Growing Fast and Staying True

How High-Growth Tech Companies Scale Culture

As technology, telecommunications and media companies grow, the culture that helped define their launch can be one of the hardest things to scale. Leaders of these companies are under pressure to determine which elements of culture are worth preserving, how they align with the forward-looking business strategy, and how to define and foster an ideal culture as the organization expands and integrates new people into the ranks.

But is the pervasive belief that "high-growth tech companies struggle to scale culture" actually true? We decided to conduct an exercise to probe that theory, and it turned out to be a myth buster. We spoke with key culture carriers at a handful of high-profile tech companies — founders, CEOs and heads of HR — to learn how they're addressing and shaping culture as their companies grow. What we found is that innovative leaders find creative ways to scale culture appropriately. They maintain the elements that matter, and let go of culture markers the company has outgrown.

Here are the key takeaways culled from our conversations about culture in high-growth tech:

1. Culture must be aspirational, but also tangible

At 2U, Chief People Officer Rani Hammond says, "It's not unusual for our CEO to call a spontaneous dance party. And he's up there front and center." As you might guess, one guiding principle of the educational technology company has always been to "have fun." But another is "make service your mission." Twice a year, the company sponsors corporate days of service where employees go out into their communities and volunteer. "These are real actions," says Hammond. "They're not just aspirational."
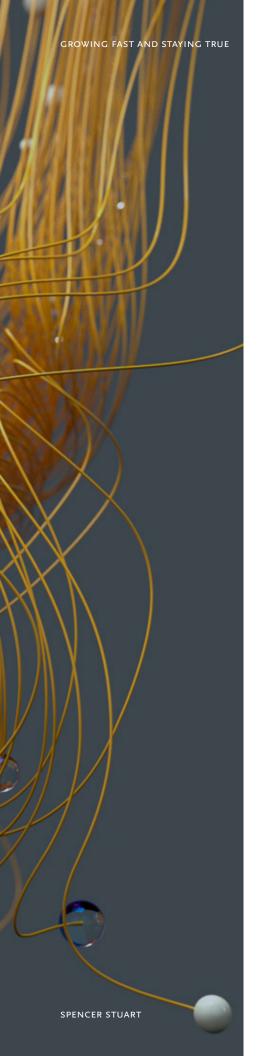
One senior HR leader puts it this way: "You need to make sure you put into words what your culture really is. But they can't just be words on a wall somewhere. You have to really live them." Mantras, mission statements and guiding pillars are all important concepts. But until you translate them into everyday action, they're just conceptual.

"We're going to know we're successful if our behaviors lead everyone else around us to say we're acting with integrity, respect, courage, curiosity and unity. If we don't, then we've failed, and these words are all just pretty posters on the wall."

DONNA KIMMEL
CHRO OF CITRIX

Box's cloud-content management products help people to work together easier, so it's not surprising that collaboration is an essential company value. CEO Aaron Levie puts it this way: "We like to think our culture is highly collaborative, relatively fast paced and very much about finding the key points of innovation on any decision." That concept is underwritten by the way culture is enacted at Box. Chief People Officer Christy Lake says, "Our culture is highly inclusive and collaborative by design. Being intentional about our decisions and taking calculated risks is part of innovation. Then there's fun. People are free to be themselves."

2. Keep the core of your culture, not all the details

As the company grows, the core sentiment of the culture might stay the same, but the nuances shift. Dave Hagan, former CEO of Boingo Wireless, still takes the time to handwrite a note to each employee on the anniversary of his or her hire. Hagan spends about an hour and a half a month on the cards. But as the number of employees has grown — now past 500 people through both hires and acquisitions — this practice is quickly becoming time consuming. Where other CEOs might give up or switch to email, he is sticking to the personal touch via handwritten cards.

Hagan admits, "I get frustrated that I can't remember everyone's name anymore. But we still try to keep the pressure on culture. As an example, we've had to find a bigger venue to hold all-hands meetings. Now it's at a nice theater down the road. You have to be creative to scale culture."

At DocuSign, CEO Dan Springer says, "We aim to start people off right. We bring all of our new employees to our founding location, Seattle, to a 'Discovering DocuSign' program. It talks about company values, what's important to us and what our business is about. When they get back to work, they have a foundation that's shared across all DocuSigners."

But at Box, which is growing quickly internationally, a similar practice has not scaled. Levie used to appear at orientations at company headquarters every two weeks to meet all new recruits in person, but flying them all in is no longer practical. Now, Levie is using video to scale these interactions. Still, he says, the idea is the same: "Fast-growing companies bring in a cohort of new individuals that come from any number of permutations from other cultures. Very quickly, you have to train people to adapt to your environment."

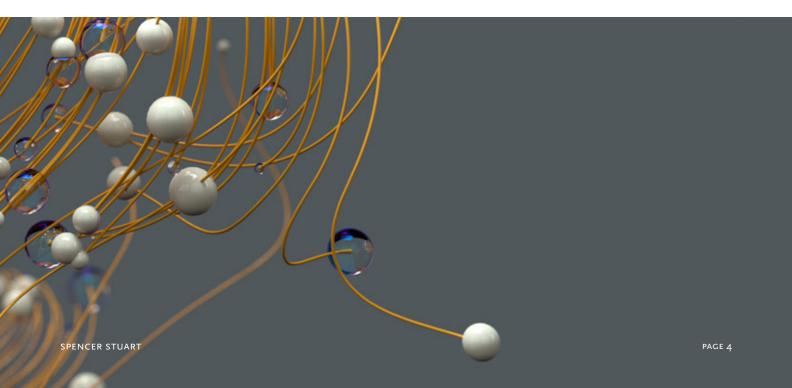## 3. Leaders are essential, but not always scalable

Leaders naturally have a huge influence on defining culture, and that's important, because culture supports the strategic direction of the business and the organization as a whole. Leaders must model culture consistently and strive to align structures and processes with the culture they want to foster. Tina Jones, CHRO of Cadence, says, "If you get the right leaders, and get them indoctrinated into what the company feels is important culturally and strategically, the rest often follows."

Still, the best cultures aren't lived entirely at the top; they're leader-supported as opposed to leader-directed. Culture must be immersive and infiltrated across the organization. As Hammond says, "It can't always be on the CEO. As we've grown and scaled, we had to find other ways to express what our culture means and doesn't mean." Last year, 2U hired a COO who focuses heavily on rigor and processes — accurate for the stage of growth the company is in.

"We've brought in a COO who's really focusing much more heavily on the rigor, the processes — still with the same passion, care and purpose for the business, but is mindful about how 'heroes don't scale.'"

RANI HAMMOND
CHIEF PEOPLE OFFICER, 2U

At DocuSign, managers at all levels, not just top-tier leadership, are charged with fostering the culture. Springer says the organization's philosophy is that "every employee deserves to have a great manager in order to do the greatest work of their life."

4. Don't over-focus on hiring for fit

The idea of hiring for cultural fit is often given too much weight, according to many of the leaders we interviewed. While organizations want people who are going to jibe well with the culture, hiring those who are already in line with the culture, creates the risk of homogeneity. Over-focusing on "fit" can prevent organizations from building in the diversity that's critical to high performance and can turn away some of the most talented prospects.

"We believe a diverse population means we get the best thought."

CHRISTY LAKE
CHIEF PEOPLE OFFICER OF BOX

Still, you need to hire people who will thrive within your company's ethos. It's a matter of looking at the right parts of the equation. A new hire doesn't have to share the same taste in music or prefer the same pizza topping at meetings, but there should be some deeper commonalities.

Hagan explains, "We can't just use our own gut to pick people. There has to be a science." So Boingo Wireless assembled a group of the top performers in the company and conducted in-depth interviews to find common cultural and personality threads. They pinpointed a few common themes across their high performers: flexibility, positivity, team orientation and thriving in ambiguity. In theory, this methodology means: "We're hiring people that have the same attributes as the people who have been successful here. And we've also made sure we had a lot of diversity amongst those people."

Another key point to consider is that most rapidly growing tech companies are still evolving to their optimal culture, so it's more accurate to hire for "future fit" than current standards, particularly when hiring leaders who will define the future culture. The right leadership fit might actually be a change agent who will drive digital transformation, for example, and evolve the culture into one that's more focused on innovation and transparency.
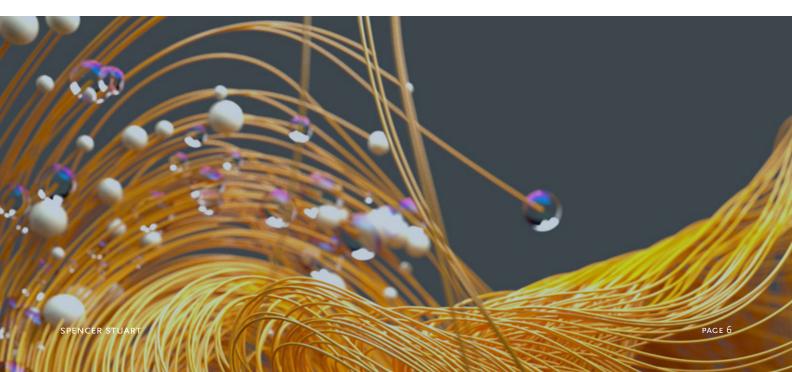
5. Nor can you acquire sheerly for fit

For a growing number of companies, M&A is key element of the growth strategy. As in hiring, achieving the right balance between culture alignment and cultural diversity is an important consideration.

Rob Bernshteyn, CEO of Coupa, explains his philosophy on assessing culture compatibility during the M&A due diligence process: "With every acquisition we've made, we've known folks there for a number of years. It's a very thoughtful process." When you acquire a company, you're buying the right to bring people along on a journey with you. To ensure that it won't be too bumpy, talk to leaders, customers and prospective customers about what they've experienced.

"Don't just talk to the leaders. It needs to be a collaborative effort of both cultures to understand what the new values should be versus just combining them."

LINDA WHITLEY-TAYLOR
CHIEF PEOPLE OFFICER OF CHANGE HEALTHCARE

To bring newly acquired businesses into the culture fold quickly, some organizations reinforce communications with other activities that signal the culture to new employees, such as updating the look and feel of workspaces. One CEO told us that his company standardizes the offices of acquired companies as quickly as possible so that people know they're entering into a distinct culture.

6. Culture must be geared to the workforce of the future

Culture cannot be separated from people. As the generations making up the work-force shift — and millennials now make up the largest percentage of workers — a few areas of culture have become increasingly important.

Springer points out a defining characteristic of the rising generation in the workforce: "The millennial cohort have a much higher requirement for an organization to have a larger impact. I was so pleased when we did our employee survey and asked what employees thought was the best thing we've done all year. The number-two answer was our DocuSign IMPACT Foundation."

Levie offers an intimate perspective: "I am and grew up with the millennials. You often hear this idea of entitlement and millennials being synonymous. My take is different. When you grow up with the internet and access to instant info, and the world is moving 1,000 times faster than ever before — and then you enter an organization that is very slow, bureaucratic and analog — you see the issue. Employees are asking for a better way to do business that's more effective, efficient and modern."

All this talk about purpose and collaboration won't replace competitive compensation, and at the end of the day, you have to create a culture that works across generations. As Citrix CRHO Donna Kimmel says, "We're about 64 percent millennial, but we do have representation from five generations. We think about what's important to millennials, but we don't do that at the exclusion or alienation of our other populations."

EVERYTHING YOU DO REFLECTS ON YOUR CULTURE

Our conversations went beyond these six points. Other discussions revolved around board leadership, which must back up and embody company culture. One CEO, for instance, talked about the importance of getting buy-in from the board for culturally significant programs — such as a large charitable initiative — that align with and support the culture leaders want to foster.

But these points — creating an aspirational yet tangible culture, hanging onto only the scalable aspects, moving the responsibility for culture beyond just the leaders, hiring and acquiring for more than fit, and always taking the workforce of the future into consideration — are ones that every company today should consider when scaling up.

Distinct cultures have always been a hallmark of tech companies, and it remains a constant checkpoint for them as they grow from startups into stable international enterprises. But to scale culture, high-growth technology companies are focused on the cultural criteria that really matter, even when it means leaving some traditional practices behind.

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