Startup Culture:
Preserving What Makes You Great As You Grow

A guide for CEOs by gothamCulture®
HELPING NAVIGATE CHANGE
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Closing Thoughts
To grow a successful organization, you have to know where to spend your limited resources. Startups—especially in Silicon Valley—are often lauded for their culture. And unfortunately, “culture” in this case is many times defined by a set of borderline unbelievable perks.
“Customers will never love a company until the employees love it first.”

-Simon Sinek, Author
Entrepreneurship has exploded in the U.S. market in recent years. According to a recent Global Entrepreneurship Monitor (GEM) report, there are now over twenty four million entrepreneurs in the U.S., making up 14% of the total population.

There may be a number of contributing factors to this trend. Entrepreneurs are often cited as modern day adventurers and explorers. They are willing to take risks and push innovation. And for many, they exemplify the American Dream. That is, everyone has the opportunity to be successful, no matter how you started or where you might be from.

Unfortunately, glamorizing entrepreneurs—while flattering—doesn't tell the whole story of what founding and growing a sustainable company entails.

Despite the number of entrepreneurs in the U.S., the country now ranks 12th among developed nations in terms of business startup activity. American business deaths now outnumber business births, according to Gallup and the U.S. Census Bureau.

As a leader of a growing startup, there are some brutal realities to face. These can include challenges obtaining capital to drive growth, an inability to attract the right talent, or the constant struggle of trying to manage an organization that looks fundamentally different every six months.
You Are Not Your Perks.

With so much on the line for your growing business, you cannot put your perks above what you value. Perks seem great at the start, but they tend to lose their luster over time, leaving you with little of substance to sustain engagement, excitement and purpose.

With competitors grappling to offer some wild new perk in an attempt to attract talent, companies are getting sucked into a doom loop. Everyone will end up losing as they try to keep up with the Jones. The perks that were once on the cutting edge become the standard expectation, which only serves to put startups in an even worse position to compete for talent and sustain growth.

Additionally, many startups lack the capital to offer these types of perks, let alone sustain them over time. This puts them at a disadvantage compared to their larger, more established competitors.

Finally, perks and incentives are, by their nature, a manifestation of the core values of an organization. By offering endless perks, startups can send messages about what is valued that may have unintended consequences in the long-term. This can be a real problem if those messages are in conflict with your core beliefs or if those perks are being used as a replacement for core values.
By defining your values and culture based on the perks you offer, you’re sending the message that your company values following the latest trends rather than being intentional about the deeper beliefs of your company culture. Employees may be left without any clear direction for how business should be done, how customers should be served and what it means to be a member of the team.

This is not to say that all perks are bad. Quite the contrary. Perks can help reinforce meaningful values and help drive the behaviors that are required to yield success in the next chapter of your startup’s journey. When used thoughtfully, in conjunction and in direct reinforcement of your organization’s core values, these perks can prove to be both sustainable and truly meaningful.

Rallying your team around a meaningful purpose and supporting that with appropriate perks is not only a more sustainable way to drive growth. It ensures that the people you attract are people who are joining you for the right reasons.

Values can have deep and lasting meaning for people, giving them a higher purpose. This is something that perks alone can never do.
Key Takeaways

Rallying your team around a meaningful purpose and supporting that with appropriate perks is not only a more sustainable way to drive growth. It ensures that the people you attract are people who are joining you for the right reasons. Values can have deep and lasting meaning for people, giving them a higher purpose. This is something that perks alone can never do.
For startups that want to stick around, growth and sustainability are the goals. But growing like Facebook or Twitter is far more difficult in reality. According to the Small Business Administration, only about half of all new businesses even survive to reach their fifth birthday. Only one-third of those make it to the 10-year mark.

Here’s what you need to know about scaling your startup culture.
“Speed is useful only if you are running in the right direction.”

-Joel Barker, Future Edge
Scaling a startup is no small feat. It takes clarity of vision, a feasible business model and a team who’s willing to operate in an extremely fast-paced environment where dynamics change continuously. It also takes guts on the part of the founders and initial team members. They risk a lot by taking a chance on a new startup. The nebulous nature of these situations can be too much for many people to bear.

One of the key aspects of sustaining a rapidly growing startup is the dynamic tension that exists between the need to scale quickly and stay flexible, while also setting a firm foundation.

One way organizations begin to develop this foundation (intentionally or not) is to develop certain ways of doing things (a culture) which helps guide peoples’ expectations and behaviors.

Your culture happens in one of two ways.

The first way, or the “let’s rolls the dice and see what happens” model, occurs when startups jump right into doing the work before taking the time to align around their values and growth strategy. This is certainly one approach. The downside is, you don’t have any control. Once it’s solidified into the DNA of the company, it’s going to be a challenge to break the mold of what people are used to.

The other, preferable, way to approach this is to be intentional about who you are, what you stand for and what’s most important to you as a collective.
4 Things to Know When Scaling Startup Culture

Here are a few considerations to be intentional about creating a culture that will best serve your organization as you grow.

1. It starts with a solid foundation.

Managing the tension between flexibility and a solid foundation for growth can be challenging. But, setting a firm set of expectations can help ensure your team doesn’t come into work to find a completely different animal every morning.

2. Culture is a collective concept.

Being inclusive from the start helps your team build a personal connection to what’s most important. This means involving all of your team members in conversations about the company values and growth strategy. Although your company’s culture is heavily rooted in your personal values, there are more and more people influencing the way work gets done as the organization grows. The better they understand the boundaries for their behavior and the deeper “why” behind what you do, the better equipped they will be to evolve the culture in ways that keep you most relevant in the market.
3. Culture is not a fire and forget missile.

Taking the time to articulate what makes your organization unique, valuable and successful is never a bad idea. But culture is not a stagnant cornerstone of your company. As the environment evolves around you, it will become essential that your organization take stock of how you are adapting to stay relevant. Over time, what works today may not sustain you in the future. Organizations that keep a pulse on these changes will be better positioned to adapt in ways that launch them forward while their competitors struggle to keep up.

4. You’re not alone.

Entrepreneurship can be a lonely road. At the end of the day, your name is on the bottom line. When it comes to the culture of your growing organization, understand that culture, at its most basic, is a collective concept. Although you may have a heavy influence based on your position, the culture is established and evolves based on the collective learning, collective understanding and the collective reinforcement of the company’s values. Don’t feel like it all rests on you. Engage your people in ongoing discussions about the culture, what it means to them and how it may need to evolve in order to stay competitive.
Leading a rapidly growing startup is not for the faint of heart. There are innumerable challenges and pitfalls at every turn. Even the slightest misstep can potentially lead to disaster. In a world where there are often more questions than answers and people are looking to you to guide them, it is incumbent on you that you stack the deck in your favor whenever and wherever possible.

One way to do this is to consider the tips above and engage your team in setting a firm and explicit foundation for growth. Use your culture as a compass. Otherwise, you may find yourself in an organization that is floundering and moving in too many different directions at the same time.
How to Build a Sustainable Startup Culture for Rapid Growth

Guiding a company from startup to success means finding the balance between a sustainable growth strategy, a culture that reflects your values and supports your people, and a leadership team that will help drive the change.

Finding that balance is a challenge, however. It’s not just about having a cool office or great benefits. You have to ensure your employees and your culture are aligned with your vision for growth. Leadership must be invested in the values and direction of the company; fostering an ecosystem that drives the behaviors you need for success.
“A team aligned behind a vision will move mountains. Sell them on your roadmap and don’t compromise—care about the details, the fit and finish.”

-Kevin Rose, Founder of Digg
Know WHY You’re In Business

The most important aspect of your company culture is ensuring it aligns with WHY you’re in business. Is it about helping others? Disrupting an industry? World change?

Whatever it is, the culture should be reflected in what your customers see and experience. What are people passionate about, and what is the ideal environment that supports that? Some would argue attention to culture is even more important than processes, plans, and requirements.

Keep in mind: looking for culture fit is great when hiring, so long as you want to reinforce the culture you currently have. If, however, you are looking to change the culture, hiring and keeping people who embody those values and behaviors is the way to go.

Start by understanding why you’re in business and what kinds of values define your organization. Starting with an intentional and authentic understanding of this can serve as a hiring lens as your company grows.

It’s then the responsibility of senior leadership and other key personnel to give it the momentum you need to drive change in the right direction. You have to ensure that your people feel supported by the leadership and culture so they stick around.
How Important Are First Impressions?

Today's rapidly growing startups are often pressured to find the balance between looking cool, hip and successful to attract top talent, while not blowing their budget on office space and benefits. While a rapidly growing company may not be able to keep up with the likes of Google in terms of benefits or campus amenities, first impressions are still critical to attracting and retaining the right people.

Careful attention must be paid to the culture that is visible. But, more importantly, the substance must be there as well. Perks, games, and exposed brick walls mean nothing if they are simply window dressing. They must serve some sort of greater purpose within the organization.

Are you looking to attract young, top talent? Or offer in-office perks to promote longer working hours? Or is your goal to support your employees’ own personal development?

You likely won’t be able to keep up with Google. Define what your values are before sinking money into an indoor putting green.
3 Tips For Building A Thriving Culture

1. Use core values as the hiring lens.

Core values should align with, and reflect, company culture. If they don’t, it may be time for you and your team to do some rethinking!

Core values are where an organization has opportunity to reflect culture in written form. So much of culture is intangible or understood and not necessarily discussed or documented. Revisit the ideas that inspired you to be in business in the first place, and use them as a compass to guide your hiring decisions.

Put those core values to work.

2. Long to hire and quick to fire.

It’s an old business axiom but it has some relevance here. Take the time to explore, inquire, test, and evaluate each candidate to ensure that they align well with your organizational culture. Do
they believe in the same values that your company follows? Are they going to proactively improve
the existing culture as your company grows and changes?

Having extended dialogue with each of your candidates ensures you’re giving them the
opportunity to evaluate company fit as well. Beyond just wanting or needing a job for a job’s sake,
what role can your company play in their career and/or personal development over time? Does
your company’s mission align with their goals as a person and a professional?

“Quick to fire” may not be as important here as “quick to ensure people are sticking to core values”
and practicing the kinds of behaviors and qualities you want to see reflected in your culture.

3. Disrupt patterns through culture oriented actions and events.

Reinforce your company culture through disruptive and experiential organization activities.
Internally, this means nurturing your culture among your team. Host events to discuss
organizational objectives and provide opportunities for people to provide their input. Think about
development programs to train on specific intended outcomes.

Externally, it means creating customer experiences that involve personnel in culturally specific
ways. These are opportunities to show off your company culture to your customers, and give them
an idea of how your values and your people align with your branding and customer experience.
Key Takeaways

It is almost too easy to ignore culture in a growing/thriving startup. We get caught up in the operations of success, the glory of new outcomes, or the challenges faced. Ignoring culture at this crucial juncture, however, can create trouble spots as the company grows. Being mindful of using culture as a hiring lens, as a means for guiding continued development, and as a springboard for a broader diversification of experiential activities will lead to benefits not only in the maturation of culture, but in the growth and success of the business overall.
Walking the Line Of Innovation and Order In a Growing Startup

If rapidly growing companies don’t share or document their successes, team members are often required to reinvent the wheel when the same obstacle arises on another project.

An effective approach to project management and documentation is critical for these organizations. But how do you sell the value of managing projects in a (somewhat) consistent manner to a group of people who view it as a hindrance to innovation or a burdensome layer of administration? How do you manage the tension between innovation and order?

Here are a few strategies we use to navigate these waters:
“Ideas are easy. Implementation is hard.”

-Guy Kawasaki, Founder of Alltop
1. Embrace customer collaboration over contract negotiation.

For those familiar with Agile, you’ll recall this from the Agile Manifesto. Work with your frontline staff to understand how operational processes impact their daily lives, and inform them of the value the project management process brings to the business if properly instituted.

2. Open brainstorming discussions.

Take the time to talk to teams and departments outside of your project team or your regular “go-to” people. Every time we do this, we leave with a great idea. An issue many organizations face is that by sticking to their project teams, they develop “skillset tunnel vision”, and don’t properly leverage the resources at their disposal (i.e., you forget that the Stats guy is also an Executive Coach). Institute “Lunch and Learns” or other opportunities for staff to share lessons learned. It helps build your team and improves the way you resource your future projects.

3. Communicate early and often.

It sounds so simple, but it never is. If you’re going to do Lunch and Learns, Book Clubs, or any opportunity to get to know and learn from your staff, don’t just do it once a quarter. The sell should be easy: it’s a chance to break from your tactical work, collaborate with others, and get yourself back into a strategic headspace.
Key Takeaways

Operations, policies and procedures are important elements in guiding the behavior you desire, which is critical to setting a foundation for your culture as your company grows.

At the core of these tips is reinforcing to staff that interaction is key, and pausing to reflect strategically is critical to sustainable growth. If you can communicate these core concepts to staff effectively, carving out time to do both should come easily.
Rapidly growing companies, startups or otherwise, are faced with a daunting challenge while they scale. Having the right growth strategy, hiring the right people in the right positions, and having a culture to support them are all crucial elements to sustainable growth.

By now, you may already know that the balance between all of these elements is critical. But there is one component of strategy that is often overlooked in the scale-up discussion for small, growing businesses: Training.
“You can’t motivate people, you can only create a context in which people are motivated.”

-Brad Feld, Founder of Techstars
Training as the Linchpin for Growth

Training is often considered a component of strategy, and is discussed as part of the balance needed for growth. As your organization grows, you want and need a dynamic, well-trained workforce. Professional development becomes a strategic objective in the company’s overall planning. But there is a place for further—and more impactful—integration of strategy and training. That is, bringing a strategy component into training.

Integrating your company’s strategy into training ideally produces two key outcomes:

1. **Alignment.**

Misalignment between culture and strategy can happen in many different ways. For example, the organizational culture might be one of creativity, new possibilities and collaboration, whereas the strategies are rigid, prescriptive and highly structured. Through training, your workforce has an opportunity to inform the strategies, helping leadership more effectively tailor the strategies around collaboration and not structure.
Another example exists in the case of an organizational culture that is non-existent or splintered. In this case, there is no hope of aligning with said strategies, because the workforce can't work effectively together. This provides the organization an opportunity to affect culture change through training, be it related to strategy, process, safety, and/or performance.

2. **Input.**

Through their training, your workforce and leadership are provided an opportunity to actually INPUT into the strategic process. For instance, as they learn about vision setting or goal setting, they are brought through an exercise of coming up with goals they can support within the company. This ultimately creates greater buy-in for the entire strategic process. Which, in turn, leads to bottom line results.

Training can potentially act as a bridge to help prepare or refine the culture. It can help your team members understand and buy into the strategy more readily. Furthermore, by integrating strategy into training, real work gets accomplished. Managers then have the opportunity to talk to their teams afterward to keep the momentum going.
At gothamCulture, we talk about culture eating strategy for breakfast. Meaning, you can have all the right strategies in place, but if you don’t have the culture to support them, your best-laid plans go nowhere or mean nothing. Leadership, strategy and culture are inextricably linked, and training may be your untapped conduit for integrating these fundamental business components and help successfully scale your growing company.
Preserving What Makes You Great As You Grow

Anyone who’s ever been a part of a rapidly growing organization can tell you that it presents many unique challenges not found in other organizational contexts. These challenges can test the mettle of team members and put mounting pressures on a system that is evolving quickly to try to keep pace with the ever-changing situation.
“Make your team feel respected, empowered and genuinely excited about the company’s mission.”

-Tim Westergren, Co-Founder of Pandora
Members of rapid-growth companies may find themselves left wanting when the cadence of the organization outpaces their sense of identity and values. Immature systems and processes, increasing complexity, a lack of alignment across stakeholders and an inability to maintain focus on what’s most important to the next stage of growth are just some of the challenges and risks that can stunt a company’s ability to sustain growth.

Those organizations that are able to clearly articulate and preserve the essence of their success are those that tend to outperform and outlast their competition.

This is not to suggest that business leaders should seek to preserve the way things have been at all costs. Quite the contrary. These rapidly growing organizations must be able to evolve to meet the changing demands of the market. This means taking an honest assessment of what may need to evolve, and what should be left in the corporate museum in order to facilitate success and continued growth.

You must be able to shed your skin—evolve into a better version of your current company—in order to successfully grow while preserving what made you great in the first place.

So how do rapidly growing organizations preserve those key factors that make them what they are?
1. **Clearly define who you are, what you stand for and how you’re different.**

Establishing a clear sense of your expectations and boundaries around behaviors will help people hold onto what’s most important. It can help guide their decision-making when times get tough and the water gets murky. But keep in mind that everything under the sun can’t be non-negotiable. Be selective about what will define your organization at its core.

2. **Engage your stakeholders (all of them).**

Engage all of your stakeholders around your values so they have a clear understanding and alignment of purpose. It takes real face-to-face engagement with people to embed these core principles throughout an organization. An email won’t do it. Thirty emails won’t do it. Get out there and actively engage your people by looking them in the eye and talking to them about what’s most important and why.

3. **Connect your strategy to your policies.**

Ensure your business strategy clearly links to your expectations and policies in ways that help employees see how their daily work links to the bigger picture. The better people understand the
core, foundational elements that make up your organization the more prepared they'll be to carry on when things get tough. Understanding the mission, the values, and how they contribute to the bigger picture helps create clarity during the storm.

4. Don’t go all in with everything.

Some core values are so fundamental that they act as a north star for your organization despite changes in the market. That said, companies must also learn to put temporary value in certain areas when and where its needed most to thrive. For example, an organization may need to laser-focus on evolving and perfecting processes in order to set a firm foundation for continued growth. But this doesn't mean that they can’t switch their attention to another area down the road as they continue to evolve. Going all in on certain things can leave you with blind spots that can spell the end if you’re not careful.

5. Don’t be too proud to admit when you’re wrong.

It takes a courageous leader to admit that they made a mistake and take the necessary steps to correct it. This is not uncommon in rapidly growing organizations. Bad news doesn’t get better with age and neither do bad decisions. Correcting quickly can be painful but it’s a fact of life that leaders must get used to.
Every few months in a rapidly growing company can feel like working at a completely different place. Growth can certainly generate a great deal of excitement and opportunity. But, if you’re not careful to take the time to set a firm foundation of principles that guide you and your team when times get tough, it could spell disaster. Or at least make your growth path much more uncomfortable than it needs to be.

Take the time to bring people into the fold by provided them opportunities to actively engage in discussion about what’s most important as a company. They, in turn, will be able to carry on and make effective decisions in the nebulous environment that is rapid growth.
Working in a growing startup can be exhilarating. The experience of having a small team of passionate, committed people all driving toward a common goal can be infectious.

At times it can feel like you are moving mountains. Other times, it can feel like you’re buried under the weight of the challenges ahead.

No one said it was easy. But one thing is clear: If you want to grow your startup into a successful, sustainable business tomorrow, you must begin to lay the foundation today. Take the time to think deeply about the values you want to carry forward. Engage your team in the meaning behind the work they’re doing every day. And create a culture that drives the behaviors you want to preserve in your company as it grows.

And now that you know the path forward, it’s up to you, as a leader, to help your growing organization succeed. How will you take the first step?
To learn more about gothamCulture and how we help rapidly growing companies like yours, visit us at www.gothamculture.com

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