue Shift is released.

2002

Valve outgrows its original Kirkland office space and moves to downtown Bellevue, WA.

Steam is announced at GDC.

Valve's Steam offers to third parties its new suite of tools and services, which it had originally built to service its own games like ***HL*** and ***CS***.

Valve Anti-Cheat (VAC) is released.

In a field where rampant online cheating ruins the experience for many customers, Valve aggressively addresses the issue.

2003

Half-Life 2 (HL2) source code is stolen.

A thief infiltrates Valve's network to steal and disperse the code base for the still-in-production ***HL2***.

Years of speculation regarding the Borealis and Kraken Base begin…

Steam is released.

STEAM®

CS is released as Valve's first Xbox title.

Day of Defeat is released.

A popular mod gets full Valve support, becoming one of its stalwart products.

2004

Source engine is unveiled.

source™

Half-Life 2 (HL2) is released.

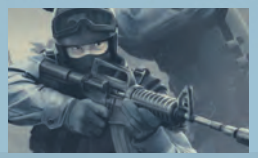
The world's first (legal) look at the Source engine, along with the game it powers: ***HL2***.

HL2 appears as the first game available both through Steam and in retail locations.

HL2 also becomes Valve's second Xbox title.

Counter-Strike: Source (CSS) is released.

Years of work on Valve's new Source engine technology finally come to light.



Counter-Strike: Condition Zero is released.

Half-Life: Source is released.

The original ***HL*** gets a visual upgrade.

2005

First third-party games are released on Steam.

A landmark in digital distribution, Steam gives PC developers an alternative to retail for their games.

Half-Life 2: Lost Coast tech demo is released.

Supported by the first version of Valve's popular developer commentary.

Day of Defeat: Source is released.

Valve hires six students from DigiPen Institute of Technology after seeing their demo of the game, *Narbacular Drop*.

2006

Half-Life 2: Episode One is released.

Valve's first experiment in episodic storytelling.

Half-Life Deathmatch: Source is released.

2007

The Orange Box®

The Orange Box is released with two previously-released titles and three new products:

Team Fortress 2 (TF2), the long-awaited sequel to the classic multiplayer game.

Half Life 2: Episode Two—raising the bar for emotional storytelling.

Portal—hailed worldwide as an instant classic.

Steam Community is released with the first wave of features designed to help friends connect and socialize via the Steam platform.

Steam reaches 15 million active users, playing over 200 games.

2008

LEFT 4 DEAD

Left 4 Dead is released.

STEAMWORKS

Steamworks is unveiled, making the business and technical tools of the Steam platform available to third-party developers free of charge.

Steam hits over 20 million users and over 500 games.

TF2 gets major class updates for Medic, Pyro, and Heavy characters.

These updates are delivered via Steam to all ***TF2*** customers.

2009

LEFT 4 DEAD 2 is released.

Presale numbers are the biggest yet for a Valve game.

Steam ships its first downloadable content update for indie game *The Maw*.

Steam Cloud is released, offering seamless online storage of any file types, including saved games, configuration files, etc.

Steam hits over 25 million users and over 1,000 games.

TF2 releases *The Sniper vs Spy Update*, followed by outright WAR!

After this release, the ***TF2*** updates increase rapidly: more than 280 have shipped in total.

TF2 ships its first hat.

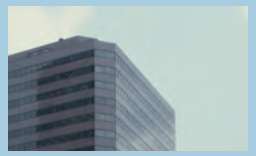
MANN CO.

issue with whomever you feel would help. Dina loves to force people to take vacations, so you can make her your first stop.

The office

Sometimes things around the office can seem a little too good to be true. If you find yourself walking down the hall one morning with a bowl of fresh fruit and Stumptown-roasted espresso, dropping off your laundry to be washed, and heading into one of the massage rooms, don't freak out. All these things are here for you to actually use. And don't worry that somebody's going to judge you for taking advantage of it—relax! And if you stop on the way back from your massage to play darts or work out in the Valve gym or whatever, it's not a sign that this place is going to come crumbling down like some 1999-era dot-com start-up. If we ever institute caviar-catered lunches, though, then maybe something's wrong. Definitely panic if there's caviar.

2010



Valve moves to a more expansive location in Bellevue, WA.

Valve announces that Steam and Source will be available for Macintosh.

Valve announces ***Portal 2*** is launching in 2011.

APERTURE LABORATORIES

Valve begins development of ***Dota 2***.

2011

Portal 2 debuts on multiple platforms to critical acclaim.

Dota 2 premieres at Gamescom in Cologne, Germany, with the first annual ***Dota 2*** championship.

The International
DOTA 2 CHAMPIONSHIPS

2012

Valve's 44th international hire clears immigration—this time from Germany.

In 2012, Valve heads to the Big Island of Hawaii for its 10th company vacation.
# of employees: **293**
# of children: **185**

Q1: New employee handbook rolls off press.

VALVE PRESS

What's next? You tell us...

Risks

What if I screw up?

Nobody has ever been fired at Valve for making a mistake. It wouldn't make sense for us to operate that way. Providing the freedom to fail is an important trait of the company—we couldn't expect so much of individuals if we also penalized people for errors. Even expensive mistakes, or ones which result in a very public failure, are genuinely looked at as opportunities to learn. We can always repair the mistake or make up for it.

Screwing up is a great way to find out that your assumptions were wrong or that your model of the world was a little bit off. As long as you update your model and move forward with a better picture, you're doing it right. Look for ways to test your beliefs. Never be afraid to run an experiment or to collect more data.

It helps to make predictions and anticipate nasty outcomes. Ask yourself "what would I expect to see if I'm right?" Ask yourself "what would I expect to see if I'm wrong?" Then ask yourself "what do I see?" If something totally unexpected happens, try to figure out why.

There are still some bad ways to fail. Repeating the same mistake over and over is one. Not listening to customers or peers before or after a failure is another. Never ignore the evidence; particularly when it says you're wrong.

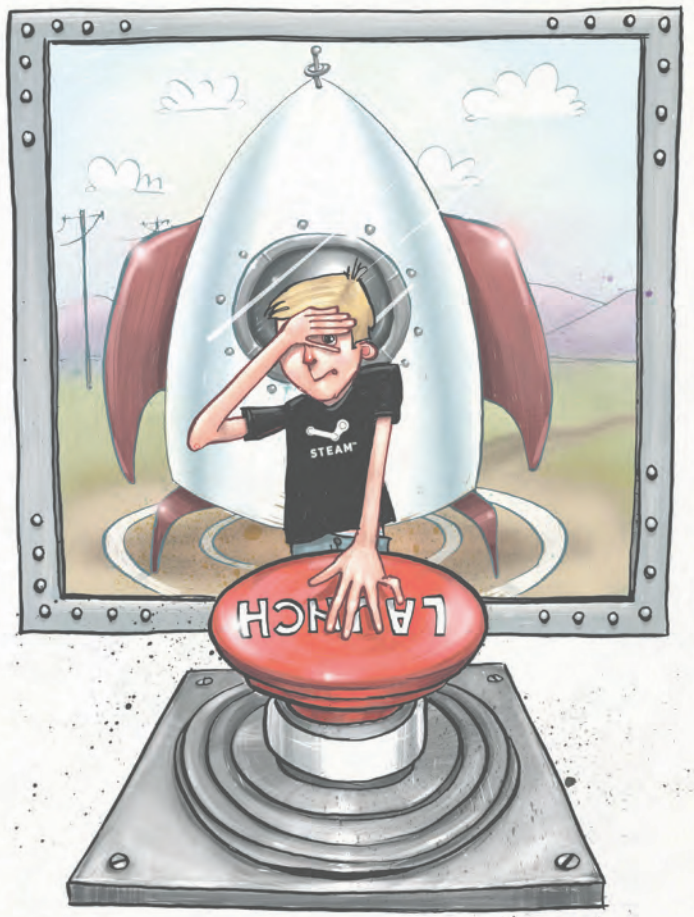


Fig. 2-3

Fig. 2-4 Methods to find out what's going on

step 1. Talk to someone in a meeting
step 2. Talk to someone in the elevator
step 3. Talk to someone in the kitchen
step 4. Talk to someone in the bathroom

But what if we ALL screw up?

Fig. 2-5

So if every employee is autonomously making his or her own decisions, how is that not chaos? How does Valve make sure that the company is heading in the right direction? When everyone is sharing the steering wheel, it seems natural to fear that one of us is going to veer Valve's car off the road.

Over time, we have learned that our collective ability to meet challenges, take advantage of opportunity, and respond to threats is far greater when the responsibility for doing so is distributed as widely as possible. Namely, to every individual at the company.

We are all stewards of our long-term relationship with our customers. They watch us, sometimes very publicly,

make mistakes. Sometimes they get angry with us. But because we always have their best interests at heart, there's faith that we're going to make things better, and that if we've screwed up today, it wasn't because we were trying to take advantage of anyone.

3

How Am I Doing?

Your Peers and Your Performance

We have two formalized methods of evaluating each other: peer reviews and stack ranking. Peer reviews are done in order to give each other useful feedback on how to best grow as individual contributors. Stack ranking is done primarily as a method of adjusting compensation. Both processes are driven by information gathered from each other—your peers.

Peer reviews

We all need feedback about our performance—in order to improve, and in order to know we're not failing. Once a year we all give each other feedback about our work. Outside of these formalized peer reviews, the expectation is that we'll just pull feedback from those around us whenever we need to.

There is a framework for how we give this feedback to each other. A set of people (the set changes each time) interviews everyone in the whole company, asking who each person has worked with since the last round of peer reviews and how the experience of working with each person was. The purpose of the feedback is to provide people with information that will help them grow. That means that the best quality feedback is directive and

prescriptive, and designed to be put to use by the person you're talking about.

The feedback is then gathered, collated, anonymized, and delivered to each reviewee. Making the feedback anonymous definitely has pros and cons, but we think it's the best way to get the most useful information to each person. There's no reason to keep your feedback about someone to yourself until peer review time if you'd like to deliver it sooner. In fact, it's much better if you do so often, and outside the constraints of official peer reviews.

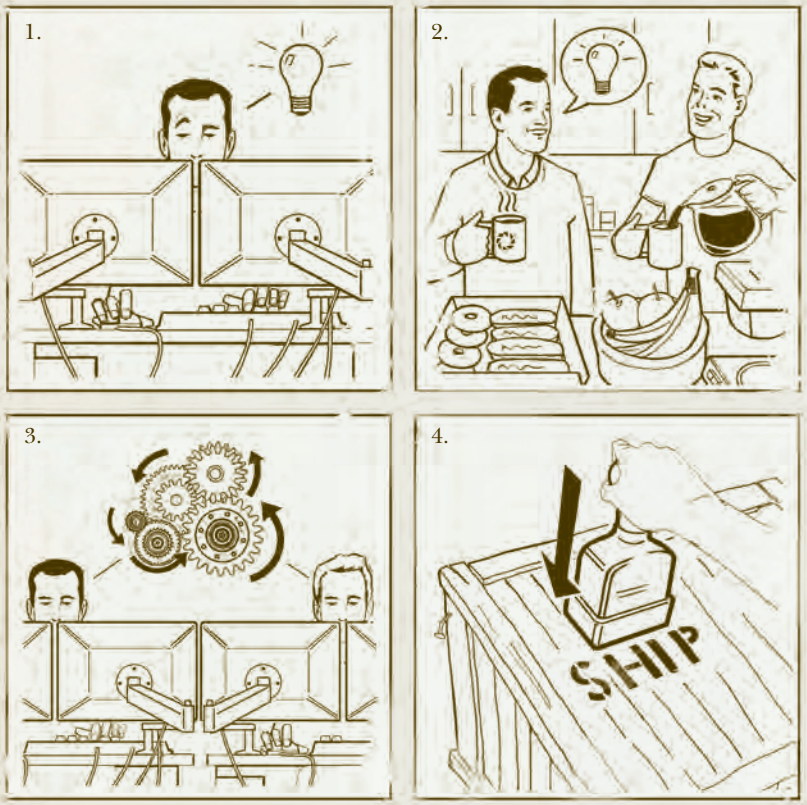
When delivering peer review feedback, it's useful to keep in mind the same categories used in stack ranking because they concretely measure how valuable we think someone is.

Stack ranking (and compensation)

The other evaluation we do annually is to rank each other against our peers. Unlike peer reviews, which generate information for each individual, stack ranking is done in order to gain insight into who's providing the most value at the company and to thereby adjust each person's compensation to be commensurate with his or her actual value.

Valve pays people very well compared to industry norms. Our profitability per employee is higher than that of Google or Amazon or Microsoft, and we believe strongly that the right thing to do in that case is to put a maximum

Fig. 3-1 Method to working without a boss



step 1. Come up with a bright idea
step 2. Tell a coworker about it
step 3. Work on it together
step 4. Ship it!

amount of money back into each employee's pocket. Valve does not win if you're paid less than the value you create. And people who work here ultimately don't win if they get paid more than the value they create.

So Valve's goal is to get your compensation to be "correct." We tend to be very flexible when new employees are joining the company, listening to their salary requirements and doing what we can for them. Over time, compensation gets adjusted to fit an employee's internal peer-driven valuation. That's what we mean by "correct"—paying someone what they're worth (as best we can tell using the opinions of peers).

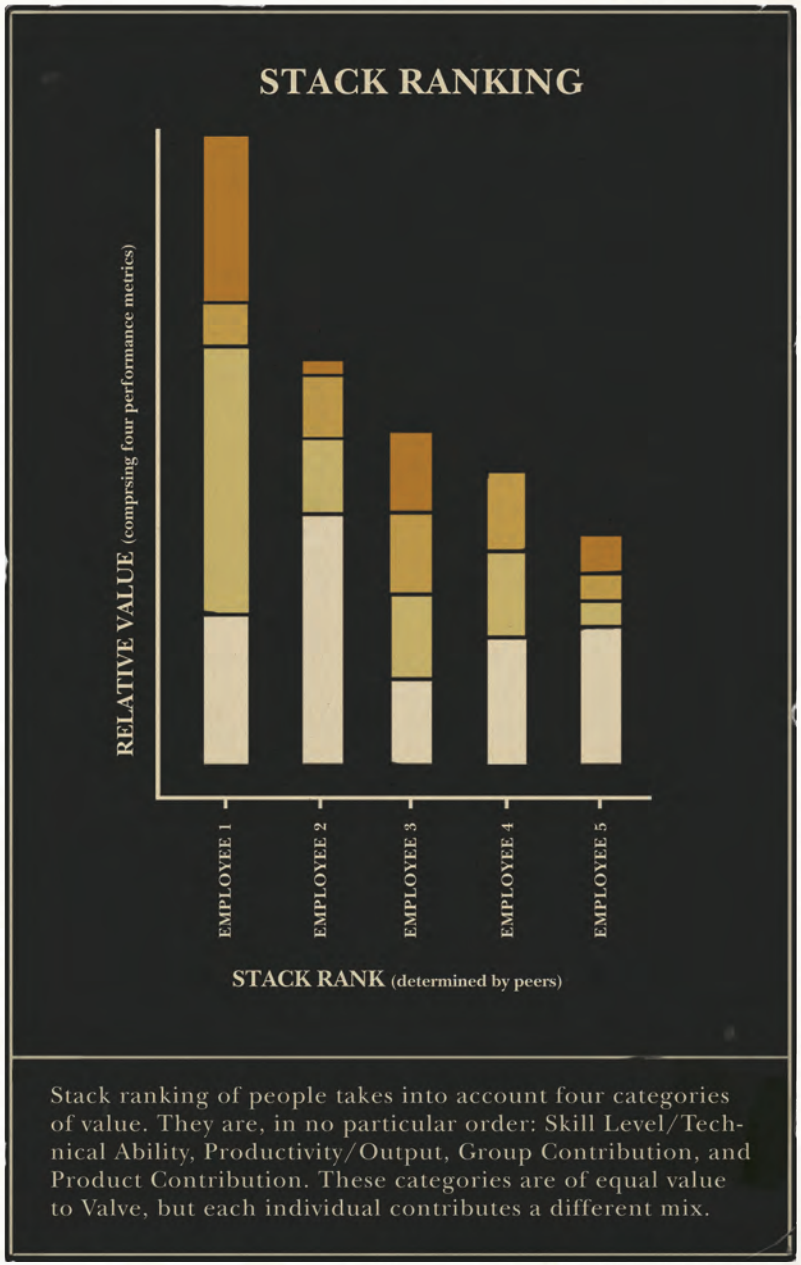
If you think your compensation isn't right for the work you do, then you should raise the issue. At Valve, these conversations are surprisingly easy and straightforward. Adjustments to compensation usually occur within the process described here. But talking about it is always the right thing if there's any issue. Fretting about your level of compensation without any outside information about how it got set is expensive for you and for Valve.

The removal of bias is of the utmost importance to Valve in this process. We believe that our peers are the best judges of our value as individuals. Our flat structure eliminates some of the bias that would be present in a peer-ranking system elsewhere. The design of our stack-ranking process is meant to eliminate as much as possible of the remainder.

Each project/product group is asked to rank its own members. (People are not asked to rank themselves, so we split groups into parts, and then each part ranks people other than themselves.) The ranking itself is based on the following four metrics:

1. Skill Level/Technical Ability
How difficult and valuable are the kinds of problems you solve? How important/critical of a problem can you be given? Are you uniquely capable (in the company? industry?) of solving a certain class of problem, delivering a certain type of art asset, contributing to design, writing, or music, etc.?

2. Productivity/Output
How much shippable (not necessarily shipped to outside customers), valuable, finished work did you get done? Working a lot of hours is generally not related to productivity and, after a certain point, indicates inefficiency. It is more valuable if you are able to maintain a sensible work/life balance and use your time in the office efficiently, rather than working around the clock.



Stack ranking of people takes into account four categories of value. They are, in no particular order: Skill Level/Technical Ability, Productivity/Output, Group Contribution, and Product Contribution. These categories are of equal value to Valve, but each individual contributes a different mix.

Fig. 3-2

3. Group Contribution

How much do you contribute to studio process, hiring, integrating people into the team, improving workflow, amplifying your colleagues, or writing tools used by others? Generally, being a group contributor means that you are making a tradeoff versus an individual contribution. Stepping up and acting in a leadership role can be good for your group contribution score, but being a leader does not impart or guarantee a higher stack rank. It is just a role that people adopt from time to time.

4. Product Contribution

How much do you contribute at a larger scope than your core skill? How much of your work matters to the product? How much did you influence correct prioritization of work or resource trade-offs by others? Are you good at predicting how customers are going to react to decisions we're making? Things like being a good playtester or bug finder during the shipping cycle would fall into this category.

By choosing these categories and basing the stack ranking on them, the company is explicitly stating, "This is what is valuable." We think that these categories offer a broad range of ways you can contribute value to the company.

Once the intra-group ranking is done, the information gets pooled to be company-wide. We won't go into that methodology here. There is a wiki page about peer feedback and stack ranking with some more detail on each process.

Fig. 3-3 Method to taking the company trip

step 1. Find someone to watch your cats
step 2. Board our chartered flight
step 3. Relax by the pool
step 4. Relax by the pool some more

4

Choose Your Own Adventure

Your First Six Months

You've solved the nuts-and-bolts issues. Now you're moving beyond wanting to just be productive day to day—you're ready to help shape your future, and Valve's. Your own professional development and Valve's growth are both now under your control. Here are some thoughts on steering both toward success.

Roles

Fig. 4-1

By now it's obvious that roles at Valve are fluid. Traditionally at Valve, nobody has an actual title. This is by design, to remove organizational constraints. Instead we have things we call ourselves, for convenience. In particular, people

who interact with others outside the company call themselves by various titles because doing so makes it easier to get their jobs done.

Inside the company, though, we all take on the role that suits the work in front of us. Everyone is a designer. Everyone can question each other's work. Anyone can recruit someone onto his or her project. Everyone has to function as a "strategist," which really means figuring out how to do what's right for our customers. We all engage in analysis, measurement, predictions, evaluations.

One outward expression of these ideals is the list of credits that we put in our games—it's simply a long list of names, sorted alphabetically. That's it. This was intentional when we shipped *Half-Life*, and we're proud to continue the tradition today.

Advancement vs. growth

Because Valve doesn't have a traditional hierarchical structure, it can be confusing to figure out how Valve fits into your career plans. "Before Valve, I was an assistant technical second animation director in Hollywood. I had planned to be a director in five years. How am I supposed to keep moving forward here?"

Working at Valve provides an opportunity for extremely efficient and, in many cases, very accelerated, career

growth. In particular, it provides an opportunity to broaden one's skill set well outside of the narrow constraints that careers can have at most other companies.

So the "growth ladder" is tailored to you. It operates exactly as fast as you can manage to grow. You're in charge

Fig. 4-2

of your track, and you can elicit help with it anytime from those around you. FYI, we usually don't do any formalized employee "development" (course work, mentor assignment), because for senior people it's mostly not effective. We believe that high-performance people are generally self-improving.

Most people who fit well at Valve will be better-positioned after their time spent here than they could have been if they'd spent their time pretty much anywhere else.

Putting more tools in your toolbox

The most successful people at Valve are both (1) highly skilled at a broad set of things and (2) world-class experts within a more narrow discipline. *(See "T-shaped" people on page 46.)* Because of the talent diversity here at Valve, it's often easier to become stronger at things that aren't your core skill set.

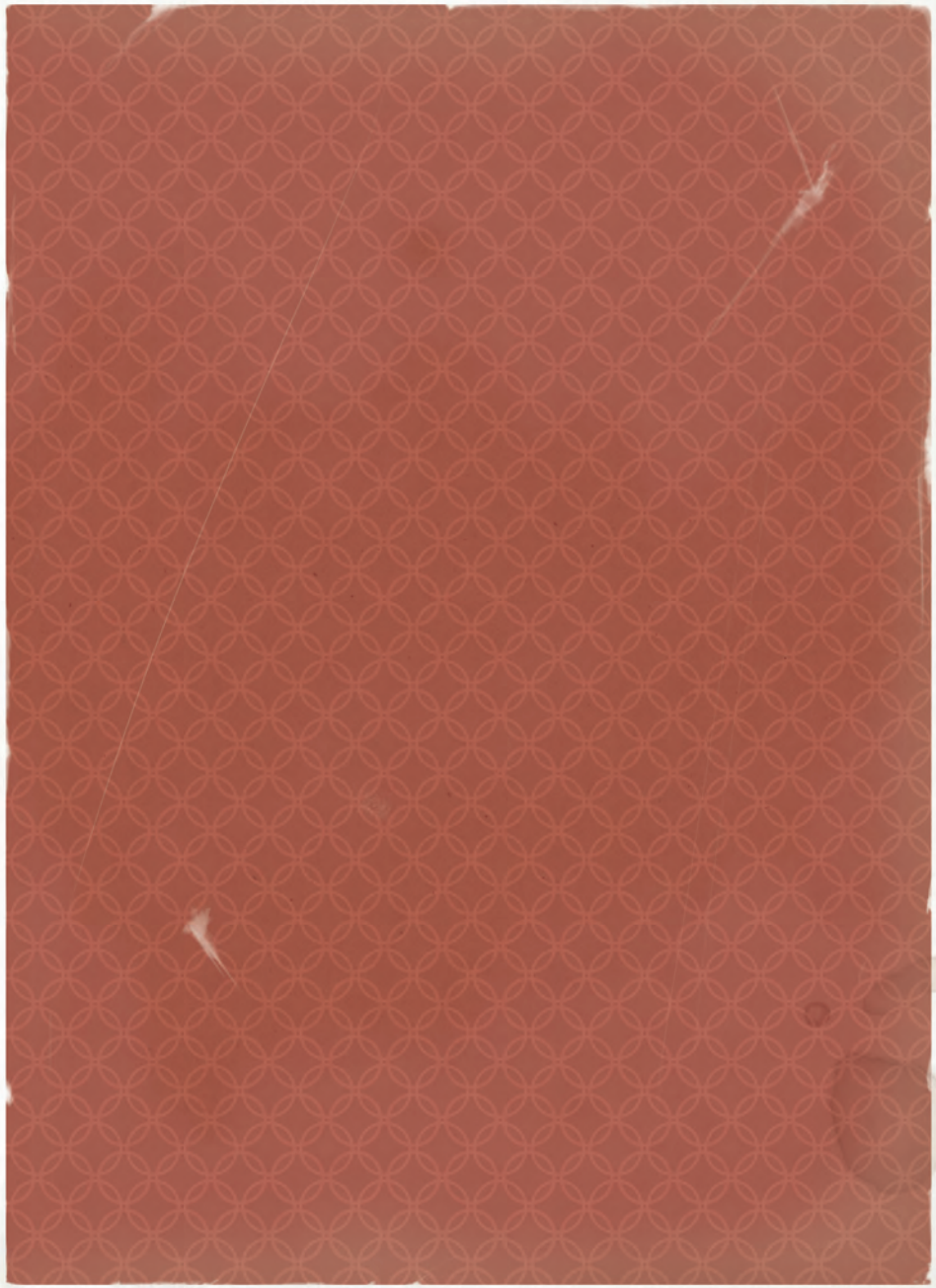
Engineers: code is only the beginning

If you were hired as a software engineer, you're now surrounded by a multidisciplinary group of experts in all kinds of fields—creative, legal, financial, even psychological. Many of these people are probably sitting in the same room as you every day, so the opportunities for learning are huge. Take advantage of this fact whenever possible: the more you can learn about the mechanics, vocabulary, and analysis within other disciplines, the more valuable you become.

Non-Engineers: program or be programmed

Valve's core competency is making software. Obviously,

different disciplines are part of making our products, but we're still an engineering-centric company. That's because the core of the software-building process is engineering. As in, writing code. If your expertise is not in writing code, then every bit of energy you put into understanding the code-writing part of making software is to your (and Valve's) benefit. You don't need to become an engineer, and there's nothing that says an engineer is more valuable than you. But broadening your awareness in a highly technical direction is never a bad thing. It'll either increase the quality or quantity of bits you can put "into boxes," which means affecting customers more, which means you're valuable.



Your Most Important Role

Concepts discussed in this book sound like they might work well at a tiny start-up, but not at a hundreds-of-people-plus-billions-in-revenue company. The big question is: Does all this stuff scale?

Well, so far, yes. And we believe that if we're careful, it will work better and better the larger we get. This might seem counterintuitive, but it's a direct consequence of hiring great, accomplished, capable people. Getting this to work right is a tricky proposition, though, and depends highly on our continued vigilance in recruiting/hiring. If we start adding people to the company who aren't as capable as we are at operating as high-powered, self-directed, senior decision makers, then lots of the stuff discussed in this book will stop working.

One thing that's changing as we grow is that we're not great at disseminating information to everyone anymore *(see "What is Valve* not *good at?," on page 52).*

On the positive side, our profitability per employee is going up, so by that measure, we're certainly scaling correctly.

Our rate of hiring growth hovered between 10 and 15 percent per year, for years. In 2010, we sped up, but only to about 20 percent per year. 2011 kept up this new pace, largely due to a wave of hiring in Support.

We do not have a growth goal. We intend to continue hiring the best people as fast as we can, and to continue scaling up our business as fast as we can, given our existing staff. Fortunately, we don't have to make growth decisions based on any external pressures—only our own business goals. And we're always free to temper those goals with the long-term vision for our success as a company. Ultimately, we win by keeping the hiring bar very high.

Hiring

Fig. 5-1

Hiring well is the most important thing in the universe. Nothing else comes close. It's more important than breathing. So when you're working on hiring—participating in an interview loop or innovating in the general area of recruiting—everything else you could be doing is stupid and should be ignored!

When you're new to Valve, it's super valuable to start being involved in the interview process. Ride shotgun with people who've been doing it a long time. In some ways, our interview process is similar to those of other companies, but we have our own take on the process that requires practice to learn. We won't go into all the nuts and bolts in this book—ask others for details, and start being included in interview loops.

Why is hiring well so important at Valve?

At Valve, adding individuals to the organization can influence our success far more than it does at other companies—either in a positive or negative direction. Since there's no organizational compartmentalization of people here, adding a great person can create value across the whole company. Missing out on hiring that great person is likely the most expensive kind of mistake we can make.

Bring your friends. One of the most valuable things you can do as a new employee is tell us who else you think we should hire. Assuming that you agree with us that Valve is the best place to work on Earth, then tell us about who the best people are on Earth, so we can bring them here. If you don't agree yet, then wait six months and ask yourself this question again.

Usually, it's immediately obvious whether or not we've done a great job hiring someone. However, we don't have the usual checks and balances that come with having managers, so occasionally it can take a while to understand whether a new person is fitting in. This is one downside of the organic design of the company—a poor hiring decision can cause lots of damage, and can sometimes go unchecked for too long. Ultimately, people who cause damage always get weeded out, but the harm they do can still be significant.

How do we choose the right people to hire?

An exhaustive how-to on hiring would be a handbook of its own. Probably one worth writing. It'd be tough for us to capture because we feel like we're constantly learning really important things about how we hire people. In the meantime, here are some questions we always ask ourselves when evaluating candidates:

- Would I want this person to be my boss?
- Would I learn a significant amount from him or her?
- What if this person went to work for our competition?

Across the board, we value highly collaborative people. That means people who are skilled in all the things that are

integral to high-bandwidth collaboration—people who can deconstruct problems on the fly, and talk to others as they do so, simultaneously being inventive, iterative, creative, talkative, and reactive. These things actually matter far more than deep domain-specific knowledge or highly developed skills in narrow areas. This is why we'll often pass on candidates who, narrowly defined, are the "best" at their chosen discipline.

Of course it's not quite enough to say that a candidate should collaborate well—we also refer to the same four metrics that we rely on when evaluating each other to evaluate potential employees *(See "Stack ranking," on page 27).*

We value "T-shaped" people.
That is, people who are both generalists (highly skilled at a broad set of valuable things—the top of the T) and also experts (among the best in their field within a narrow discipline—the vertical leg of the T).

This recipe is important for success at Valve. We often have to pass on people who are very strong generalists without expertise, or vice versa. An expert who is too narrow has difficulty collaborating. A generalist who doesn't go deep enough in a single area ends up on the margins, not really contributing as an individual.

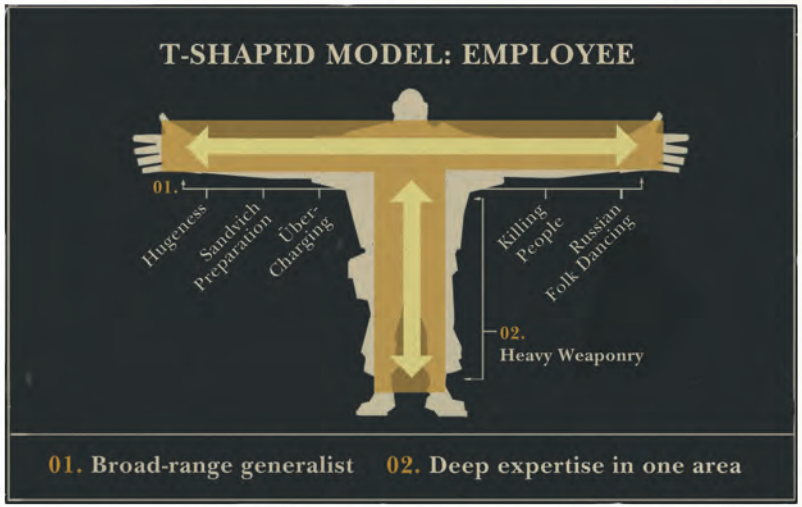


Fig. 5-2

We're looking for people stronger than ourselves.
When unchecked, people have a tendency to hire others who are lower-powered than themselves. The questions listed above are designed to help ensure that we don't start hiring people who are useful but not as powerful as we are. We should hire people more capable than ourselves, not less.

In some ways, hiring lower-powered people is a natural response to having so much work to get done. In these conditions, hiring someone who is at least capable seems (in the short term) to be smarter than not hiring anyone at all. But that's actually a huge mistake. We can always bring

on temporary/contract help to get us through tough spots, but we should never lower the hiring bar. The other reason people start to hire "downhill" is a political one. At most organizations, it's beneficial to have an army of people doing your bidding. At Valve, though, it's not. You'd damage the company and saddle yourself with a broken organization. Good times!

Hiring is fundamentally the same across all disciplines. There are not different sets of rules or criteria for engineers, artists, animators, and accountants. Some details are different—like, artists and writers show us some of their work before coming in for an interview. But the actual interview process is fundamentally the same no matter who we're talking to.

"With the bar this high, would I be hired today?" That's a good question. The answer might be no, but that's actually awesome for us, and we should all celebrate if it's true because it means we're growing correctly. As long as you're continuing to be valuable and having fun, it's a moot point, really.

Q: If all this stuff has worked well for us, why doesn't every company work this way?

A: Well, it's really hard. Mainly because, from day one, it requires a commitment to hiring in a way that's very different from the way most companies hire. It also requires the discipline to make the design of the company more important than any one short-term business goal. And it requires a great deal of freedom from outside pressure—being self-funded was key. And having a founder who was confident enough to build this kind of place is rare, indeed.

Another reason that it's hard to run a company this way is that it requires vigilance. It's a one-way trip if the core values change, and maintaining them requires the full commitment of everyone—especially those who've been here the longest. For "senior" people at most companies, accumulating more power and/or money over time happens by adopting a more hierarchical culture.

6

Epilogue

What Is Valve *Not* Good At?

The design of the company has some downsides. We usually think they're worth the cost, but it's worth noting that there are a number of things we wish we were better at:

- Helping new people find their way. We wrote this book to help, but as we said above, a book can only go so far.
- Mentoring people. Not just helping new people figure things out, but proactively helping people to grow in areas where they need help is something we're organizationally not great at. Peer reviews help, but they can only go so far.
- Disseminating information internally.
- Finding and hiring people in completely new disciplines (e.g., economists! industrial designers!).
- Making predictions longer than a few months out.
- We miss out on hiring talented people who prefer to work within a more traditional structure. Again, this comes with the territory and isn't something we should change, but it's worth recognizing as a self-imposed limitation.

What Happens When All This Stuff Doesn't Work?

Sometimes, the philosophy and methods outlined in this book don't match perfectly with how things are going day to day. But we're confident that even when problems persist for a while, Valve roots them out.

As you see it, are there areas of the company in which the ideals in this book are realized more fully than others? What should we do about that? Are those differences a good thing? What would you change? This handbook describes the goals we believe in. If you find yourself in a group or project that you feel isn't meeting these goals, be an agent of change. Help bring the group around. Talk about these goals with the team and/or others.

Where Will You Take Us?

Valve will be a different company a few years from now because you are going to change it for the better. We can't wait to see where you take us. The products, features, and experiences that you decide to create for customers are the things that will define us.

Whether it's a new game, a feature in Steam, a way to save customers money, a painting that teaches us what's beautiful, something that protects us from legal threats, a new typeface, an idea for how to be healthier while we work, a new hat-making tool for *TF2*, a spectacular animation, a new kind of test that lets us be smarter, a game controller that can tell whether you're scared or a toy that makes four-year-olds laugh, or (more likely) something nobody's thought of yet—we can't wait to see what kind of future you choose to build at Valve.

Glossary

Jargon. Lingo. Code words.

14-Year-Old Boy—If you see one running your project, don't worry. That's actually 57-year-old Josh Weier *(see Josh Weier)*. If you have any extra stem cells, give them to him! He bathes in them daily.

Australia—A place that's either very near or is New Zealand where more than half of Valve's employees were born.

City of Seattle—Where Valve's founders promised we'd locate our office before pulling a massive bait and switch to the Eastside *(see also Greg Coomer)*.

Coffee Machine, Right-hand Dispenser—The dispenser in all coffee machines at Valve that holds the decaffeinated coffee beans. To the best of our knowledge, these have never needed to be refilled. For all we know, the beans are decorative plastic.

Company Vacation—Every year, the company gathers all the employees and our families, flies us somewhere tropical, and gives us a free weeklong vacation. Popular pastimes include beard contests, snorkeling, ice cream socials, jet skiing, or just sitting on the beach chatting with the locals about how many googly-eyed seashells you should buy from them. (Your feeling: none. Their counteroffer: Just buy five then.)

Empty Shelf on Fifth Floor—Place we're planning on putting all those awards for *Ricochet* once the gaming world finally catches up with it.

Fishbowl—The conference room by the lunchroom. The one with a big glass wall. Don't let the name throw you—we don't actually use it as a fishbowl! Except, of course, on Fishbowl Fridays, where we fill it up with ten thousand gallons of putrid saltwater so that all the manta rays and sharks will have something to breathe while they fight to the death. You won't see it in your list of benefits, not because it isn't fun, but because it is illegal.

Freight Elevator—*(See "Method to move your desk," on page 18.)*

Gabe Newell—Of all the people at this company who aren't your boss, Gabe is the MOST not your boss, if you get what we're saying.

Greg Coomer—The only person who cares or remembers that somebody once might have said we'd move to Seattle.

Knives—That which one can never own enough of. A vast collection of them is in no way a Freudian compensation.

Manager—The kind of people we don't have any of. So if you see one, tell somebody, because it's probably the ghost of whoever was in this building before us. Whatever you do, don't let him give you a presentation on paradigms in spectral proactivity.

Mann Co.—Maker of square, unsafe products for men that occasionally catch on fire, and more occasionally, work as advertised. Owned and operated by Saxton Hale *(see Australia)*.

Parking Garage Elevators—Autonomous hostage-taking devices with a will of their own. Beware.

Playtesting—What we do early and often. And loudly, if Karen is the tester.

Ponies—The animals most beloved by those away from their computers, and most despised by people who prefer to hear jokes just once.

Scorpions, Poison, Queen—Repeated exposure to our bathrooms' Pavlovian rock block soundtrack will ensure that you'll never be able to relieve yourself again unless someone hums "Rock You like a Hurricane."

Shitty Wizard—Person responsible for all *Dota 2* bugs. *Aka* Finol.

Talk Alias—Marc Laidlaw's internal blog.

(Un)weighted Companion Pillow—The thing Erik Wolpaw carries around with him and covers his mouth with after others have sat on it.

Valve Activities—You will learn to love blacksmithing.

Josh Weier—Variously pronounced "Josh Weere," "Josh Wire," "Josh Woe-Rue," "Josh wuhh…[trailing off]," and "Josh Joshington" by those of us who stopped caring. They're all equally valid!

WFH—Working From Home. What to do if a single snowflake falls out of the sky.

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Handbook courtesy of Valve