

Scaling Teams

Strategies for Building Successful Teams and Organizations

Alexander Grosse and David Loftesness

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by Alexander Grosse and David Loftesness

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Contents

		Introduction	v
1		Scaling Hiring: Growing the Team	1
2		Scaling Hiring: Interviews and Hiring Decisions	21
3		Scaling Hiring: How to Close, On-Board, and Beyond	41
4		People Management: Getting Started	61
5		People Management at Scale	91
6		Scaling the Organization: Design Principles	117
7		Scaling the Organization: Delivery Teams	139
8		Scaling the Organization: Reporting Structure	157
9		Scaling Culture	171
10		Scaling Communication: The Complexity of Scale and Distance	203

11		Scaling Communication: Communicating at Scale	219
12		Scaling Your Team	241
		Index	257

Introduction

Growth is never by mere chance; it is the result of forces working together.

—JAMES CASH PENNEY

Leading a fast-growing team is a uniquely challenging experience. Management techniques that seemed so effective last month can suddenly fail in surprising ways. The adjustments you make might carry you six months into the future, or maybe only six weeks. Meanwhile, your new team members have an increasingly difficult time coming up to speed, and you wonder whether all the effort you've put into recruiting might actually be slowing down the team.

Such experiences can be humbling, but they can also be thrilling and rewarding for those who successfully navigate the inflection points that come from rapid growth. Looking back on our own careers, we wish that we had been given a practical guide to those inflection points, to help us see the warning signs of dysfunction before they grew into full-fledged crises. Rather than pivoting rapidly in response to scaling problems, we'd prefer to have used proven solutions from successful companies, adjusting them to the unique challenges of our own situation. This book is the toolbox we wish we'd had, and we hope it proves useful to you.

Who Should Read This Book?

We wrote this book for leaders of technology companies, particularly those involved in product development: software and hardware engineering, product management, design, QA, and so on. Our advice will be most helpful to teams ranging from 10 to 250 members, either in the context of a startup company, or a newly formed team within a larger organization.

We have focused on the needs of teams experiencing a dramatic increase in size, often referred to as *hyper-growth*. While there is no strict definition for what separates “hyper” from normal growth, it’s most often used to describe increases greater than 50% in a 6- to 12-month period. During times of hyper-growth, scaling challenges are amplified, with less time to react and craft solutions, but we expect that teams with slower growth will be able to apply our suggested strategies as well.

Leaders of teams that interact closely with product development, such as technical sales, marketing, or customer success, should also find value in the book. And we hope our suggestions are useful to leaders in fields outside of technology as well.

Why We Wrote This Book

Although we the authors, Alexander Grosse and David Loftesness, took different paths to engineering leadership, we share similar experiences of how growth can overwhelm an otherwise high-functioning team:

Alexander’s story

In 1999, I was hired by a startup as a senior software engineer. After a few months, I came to the office and found a letter on the CTO’s desk stating that he had quit, effective immediately. The CEO turned to me and said “Congratulations, Alex. You are the CTO now.” At first, I was in full panic mode and had no idea what to do. So I spent the coming months concentrating on the technical work, as I had no clue what other things needed to be done. When the dot-com economy crashed, we went bankrupt. I later read an article outlining the typical mistakes that startups make. Each point the author made applied to our startup...

David’s story

I joined Geoworks in 1994, my first job out of college. One year later, my boss, a Director of Engineering, asked me to manage the team I was working on. As a dutiful and ambitious young software engineer, I accepted the challenge immediately and set to work trying to emulate what I’d seen my boss do—hold one-on-ones and team meetings, build project schedules, hire more engineers, and work like crazy. I really had no idea what I was doing, but did my best and tried to keep things moving forward, making many mistakes along the way. After a period of explosive growth, Geoworks’s momentum faltered. I eventually had to lay off almost half my

team, many of them good friends, one of the worst experiences of my career. Looking back, I can't help wondering what might have been... Had we managed our growth better, could we have kept our key clients, continued to grow, and become the successful company we aspired to be?

After we met and compared notes, we recognized a shared ambition: to provide future leaders with the guidance we lacked early on, and learned mainly through hard-won experience.

The content of this book is based on that experience, from managing rapidly growing teams at a number of different companies. But the combined experience of two people can only cover so many situations, so we also interviewed founders and executives from a number of different high-growth companies. And we incorporated and referenced the written work of dozens of other industry leaders whose ideas have influenced our careers.

The Context for Growth

We have all heard stories of high-flying technology companies that doubled, tripled, or more in a very short time. In his book *The Hard Thing About Hard Things* (HarperBusiness), Ben Horowitz recalled that his company LoudCloud grew from 4 founders to 200 employees in less than 6 months, and then grew to 600 in less than a year!

Such growth is an impressive achievement, but no matter how talented their leaders are, teams that grow by 300% in 12 months almost never see a 300% increase in the output of the team. Typically such rapid growth leads to diminishing returns (see [Figure P-1](#)).

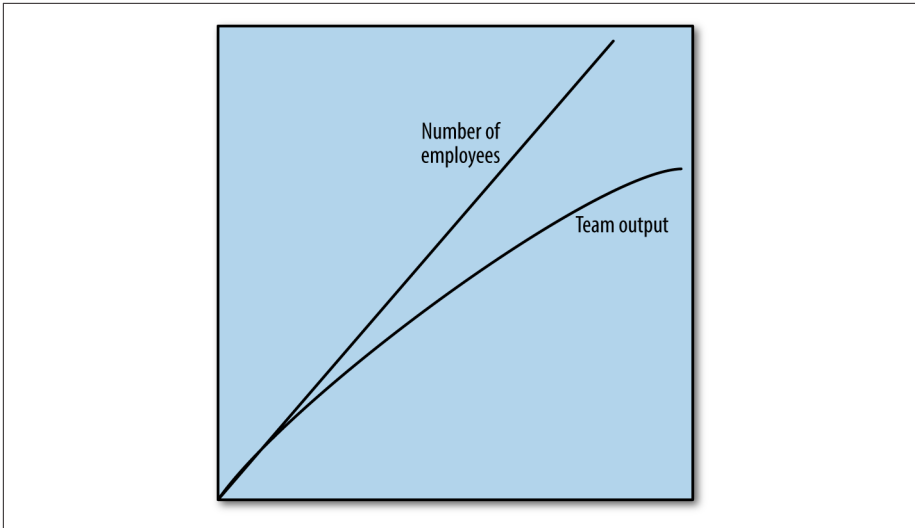


Figure P-1. Rapid growth leads to diminishing returns

For reasons we will explain, the challenges that come from growing fast often limit the productivity gained from each new employee, and side effects can even lower the overall effectiveness of the team. Kate Heddleston describes an extreme case:

When the new Senior VP of Engineering took over at a major Silicon Valley tech company a few years back, the first thing he had to do was freeze hiring. The company had been growing rapidly and their engineering team had hired aggressively, but they had reached a point where each new engineer they added to the team decreased overall productivity.¹

How frustrating would it be to expend effort and money recruiting and training a new employee, only to decrease the output of your team!

But this begs the question—how fast is too fast? The answer depends on many factors, particularly the size and maturity of the team in question. A 10-person team with a well-established on-boarding and mentorship program could probably triple in size over the course of a year without much difficulty. But for a less prepared team this could be a recipe for chaos, and would certainly not be

¹ Kate Heddleston, “[Onboarding and the Cost of Team Debt](#)”, Kate Heddleston’s blog.

sustainable over the long term. We hope that the advice and techniques in this book can help you significantly raise the effective growth rate limit for your team.

A rule of thumb derived from our experience and from conversations with leaders of hyper-growth companies is that once your development team is larger than 20, trying to double the team in less than a year is likely to lead to trouble. Expect to waste time on personnel issues, product flaws introduced by poorly trained new hires, flagging morale, and time-wasting meetings instead of moving your product forward and keeping customers happy.

HIRING: ONE OPTION AMONG MANY

A commonly observed pattern in technology startups is that they try to solve every problem through hiring. Instead of understanding why productivity has slowed or product quality is slipping and then crafting an appropriate solution, many companies simply crank up the hiring machine and “throw people at the problem.” Unfortunately, the complexity of managing a larger team often makes the problem worse, or introduces new ones.

Alex once worked at a company with a buggy product and unhappy customers. In response, the company hired more developers and focused them on fixing bugs. But these new hires lacked insight into the overall system. They ended up causing more problems than they fixed, leading to even more hiring and a downward spiral of quality.

A better approach would have been to *suspend* hiring and understand why quality was slipping. Were new employees not getting the training they needed? Was the development process that worked for 5 engineers starting to break down at 25? Perhaps instead of hiring, adding rigor to their development process or training in better testing techniques would correct the problem. If so, the team would then be in a much better position to resume hiring once new hires could contribute without reducing the quality of the product.

Despite our focus on scaling teams, **we recommend considering alternatives to hiring first**. Process improvements, organizational changes, or canceling unnecessary projects may allow you to meet your goals with fewer new hires. This costs less, simplifies your job, and adds less risk to your business. In our experience, the complexity of managing a 100% growth rate team is more than twice as difficult as managing a 50% growth rate team.

If after looking at alternatives you decide that you still need to hire, then the rest of this book is for you. Sometimes you simply can't deliver what the business demands with the team you have. And it's clear that another month of “crunch mode” will cause your old-timers to burn out and quit. When you reach this

point, we hope to prepare you for the challenges that come with a fast-growing team and help you manage it more effectively.

Structure

In *Scaling Teams*, we cover strategy, tactics, and stories of growth across five dimensions. These are the areas where we've seen the greatest challenges during hyper-growth:

Hiring

Chapter 1, *Scaling Hiring: Growing the Team*

Chapter 2, *Scaling Hiring: Interviews and Hiring Decisions*

Chapter 3, *Scaling Hiring: How to Close, On-Board, and Beyond*

People management

Chapter 4, *People Management: Getting Started*

Chapter 5, *People Management at Scale*

Organization

Chapter 6, *Scaling the Organization: Design Principles*

Chapter 7, *Scaling the Organization: Delivery Teams*

Chapter 8, *Scaling the Organization: Reporting Structure*

Culture

Chapter 9, *Scaling Culture*

Communication

Chapter 10, *Scaling Communication: The Complexity of Scale and Distance*

Chapter 11, *Scaling Communication: Communicating at Scale*

Hiring is the foundation of the company. You must hire people to grow. Ideally, your new recruits share your vision and values, and have the talents needed to help the company succeed. Hiring poorly is often worse than not hiring at all, and investments in the other four areas are unlikely to make up for it.

Next, we address *people management*. Hiring provides the raw materials for your team, but people management is needed to ensure that team members are happy and productive over the long term. An effective manager uses coaching, feedback, work assignments, dispute resolution, and other techniques, adjusting their approach based on the needs of each individual.

If hiring and people management are the essential ingredients of productivity, *organization* acts as the framework for boosting and channeling that produc-

tivity. An effective organization removes barriers to delivering work output, bringing together the right team members to solve challenges for the business.

Finally, *culture* and *communication* are the glue that keeps the other three dimensions together. A strong culture includes aspects of the other dimensions and helps reinforce the best parts of them. Communication provides the necessary context for the team to be effective in the other dimensions.

In each topic area, we analyze the ever-changing demands of company leaders as the size of the team grows and management becomes increasingly complex.

We conclude the book with [the final chapter](#), which ties together the warning signs and the most essential guidance from each chapter, and proposes building a *scaling plan* to help you navigate the growth challenges ahead.

How to Read This Book

We tried to write a book that could be read cover to cover while still allowing the reader to drop into a single section of particular interest. If you're considering whether to add a layer of management to your team, for example, we invite you to drop into the chapters on people management as soon as you finish this introduction.

For each dimension, we discuss warning signs that can help leaders anticipate problems and react quickly to ones that are emerging. A time-limited reader could also review these tables to look for any familiar warning signs and then home in on the specific sections that discuss possible solutions.

Because every organization is different, we don't often prescribe one-size-fits-all solutions. Many factors can influence the direction to go when things break: the size of the team, the growth rate, the number of offices (and time zones), the number of remote employees, and so on. In the few cases where a specific approach is likely to work, we describe it in more detail. In the other cases, we broadly cover possible solutions and provide examples of how other companies have approached the same issues.

The most extremely time-pressured reader might focus on [Chapter 12](#). There we list our *scaling essentials*, the most important things you can do to prepare for rapid growth. It also contains a collated list of the *warning signs* from each chapter. Reviewing the warning signs, finding those that are evident on your team, and applying the suggested remedies would be a very surgical way to make use of the recommendations in this book.

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- Alex promises to spend more time with his family for the foreseeable future. Without the support of May-Britt Frank-Grosse and the patience of our three kids, this book would not have been possible.

Scaling Culture

Many leaders have written and spoken about the importance of culture in building and sustaining a great team. But what specifically does the word *culture* refer to? Is it about setting up an open office layout? Or following the “no assholes” rule? Or favoring independence and risk taking over process and predictability?

What Is Culture?

The culture of your company can be any or all of those things, depending on what is important to the individuals that make up the team. For the purposes of this chapter, we define team culture as:

The expression of what we believe, as shown in the things we do and the way we do them.

There are two key concepts embedded in that definition: core values and team culture. Let’s take a closer look at each.

CORE VALUES

Deeply held beliefs are the foundation of team culture. In this chapter, we refer to the “what we believe” element of the definition as *core values*. We humans tend to hold onto our beliefs, changing them very slowly if at all. Thus, a team’s core values, in aggregate, are relatively constant over time. Here are some examples of how companies have described their core values:

- Zappos: “Embrace and Drive Change,” “Build Open and Honest Relationships with Communication”
- Apple: “Value simplicity and avoid complexity”

- Wegmans Food Markets: “Caring, High Standards, Making a Difference, Respect, and Empowerment”
- Instagram: “Do the simple thing first”

Notice that these core values do not refer to specific behaviors or practices, but to abstract beliefs and principles.

TEAM CULTURE

By contrast, the visible expressions of core values are what we tend to focus on when describing *team culture*. For example:

Explicit processes and practices

An engineering team that believes strongly in rigorous coding standards and cross-training might have a rule that “All our code is developed using pair programming.”

Implicit behaviors

A team that values hitting commitments over achieving perfection might have a tendency to create “war rooms” and pull all-nighters when they need to get an important feature shipped.

Persistent rituals

Examples might be a monthly dinner for new hires attended by key leaders of the company, a celebration to recognize promotions or project completions, or a recurring volunteer day for employees to donate time helping local charities.

Rewards and celebrations

Teams that value creativity and innovation over predictability might give out an annual prize to the employee who showed the most initiative that year (e.g., Amazon’s “Just Do It” award, which you can read more about in John J. Sosik’s *The Dream Weavers* [Information Age Publishing]).

We refer to these specific behaviors as *cultural practices*. Unlike core values—which change slowly, if at all—many cultural practices have to change as the team grows in order to remain effective. In this chapter, we describe how leaders can adapt cultural practices to account for team growth. Done right, these adaptations can be made while minimizing disruption and maintaining consistency with the team’s core values.

Lastly, we call the way a team chooses to communicate its culture and values *culture statements*. These statements can take a variety of forms, from “operating principles” to “things we know to be true,” from hallway posters to training videos. We’ll discuss the different forms of culture statements and show some examples later in the chapter.

An excellent metaphor for explaining values and culture comes from Sonya Green and Robert Slifko of Sharepoint. Think of values as the roots of a tree (hidden, slow to change) and culture as the branches and leaves (visible, with some parts changing slowly, others more rapidly), as in [Figure 9-1](#).

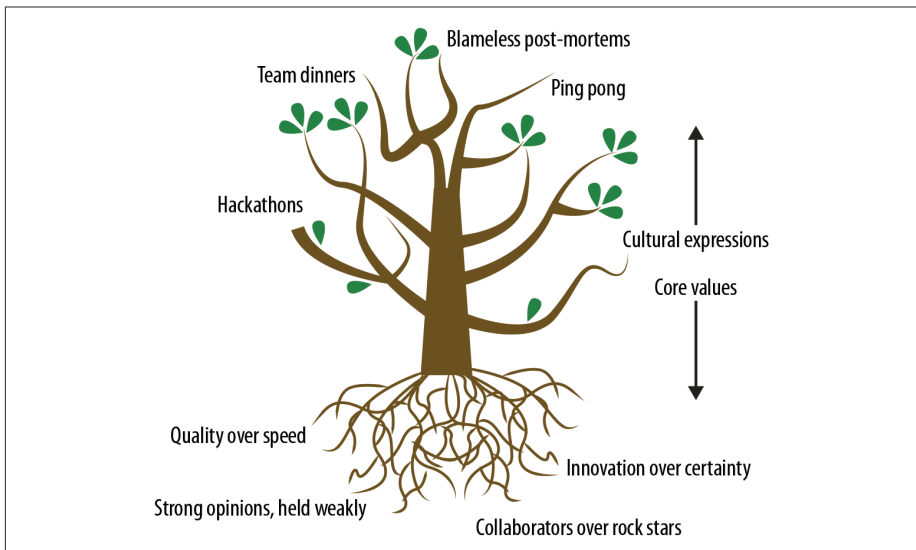


Figure 9-1. A metaphor for culture and values

When to Define Core Values and Team Culture

In the early stage of a team, before it has found product-market fit, spending significant time defining core values and culture could be a distraction. And culture is often quite dynamic in the early days, with each new employee adding something to the mix, making it hard to nail down in detail.

But given the benefits of a strong culture and the costs of resolving culture problems later on, we strongly believe that a lightweight, iterative approach is worthwhile. This could be as simple as a dinner discussion with founders and early employees, captured as a draft on the company wiki. This can serve as a seed for further discussions as the company grows, and should help surface

areas of greatest agreement and disagreement. When it's time for a thorough discovery process (most likely after you've entered rapid growth and started to build out your management team, as outlined in [Chapter 4](#)), you'll have a solid starting point and some insight into where to focus your efforts.

Why Do Core Values and Team Culture Matter?

Here are some examples of how a clear understanding of your core values and the culture you want to build can materially improve your company's chances of long-term success:

Recruiting and hiring efficiency

Companies can use the unique aspects of their culture and values in recruiting videos or blog posts to help attract the right candidates. The hiring process can also include filters to weed out candidates who have conflicting values (for more, see [Chapter 1](#)).

Independent, aligned decision making

Shared values can help ensure that individuals make the right trade-offs when facing uncertainty or tough decisions, without requiring leadership to weigh in. [Kellan Elliott-McCrea](#), former CTO of Etsy, wrote: "Culture gives us the ability to act in a loosely coupled way; it allows us to pursue a diversity of tactics. Uncertainty is the mind-killer and culture creates certainty in the face of the yawning shapeless void of possible solutions that is software engineering."

Constructive conflicts

A shared understanding of values and culture increases understanding of decisions and actions by other groups. When conflicts arise, as they always do in fast-moving hyper-growth companies, this common ground smooths the path to resolution and channels energy in a positive direction.

Tribal identity

A strong cultural identity allows the team to internalize what separates them from other companies. This creates a bond that can boost morale and retention. For example, "The HP Way" at Hewlett-Packard provided a strong sense of identity that lasted for decades, helping propel the company from two guys in a garage to over 300,000 employees and 70+ years of growth. And [some argue](#) that its recent struggles can in part be attributed to new leadership that failed to reinforce the "HP Way."

On this point, just as investing in managing team culture is an opportunity, ignoring it is dangerous. As Edgar Schein warns in *Organizational Culture and Leadership* (Wiley): “Culture is an abstraction, yet the forces that are created [...] from culture are powerful. If we don’t understand the operation of these forces, we become victim to them.”

DISCOVERING AND DESCRIBING VALUES AND CULTURE

Culture often emerges organically as a team comes together. The way that founders and early employees interact and collaborate creates a de facto culture that later team members will observe and often emulate. As the team grows, subcultures may emerge if different team members feel free to define “the way we do things” for themselves.

At some point, leaders need to make this implicit culture an explicit one in order to realize the advantages discussed in the previous section. It’s very difficult to create a persistent and consistent tribal identity if no one can describe what makes the tribe unique.

Although different leaders articulate and guide their team’s cultures in very different ways, for the purpose of discussion we break the process down into four steps:

- Discover the team’s core values and desired culture
- Describe and communicate the values in a meaningful, authentic way
- Ensure that team members act in accordance with the values and culture
- Build the values and culture into the day-to-day practices of the team

Doing all of this thoroughly can be a lot of work. But it’s also possible to take an iterative approach, time-boxing the effort in the early life of a team, and expanding later as growth starts to kick in. We’ll look more closely at how to do this later in this section.

Well-defined culture statements

Before diving into the process for defining values and culture, let’s look at what other companies have done to communicate the things they believe and the way they do them.

Google: “Ten things we know to be true” Google’s main [culture statement](#) is a list of beliefs that apply to the entire company.

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There's always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn't good enough.

Carbon Five: “Our mindset” Carbon Five’s description of its company mindset shows four axes and highlights where their culture falls between each extreme (Figure 9-2).

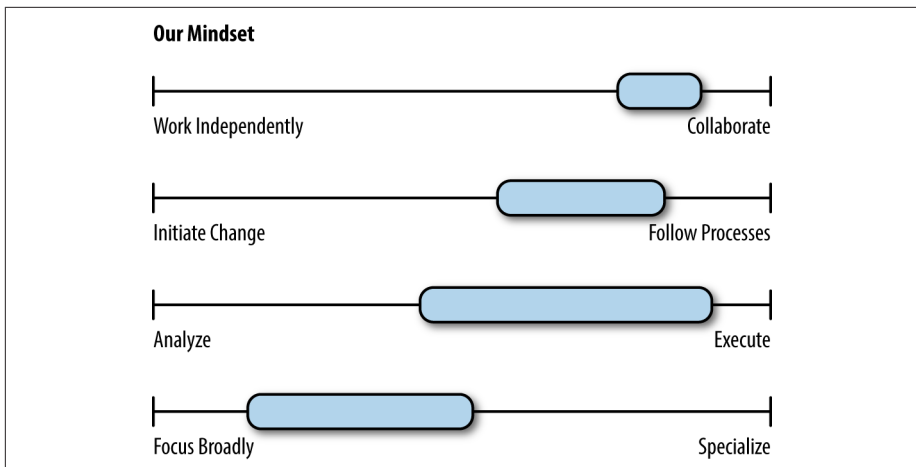


Figure 9-2. Carbon Five, “Our mindset”

Medium: “Principles to organize and manage the company” Medium published their “principles to organize and manage the company” in 2016 when they started to migrate away from Holacracy:

1. Individuals can always instigate change.
2. Authority is distributed, though not evenly or permanently.
3. Ownership is accountability, not control.
4. Good decision-making implies alignment, not consensus.
5. The system is designed to be adaptable.
6. Corporate transparency, driven by technology.

There are clearly a wide range of formats that can be used as culture statements, depending on what feels right for your team.

Discovering values, defining culture

Because the benefits of having a clearly defined culture are multiplied over time, we've designed a process that is intentionally lightweight and iterative. We want even the most fast-moving, deadline-pressured team to be able to get started on this crucial task. As with all the recommendations in this book, tailor the process to your needs. Refer to the references at the end of this chapter if you'd like to add additional rigor or consider alternative approaches.

Step 1: Discover the team's core values We like the term *discover* because core values should already be present in the members of the team. Your first focus should be understanding what they are and surfacing any areas where they may be in conflict, rather than trying to change them or impose new beliefs on the team.

Start by interviewing the team founders. It's likely they already have well-formed opinions on what the team's core values should be. Ask questions like:

- What brought you together to found this team?
- What are the qualities, behaviors, and practices of this team that you value most?
- What is our team like when we are doing our best work?
- What is the most important quality to look for in our new hires?
- What aspects of our team do you hope will still be present in five years?

If you find areas of disagreement, it's critical to acknowledge them now and bring the group together to discuss the situation. If the key leaders of the team

don't agree on what's important, you could be headed for major conflicts down the road. Better to surface that now and deal with it rather than wait for it to boil over during a time of crisis. Or perhaps there has been a miscommunication that can be corrected. Either way, it's important not to gloss over any conflict in this phase since it will surely surface later, and probably in a form that will be far more expensive to fix.

Ideally, you will see some consistency in the answers. If so, document what you've found and share it with the participants for feedback. If no major disagreements surface, move to the next step.

Step 2: Draft your team's culture statements Next, find a way to communicate what was learned in Step 1 to the rest of the team. As shown in the previous section, culture statements can take many different forms: lists of core values, operating principles, catchy mottos, and so on. What is right for you may depend on the stage of growth you are in, the structure of the company, the personalities of the leadership team, and other factors.

Most importantly, before immortalizing your company culture with hallway posters or recruiting brochures, make sure to solicit feedback from the team. Surveys are easy and adequate for this task, though in-person discussions in groups of 6 to 10 are preferable since you can drill down to better understand any negative answers. Ask questions like:

- To what extent do you agree with these culture statements/core values/operating principles?
- Do you find them to be authentic, motivating, and inspirational?
- Do you think your leaders and coworkers embody these in their words and actions?
- Can these be used to help you resolve conflicts or make decisions in your work?

Gathering feedback is critical, because trying to force your team to believe things they disagree with is a nearly impossible task, and a huge distraction from moving your business forward. If a culture statement doesn't align with the reality of the team, it will be rejected as corporate brainwashing and undermine the rest of the process. If you sense pushback at this stage, it's either time to go back to the drawing board or to take more significant steps to resolve the cultural con-

flict. Resolving conflicts is discussed in more detail in [“Resolving culture clash” on page 196](#).

Step 3: Practice what you preach For culture statements to be motivating, they need to be broadly understood and reflected in the actions of the team. If they aren’t, they will be rejected as “corporate bullshit” by the team, and the effort to create them will be wasted. Most importantly, leaders must be careful that their actions match the culture and values of the team. Nothing undermines culture statements more quickly than a leader whose actions contradict them.

For example, imagine a company that preaches “trust, but verify” as a way of encouraging autonomy while retaining accountability. An executive who requires that all candidate offers be approved by the CFO is acting in direct contradiction to this idea, saying with their actions, “I don’t trust you to make appropriate compensation packages for our new hires.” Such behavior may then be modeled by lower-level managers, who want to ensure offers coming from their team will not be rejected by the CFO. Pretty soon, managers at every level are undermining this aspect of the desired culture.

There may be times when team leaders want or need to change the culture of the team, reasons for which are described in [“Evolving Team Culture” on page 192](#). But these changes must be undertaken intentionally, and preferably accompanied by broad internal communication that motivates the change, as well as a corresponding change to the culture statements.

Step 4: Build culture and values into the environment Fast-growing companies are full of distractions: customer demands, late-night bug fixes, training new hires, and so on. Unless leaders make the time and effort to knit culture statements into the work environment and ensure that they are consistent with each other, the culture might change in unforeseen and possibly undesired ways.

Reinforcing Core Values at Twitter: A Story from David

During my time there, Twitter had an on-boarding class that explained its core values and the rationale behind each one. At the end of the class, each new employee was asked to pick the one core value that resonated with them the most. They then received a skin for their laptop imprinted with that core value. The skin for each value had a distinctive color, so it was easy to recognize which one a person had chosen. This led to infor-

mal conversations between team members about why they had made that choice.

Such a simple technique, but so powerful. Employees were reminded of the company's core values on a daily basis, without any heavy-handed messaging from leadership or corny hallway posters. And it created a very personal connection between employees and their chosen value. It also provided feedback to the onboarding team about which values resonated most with new hires based on which laptop skins were chosen most frequently.

Other areas where values and culture should be integrated:

- The *feedback and promotion processes* should reinforce core values and culture by asking questions like “To what extent does this person embody our core values/company culture in their daily work? Which aspects do they demonstrate most? Which ones could they demonstrate more?” And in the spirit of 360-degree feedback, employees should also have the opportunity to comment on how well the leadership team, and the company in general, is demonstrating the core values in their words and actions.
- Instances of *culturally destructive behavior* should be taken seriously. Individuals who behave in ways that contradict the core values of the team need to modify their behavior or be removed from the team. The famous “no assholes” rule is a form of this. This can be difficult with individuals that otherwise perform well, but as [Joe Stump wrote in his First Round Review article](#), “A lot of people say don’t fire great engineers—but they’re wrong. It only takes one asshole to destroy an entire team.”
- Leaders should regularly *celebrate successful demonstrations of core values*. For example, if company culture values rigorous attention to quality over ability to ship quickly, then project teams that demonstrate this trade-off should be praised publicly when they ship quality features. (Side note: Amazon has consistently held to a culture of frugality, preferring to spend money on customer experience rather than on employee perks. Company lore held that early employees would make their desks out of a door and some 4x4s purchased at a local hardware store rather than spend hundreds of dollars on fancy office equipment. To commemorate this practice, Amazon instituted the “Door Desk award,” given out annually to the employee

who most appropriately demonstrated frugality in their work. For more about the history (and the irony) of the door desk, read Glenn Fleishman's [blog post](#).)

More examples of how to reinforce values and culture, particularly as the team grows, are discussed in [“Scaling Challenges for Culture” on page 182](#).

Best practices for crafting useful culture statements

Based on our own experience and numerous examples from successful and failed companies, we have some suggestions for crafting meaningful and useful culture statements.

Focus on trade-offs A surface-level investigation into values might reveal tropes like “Focus on the customer” or “Innovate, don’t stagnate.” But these concepts are like “mom and apple pie”—almost no one would disagree with them, so what do they mean in practice? Go deeper by finding out what, if anything, the team is willing to sacrifice to pursue these goals. Should innovation come at the expense of the stability of the current product? Facebook’s motto, “Move fast and break things,” made it clear that rapid iteration was more important than stability for Facebook at the time, a trade-off that not every team would make.

Be unique Google’s “You can be serious without a suit” is novel and memorable, but it probably wasn’t the first phrasing they came up with. It’s worth iterating to find an expression that’s new but still fits the team.

Think “excavation,” not “advocacy” You’re trying to find the values that are already shared by the team, not trying to transplant what’s already there with what you wish was there. Interviews with a broad cross-section of the team can help ensure that the value statements actually become a useful tool and not something to be mocked.

Be both realistic and aspirational Ryan King, an engineer and manager at Twitter, told us that the group who led the core values definition process at Twitter felt that their mission was to uncover values that were both authentic and aspirational. He recommended asking the question “What is our team like when we are at our best?”

SCALING CHALLENGES FOR CULTURE

The enemy of cultural cohesion is super-fast headcount growth. Companies that grow faster than doubling their headcount annually tend to have serious cultural drift, even if they do a great job of on-boarding new employees and training them.

—BEN HOROWITZ, “**HOW TO RUIN YOUR COMPANY WITH ONE BAD PROCESS**”

Rapid growth is the enemy of team culture. Even if you have spent the time to identify and articulate your team’s core values and culture, growing quickly will challenge your ability to retain that culture, for a variety of reasons. [Table 9-1](#) breaks down some common scaling challenges and proposes solutions that we’ll describe in the following sections.

Table 9-1. Scaling challenges for culture, with possible solutions

Scaling challenge	Solution
<i>Diverging values:</i> hiring new team members that don’t share core values, which leads to conflict.	<i>Hiring:</i> interview for “values fit”
<i>Culture ignorance:</i> newer team members don’t understand core values or culture. <i>Culture divergence:</i> entire teams adopt their own ways of doing things that don’t mesh well with each other.	<i>On-boarding:</i> train new members on value and culture. <i>Leadership:</i> reinforce culture through words and actions. <i>Leadership:</i> assess and correct cultural divergence.
<i>Culture stagnation:</i> failure to adapt cultural practices to team growth.	<i>Leadership:</i> pay attention to warning signs, adapt cultural practices as needed.
<i>Culture clash:</i> failure to address conflicting values or culture.	<i>Leadership:</i> address any such culture clashes quickly and decisively.

Let’s look at each of the proposed solutions in more detail.

Hiring, values, and culture

Never in the history of my career has my ability to drink beer made me better at solving a business problem.

—CASEY WEST, “**REDEFINING CULTURE FIT**”

Interviewing for values is difficult but important, especially when the company is growing fast. Once values start to diverge, team members lose the common ground upon which cultural practices are based, which can lead to productivity-killing culture clashes. But how does a team interview for values?

In our experience, the common “culture fit” interview (which has often been referred to as the “beer test”—that is, whether you would want to have a beer with the candidate) does a poor job of surfacing values. There are several things wrong with such a test:

- Drinking beer is not a valid test of the candidate’s value to the team, nor is it something that all candidates feel comfortable doing, for health, religious, or safety reasons.
- One’s desire to hang out with a candidate after work is also not a valid test of value to the team.
- Such an unstructured and “gut feel” evaluation is likely to harm diversity, as interviewers may subconsciously favor candidates that have familiar surface-level behaviors or similar backgrounds.

Far more important is whether the candidate is truly qualified to do the job, of course. But almost equally so is whether their values are compatible with the team’s.

Some examples of how to interview for values fit are listed in [Table 9-2](#).

Table 9-2. Interview questions for “values fit”

Desired core values	Interview questions	What to look for
Open communication, critical thinking	“What should we do to improve our interview process/product/business?”	A strong candidate should be able to offer up a critique and ideas for improvement without sounding overly cautious or harsh.
Empathy, emotional intelligence	“Tell me about a conflict you had at your previous job. How was it resolved?”	Candidates with strong EQ can explain the conflict from the perspective of their antagonist, not just their own. Be concerned if you only hear “I” and “me” in the answer, or if their only solution was to escalate to an authority figure.
Curiosity, continuous learning	“What’s the most interesting thing you’ve heard or read recently?”	Difficulty answering this can indicate a lack of the desired core values.

Desired core values	Interview questions	What to look for
Collaboration	“Help me work through this specific problem...”	Those comfortable working with others should be able to demonstrate it in practice. Pick a problem big enough that it can be subdivided. Assess the candidate’s ability to see these divisions, work with you to decide how to tackle them, and collaborate in putting together a solution.

On-boarding

When your company is growing fast, it can be hard to spend the time and effort needed to properly train new team members on why the team’s core values and culture matter. But this obviously leaves them vulnerable to moving the culture in different directions based on their own preferences and past experience, and makes it even more difficult for them to interview for values fit once they start interviewing other prospective new hires.

We recommend treating values and culture as a first-class part of on-boarding. Find someone on the team who is especially passionate about this, help them design a “Team Values and Culture” session, and make sure every new hire attends it. And lastly, survey new hires afterward to understand how well the values resonate with them. This will obviously help you improve the session, if needed, but can also be an indicator of whether values fit is being properly assessed in the hiring process. If new hires don’t find the values meaningful, you may be headed for culture conflicts down the road.

Leadership and culture

The dynamic processes of culture creation and management are the essence of leadership and make you realize that leadership and culture are two sides of the same coin.

—EDGAR SCHEIN, *ORGANIZATIONAL CULTURE AND LEADERSHIP* (WILEY)

As with many aspects of a team, leaders wield a tremendous amount of influence on team culture. This is true no matter what is written on the posters on the wall or repeated over and over again at all-hands meetings. As Ron Westrum wrote in his seminal paper, “[A Typology of Organisational Cultures](#)”:

The underlying idea is that leaders, by their preoccupations, shape a unit’s culture. Through their symbolic actions, as well as rewards and punish-

ments, leaders communicate what they feel is important. These preferences then become the preoccupation of the organisation's workforce, because rewards, punishments, and resources follow the leader's preferences. Those who align with the preferences will be rewarded, and those who do not will be set aside. Most long time organisation members instinctively know how to read the signs of the times and those who do not soon get expensive lessons.

Ensure values are reflected in words and actions Leaders must model the behavior they want to see from the team. This can be used in positive ways—for example, to bolster areas where the team culture seems weak or dispersed, or shift culture in a new direction (described further in [“Culture shift” on page 197](#)). Conversely, any leadership behavior that conflicts with team values must be addressed and corrected quickly before employees start to perceive culture statements as hollow and useless.

Screen new leaders for values fit Because of their outsized influence, it is especially important that any new leaders brought into the company are closely screened for values fit. Not only will these leaders act as models for team behavior, they will likely help set the hiring standards for their organization. If they bring in new employees with differing values or build a culture that diverges from the rest of the company, you are likely on a path to culture conflict.

Adapt cultural practices to team growth Rapid growth can make obsolete even the most treasured cultural practices. What works for a team of 10 might suddenly break down at 50 or 100.

For example, a team that values openness and transparency might decide that hiring huddles should be open to anyone on the team, not just the interview panel. But once the team has grown to dozens of members, this policy can cause the huddles to get bogged down in lengthy debates, leading to slower decisions and a lower offer acceptance rate.

Or imagine a company that values breadth of knowledge over depth. They may adopt an on-boarding process in which each new employee does a one-week rotation with each team. Once there are more than five teams to rotate through, this practice becomes impractical.

Growing rapidly makes it harder to adapt such practices in a timely fashion. Fast-growing teams may find that their practices are always one step behind, leading to lost productivity and lower morale. Because of this, leaders need to pay attention to the warning signs listed later in this section.

More details on how to change the culture of a team to account for growth are described in [“Evolving Team Culture” on page 192](#).

Assess and correct cultural divergence During hyper-growth, entire new divisions of the company may be born and staffed within a few short months. In such cases, it isn’t uncommon for the new groups to end up doing things their own way. Sometimes these culture differences can be harmless, other times toxic. It can be hard for leaders, upon noticing the changes, to determine whether such variations are healthy or likely to lead to culture clashes down the road.

Since the latter can be so expensive to correct, it’s important to recognize culture divergence early, do the work needed to assess the source, and if needed, bring the culture in line with the rest of the team. For a more detailed discussion on resolving cultural differences, see [“Resolving culture clash” on page 196](#).

Warnings signs for scaling culture

How do you know if your culture is scaling with the growth of the team? Keep your eyes and ears open for the warning signs in [Table 9-3](#) and react appropriately.

Table 9-3. Warning signs of culture issues

Warning sign	Possible cause(s)
Factions forming: certain teams don’t seem to work well with others, teams blame others for failures.	Not hiring for values; allowing teams to diverge cultures.
Transfers between teams don’t work out. Person who transfers feels uncomfortable with new team’s processes or culture. New team doesn’t feel that they are strong enough to “cut it,” or that they do things the wrong way.	Culture and values between the two teams may have diverged, perhaps due to not hiring for values at the leadership level.
Noticeable shift in tone of internal communications, perhaps snarky questions at all-hands meetings or bitter debates in group chat.	Culture is out of sync with core values; leaders not acting in sync with core values; leaders not correcting culturally destructive behavior; culture not adapting to growth.
Veteran employees have lower morale, higher attrition.	Culture has changed too quickly, or not in accordance with core values.
Newer employees have lower morale, higher attrition.	Not filtering for values in the hiring process; poor on-boarding program; toxic work environment.

Not every instance of these warning signs indicates a widespread culture problem. Some could simply be a single employee affecting their coworkers, perhaps due to factors outside of the work environment like a relationship problem or a sick relative. But they each warrant investigation in case there might be deeper dysfunction causing these symptoms to appear.

BUILDING A CULTURE THAT SCALES

A lot has been written about what makes for a “good” team culture. But this designation begs the question: are some cultures truly *better* than others—more effective, more scalable? After all, culture is highly context-dependent; each team is different, with particular values and priorities. What makes a culture “good” is in large part the breadth and depth with which it reflects those values and priorities.

However, from our experience, research, and interviews, it’s clear that some cultures are inherently more effective than others, particularly when you’re trying to scale a team. Let’s look at the aspects that set those cultures apart and how they contribute to team success.

Continuous learning and improvement

One of the hallmarks of top-performing individuals and teams is a strong motivation for self-improvement. This speaks to the “Mastery” element of Daniel Pink’s motivational framework that we introduced in [Chapter 6, *Scaling the Organization: Design Principles*](#). Encouraging your team to work on learning new job skills and giving them the time to do so not only improves their morale but increases their effectiveness as well. And building a culture that emphasizes learning can make teams more resilient to common scaling challenges like finger pointing and politics. For example, one of the reasons blameless postmortems are effective is that they emphasize learning over calling out a particular person or team that might have been at fault.

Teams that emphasize cooperative learning can also better leverage the knowledge and talents of the entire team, both old-timers and new, thus turning rapid growth from a challenge into a strength. When each new person is able to share their unique knowledge with their coworkers, they can provide a productivity boost beyond just the work they are able to do themselves.

Consider whether these techniques can help build a learning culture for your team:

Conference attendance

Give team members a yearly conference budget, provided they share what they learn with the group.

Ongoing education

Most companies have a university or community college nearby, and even if not, there are many resources for remote learning. Companies can provide a money and time budget for individuals to take work-related classes.

Internal “brown bag” sessions

Create a forum where team members can present on any subject they are interested in.

“War stories”/“tribal knowledge”

Old-timers often have a trove of interesting tales to tell about the early days of the company, how they survived the tough times, and why things turned out the way they did. Creating a forum for this can help avoid veterans feeling marginalized by newcomers, a common problem during hyper-growth.

External speakers

There are many experts who can help educate the team on topics related to their work.

Performance feedback and promotions

Include teaching and mentorship as key elements of the feedback and promotion process.

Building a learning culture not only motivates the team individually by tapping into their desire for Mastery, but improves the team as a whole by ensuring that knowledge and best practices are widely shared. This is one of the best ways we’ve seen to bend the productivity curve upward during periods of rapid growth. More on this topic can be found in [“Building an Environment of Continuous Learning” on page 107](#).

Trust and safety

The concept of *psychological safety* has become popular lately, due in part to Google’s “Project Aristotle,” an internal research study on what aspects of teams are most correlated with overall team performance. [A New York Times article](#) about the study wrote that “Google’s data indicated that psychological safety, more than anything else, was critical to making a team work.”

First introduced in a [research paper by Amy Edmundson](#), psychological safety is defined as “as a shared belief that the team is safe for interpersonal risk taking,” or, more simply, “a sense of confidence that the team will not embarrass, reject, or punish someone for speaking up.” This confidence comes from team members trusting one another, learning through words and actions that it is safe to voice opinions without fear of retribution.

We believe that emphasizing these concepts in culture statements is a key component to realizing psychological safety in the workplace. And because violations of trust can take so much time and effort to rebuild, we strongly recommend training new managers in how to foster psychological safety before they take on a management role.

Violations of trust must also be dealt with swiftly and decisively. For example, managers who unfairly punish team members for voicing concerns should be removed from their position and possibly from the company. Doing nothing can have a very high cost. As Ben Horowitz writes in [“CEOs Should Tell It Like It Is”](#): “If you investigate companies which have failed, you will find many employees who knew about the fatal issues long before those issues killed the company. If the employees knew about the deadly problems, why didn’t they say something? Too often the answer is that the company culture discouraged the spread of bad news, so the knowledge lay dormant until it was too late to act.”

Trust and psychological safety create an environment where even difficult ideas can be freely exchanged. If your team can express their concerns and ideas, you won’t miss out on possible problems or innovations that your people might otherwise keep to themselves. Be sure to never repeat the old adage, “Don’t bring me problems—bring me solutions!” Such an attitude means the most difficult problems will never surface, the exact opposite of what the company needs.

The Ursa Oil Platform: How Psychological Safety Can Improve Physical Safety

The NPR podcast *Invisibilia* did an [excellent piece](#) about the Ursa Oil Platform that illustrates the importance of trust and psychological safety. Ursa was at the time the biggest oil platform ever built. The culture of the men who worked on oil platforms was based on traditionally male norms: “If you make a mistake, hide it. If you don’t know something, pretend that you do. And...never appear weak. If, for some God forsaken reason, you

feel an emotion rising, swallow hard.” Injuries were part of the job, and often gruesome: “It wasn’t unusual...to see people die.”

But the man in charge of running Ursa, Rick Fox, “had this nagging dissatisfaction that things could be different and better.” Rick hired Claire Nuer, who ran a consulting group called Learning as Leadership, to help change the culture of the workers at Ursa. They put the workers through a series of workshops designed to help them open up to each other and feel comfortable sharing doubts, failures, and concerns: “Because it’s scary what you’re doing. And it’s normal to be scared. And if you just don’t tell people you’re scared, you’re not going to create safety together.” And what was the result? Robin Ely of Harvard Business School studied the culture change at Ursa and concluded, “These changes that they instituted resulted in an 84 percent decline in the company’s accident rate. And in that same period, the company’s level of productivity in terms of number of barrels and efficiency and reliability exceeded the industry’s previous benchmark... Part of safety in an environment like that is being able to admit mistakes and being open to learning.”

Diversity and inclusion

To grow effectively, teams need to do two things very well:

- Locate the most qualified candidates for the roles they need to fill
- Provide those they hire with a supportive and engaging work environment

If done well, these goals will achieve growth while also building a more diverse team. Teams that can source and retain great talent regardless of their background or physical characteristics have many competitive advantages:

- Broader hiring networks, since a more diverse staff will have a greater breadth of connections
- Reduced loss of institutional knowledge due to lower attrition
- Increased psychological safety (discussed earlier in [“Trust and safety” on page 188](#))
- Increased creativity in solving problems

- More complete understanding of different customer groups

Many leaders, unfortunately, undermine these goals. There are various ways that this can happen. They may source candidates from a narrow channel, for example, only from “top universities” or places where the founders studied or previously worked. This requires less effort in the short run than a more broad-based recruiting effort, but is likely to lead to a less diverse team. And there are many ways that bias can influence an unsophisticated hiring process. Numerous studies show that access to names and faces during resume screening and interviewing tends to discriminate against underrepresented groups. Some companies are moving toward **blind interview** techniques as a result. Refer back to **“Hiring, values, and culture” on page 182** for a discussion of the “beer test” and better ways to screen for values fit.

Companies can also run into trouble by failing to build a diverse leadership team. There is a growing body of research showing that mentorship of an employee from an underrepresented group is most effective when it comes from someone of the same background.¹ Because of this, a homogeneous leadership team may have difficulty fostering the careers of emerging leaders from outside the dominant group. Another danger zone is a failure to support team members equally in their career growth. For instance, women are less likely, on average, to ask for a promotion than men. Managers need to be aware of this tendency so that when a man asks for a promotion, they will pause to consider whether there is an equal or better-qualified woman for the job who just hasn’t asked for it yet.²

And finally, one of the worst things a company can do to undermine diversity goals is to fail to build an inclusive work environment or, worse yet, to ignore signs of a hostile work environment, such as high attrition for employees from underrepresented groups. Carefully conducted and analyzed employee happiness surveys and exit interviews are one way to surface such problems. It’s also worth starting to gather attrition data early while the team is small, so trends can be observed and investigated, and most importantly, addressed swiftly.

These tendencies are at least partially to blame for the lack of diversity in the tech industry. This alone is a reason to build a culture that values diversity and

1 Herminia Ibarra, Nancy M. Carter, and Christine Silva, **“Why Men Still Get More Promotions Than Women”**, *Harvard Business Review*, September 2010.

2 Linda Babcock, Sara Laschever, Michele Gelfand, and Deborah Small, **“Nice Girls Don’t Ask”**, *Harvard Business Review*, October 2003.

inclusion. But doing so can also help the business for the reasons mentioned before: expanding the pool of qualified candidates, increasing retention, boosting creativity and innovation, and expanding the team’s understanding of different target customers.

Chapters 1 through 3 cover some ways to potentially reduce bias in the recruiting process, and Chapter 5 has a section on building an inclusive work environment. Combining these best practices and building them into your culture should help your team scale more effectively.

EVOLVING TEAM CULTURE

This ability to perceive the limitations of one’s own culture and to evolve the culture adaptively is the essence and ultimate challenge of leadership.

—EDGAR SCHEIN, *ORGANIZATIONAL CULTURE AND LEADERSHIP* (WILEY)

Leaders have two key responsibilities when it comes to team culture:

- Reinforcing the core values and culture that currently exist
- Recognizing the need for cultural change and implementing it

Most of our discussion so far has been about the former. But when does it make sense to change the team’s culture? And what tools do leaders have to shape team culture as the team grows and the business evolves?

Reasons for cultural change

We covered one reason leaders might change their team’s culture in “Scaling Challenges for Culture” on page 182, but let’s look at all the possible reasons why this would make sense:

- Evolving cultural practices to adapt to team growth
- Adjusting the culture to better fit with core values
- Improving the culture to make the team more effective
- Adapting the culture to changing business needs

Let’s look at each one in more detail.

Adapting to team growth As discussed earlier in this chapter, a cultural practice that works for 15 people doesn’t always work for 50 or 150. Leaders need to recog-

nize or anticipate these failure points and help encourage a change to the way things are done.

Adjusting to fit core values Sometimes the actual day-to-day practices of the team don't fit with the core values of the team. For example, the team may firmly believe in "getting it right": that a quality product is more important than shipping on time. But due to financial or customer pressure, the team has fallen into a mode of hitting their ship dates whether the product is ready or not. Or a team that prides itself on openness and transparency may overreact to a damaging press leak and decide to restrict the information it gives out in company meetings.

In such cases, the disconnect between the values of the team and the cultural practices of the team will over time start to manifest in various ways: a mistrust of management, disbelief in the usefulness of core values and culture statements, and ultimately, lower morale and productivity. It's important that leaders recognize such disconnects and take action to correct them.

A more subtle disconnect can occur when a core value for the company as a whole doesn't fit with the practices required by a specific discipline. For example, a company with a value of "surprise and delight" may find that the operations team, who generally hate surprises, don't resonate with this core value. In such cases, the core value may need to be adapted, or the operations management team may need to create org-specific culture statements that explain why the disconnect is appropriate and acceptable.

Improving the culture Sometimes culture change is warranted independent of core values fit. In the previous section, "[Building a Culture That Scales](#)" on page 187, we argued that certain elements of team culture may be especially valuable to a fast-growing team. So, for example, if your team doesn't currently emphasize continuous learning and improvement, you might decide that this should be introduced into the team culture. We'll explain how to do this in the next section.

Adapting to business needs Back in 2010, Facebook was struggling to replicate its success on the desktop on mobile platforms. As SC Moatti describes in her [First Round Review article](#), "Facebook had to dramatically alter its mindset to become a great mobile company":

As a free web service, the cost of a mistake for the company had traditionally been rather low. So low that "move fast and break things" was a motto that made sense for a long time. Whenever something went wrong, a few

engineers would team up to fix it—no harm, no foul. But this isn't how mobile operates... If the cost of an error on web is 1X, the cost of a similar error on mobile is 10X.

We will discuss how Facebook went about implementing culture change in the next section.

Recognizing the need for a cultural change like this is no easy feat. As Edgar Schein put it in the quote at the beginning of this section, it is the “ultimate challenge of leadership.” Leaders must constantly challenge their teams to meet the needs of the business they are building, and never accept “that’s just the way we do things” as a complete answer. Changing the way things are done is par for the course at fast-growing companies, and it is often possible to make changes that meet the evolving needs of the business while remaining consistent with core values.

Implementing cultural change

Regardless of the reason or the approach, there are always some risks involved in changing a team’s culture. Done poorly, the change can disrupt productivity and cause team members who don’t agree with the change to leave. Here we discuss ways to ease the transition and maximize the chance that it will be accepted and embraced by the team.

Motivate the change As with any significant change, cultural or otherwise, the first step is to prepare the team by explaining the motivation for the change, the “why” behind the “what.” In the absence of a clear, well-communicated rationale for the desired change, employees may fill the information vacuum with incorrect motivations, such as “this is just leadership posturing” or “they’re trying to get rid of our startup spirit!” Explaining the desired outcomes enables the whole team to participate in achieving them, perhaps helping in ways that team leaders haven’t even considered.

Leadership must walk the walk As with many aspects of a team, leaders wield tremendous influence on team culture. This is true no matter what is written on the posters on the wall or hyped in recruiting materials. We discussed this earlier in “[Leadership and culture](#)” on page 184, but want to reiterate it here because it’s nearly impossible to shape a team’s culture without both buy-in and follow-through from the leaders of the team.

To effect change, team leaders must be able to motivate the change to their reports as well as model the new behavior they want to see. The classic counter-

example is a new CEO who comes in and decides to impose a culture change by fiat. Perhaps they liked the way things worked at their previous company (“Having a hiring committee is the only way to go!”), or they heard a compelling anecdote from a colleague (“I hear work-from-home days kill productivity, so let’s get rid of those”). Either way, without the support of the executive staff, team managers, and key IC leaders in the company, such a change is likely to fail and possibly even backfire.

Watch for warning signs Culture change can be difficult to weather, particularly for veteran employees who helped build the original culture. Use the warning signs listed earlier to identify cases where the change is not being received well and make a plan for how to react.

Case study in culture change: Facebook’s shift to mobile In the previous section, we talked about Facebook’s need for culture change in order to more effectively pursue the mobile market. This required a concerted effort by leadership to explain and reinforce the change:

- Mark Zuckerberg’s first move was to **publicly retire the word “hack”** as Facebook’s rallying cry. Although this was intended to be motivating for developers, “hack” had a connotation of quick-and-dirty solutions, which clashed with the more formal development model needed for mobile clients. Unlike web applications, which can be fixed on the fly, native mobile apps require a testing and approval cycle, meaning bugs take more time to fix and are thus more painful to customers and the company brand.
- Next, they reorganized the engineering team and product planning processes to put more emphasis on mobile. In the past, new features would be tested on the web client first and then rolled out to the mobile clients if successful, so Facebook adopted a “Mobile first” mantra and approach to try to reverse this. They also changed their org structure to focus on the product rather than the client—that is, all the developers for the various Facebook Messenger clients reported to one team rather than being separated into web, iOS, and Android client teams.
- A new culture statement was introduced to boost developers’ attention to quality. In a **2012 article in AllThingsD**, Mike Isaac wrote: “Perhaps the most drastic change is philosophical. Product managers want teams to *‘own their code,’* to put more intention and responsibility behind any changes they make.”

- Lastly, they moved away from their most public and pervasive culture statement, “Move fast and break things,” turning to a more mobile-compatible slogan, “Move fast with stable infra” (meaning “infrastructure”). Zuckerberg took a significant chunk of their 10th anniversary F8 conference to explain the motivations for the shift: “What we realized over time is that it wasn’t helping us to move faster because we had to slow down to fix these bugs and it wasn’t improving our speed.”³

The effort paid off—today, more than 90% of Facebook users access the service via mobile devices, and mobile ad revenue represents 82% of total ad revenue for the company.⁴ The message here is that cultural change often requires leaders to make grand gestures, public announcements, and repeated internal messaging to shift the team’s mindset from the old way to the new way.

Resolving culture clash

For reasons described in [“Scaling Challenges for Culture” on page 182](#), hyper-growth teams can suffer from disagreements over values or culture. Sometimes these variations are natural and harmless. The team building native mobile apps is likely to place greater value on rigorous coding and release processes than the team that builds a cloud-hosted web application. The relative difficulty of fixing bugs in the different products naturally leads to a different approach and even attracts developers whose values differ in that regard.

But other times, culture differences may reflect deeper, potentially incompatible divides in core values, or the relevant practices may simply be incompatible with each other within the same organization. It’s important that leaders diagnose the root cause of the conflict before attempting a resolution. Let’s review some common cases and discuss possible remedies for each.

Culture drift The most common case is also the simplest. When leaders don’t take steps to communicate and reinforce company culture, different groups within the company may develop their own culture organically. Sometimes these differences are harmless—who cares if the data science team always has lunch together, but the mobile team tends to eat at their desk while working? Or they may reflect the personality differences between two subject matter areas, such as

3 Samantha Murphy, [“Facebook Changes Its ‘Move Fast and Break Things’ Motto”](#), Mashable, April 30, 2014.

4 Deepa Seetharaman, [“Facebook Revenue Soars on Ad Growth”](#), *Wall Street Journal*, April 28, 2016.

between finance and sales, or similarly, between two divisions of a larger organization—Instagram is part of Facebook, but it has a different approach to product planning. In such cases, it's often best to allow such variation to continue rather than to force consistency.

But other times, culture differences may lead to conflict. Imagine an applications team that builds new features incrementally, using weekly sprints to iterate toward the final solution. They need a new API from an infrastructure team that requires a detailed design doc and a rigorous sign-off process with their lead developer before they begin coding. Such development models don't mesh well, and you can bet at least one side will end up frustrated.

If the teams can't resolve such issues themselves, leaders need to get involved. The right way to resolve each situation depends on too many contextual details to lay out a general approach. But one key step is to find common ground between the factions, and point out that their viewpoints stem from differing contexts. Most likely, everyone involved shares similar values and wants to do what's right for the business. Establishing this first will help the rest of the process go smoother.

Culture shift As discussed in “[Evolving Team Culture](#)” on page 192, there are times when leaders feel compelled to change the company culture in some way. A common scenario as companies mature is a shift from an innovation-focused, entrepreneurial startup to an execution-focused, professionally run business. This shift may require a migration toward formal processes and control mechanisms that can cause old-timers who are accustomed to a more informal and intuitive approach to bristle.

Such cases often necessitate some amount of attrition—team members attached to the old way of doing things may be unable or unwilling to adapt. It's important for leaders to identify whether such culture shifts actually represent a change in underlying core values, and if so, do the work necessary to identify the new core values that they believe will better fit the business. Mechanisms based on the old core values, such as hiring filters and performance standards, will need to be updated. Internal communication explaining the shift and the reasons behind it is essential.

Culture mergers Company acquisitions or acqui-hires frequently encounter some level of culture clash. The companies involved are most often at different stages of growth, and therefore one tends to have more formalized and less

entrepreneurial practices. And it's very natural for distinct teams, made up of unique individuals, to have different values and cultural practices.

A complete guidebook to merging the cultures of two separate companies is beyond the scope of this book. But here are a few guiding principles:

Ensure that leaders can find common ground

The leaders of the teams should try to identify a significant number of shared core values that can be highlighted during the merger process. If they can't, that is a sign that culture conflict is likely.

Consider running the acquired company as a separate independent unit

When Facebook acquired Instagram back in 2012, it could have folded the Instagram engineering team into its own, but chose instead to allow it to operate fairly autonomously. In so doing, they avoided a culture clash between Instagram's more deliberate, design-oriented development style and Facebook's "move fast" approach.

Encourage mobility between the acquired and acquiring companies

Twitter's acquisitions of Vine and Periscope benefited both from allowing them a fair bit of autonomy, and also allowing Twitter employees to transfer to both companies, and vice versa. This mobility can help avoid the "us versus them" mentality that can creep in following acquisitions.

MEASURING CULTURE: INFORMATION FLOW

Is it possible to measure the effectiveness of a particular team's culture? Compelling research points to information flow within an organization as an important indicator.

In "[A Typology of Organisational Cultures](#)", Ron Westrum writes:

Because information flow is both influential and also indicative of other aspects of culture, it can be used to predict how organisations or parts of them will behave when signs of trouble arise. From case studies and some systematic research it appears that information culture is indeed associated with error reporting and with performance.

His research was aimed at safety industries like healthcare and aircraft design, but the problem of handling and learning from failure is a familiar one for technology companies. Site outages, security flaws, and buggy clients are all forms of failure that healthy information flow could help prevent or at least

understand. Similarly, information about new opportunities (which can be threatening to entrenched leaders focused on retaining power) is critical to helping companies evolve and stay ahead of competitors.

Westrum breaks down organizations using the typology shown in [Table 9-4](#).

Table 9-4. How organizations process information

Pathological	Bureaucratic	Generative
Power-oriented	Rule-oriented	Performance-oriented
Low cooperation	Modest cooperation	High cooperation
Messengers shot	Messengers neglected	Messengers trained
Responsibilities shirked	Narrow responsibilities	Risks are shared
Bridging discouraged	Bridging tolerated	Bridging encouraged
Failure→scapegoating	Failure→justice	Failure→inquiry
Novelty crushed	Novelty→problems	Novelty implemented

He [cites](#) numerous case studies showing how generative organizations outperform pathological ones. Here's a striking comparison from 1999, when a hospital discovered recurring misdiagnoses:

Two of its pathologists had made 20 wrong prostate biopsy diagnoses...A urologist had discovered the problem when one of his patients was diagnosed with prostate cancer yet had had a negative biopsy. After a second similar example, suspicions were raised about biopsy standards. The hospital then carried out an internal audit of 279 prostate biopsies...which showed 20 of them to be in error. Rather than attempting to cover up the situation, or downplay it...the hospital reported the biopsy problems to state authorities, sent regular updates to its staff, and wrote 88,000 letters to hospital patients explaining the situation. The response was very positive from the regulators and the public: "Throughout this process, there was no measurable negative impact on the hospital's workload or financial performance...Our openness reaffirmed our reputation for putting our patients first. Our patients were much more accepting of the inevitability of human error than we were, and they were impressed that

we were doing something about it. Our experience suggests that putting patients first is also a good business strategy when addressing errors.”⁵

Obviously, we all want to work in a generative organization, not a pathological one. But how do you know where your team stands? Is a lack of information flow putting your customers at risk, or is your organization able to respond effectively, as the hospital in this example did when it realized patients’ lives were at risk?

The DevOps Enterprise Forum has **proposed** a set of statements based on Westrum’s data that attempts to measure the health of information flow on a team. Respondents answer using a Likert scale where “strongly disagree” = 0 and “strongly agree” = 7:

- On my team, information is actively sought.
- On my team, failures are learning opportunities, and messengers of them are not punished.
- On my team, responsibilities are shared.
- On my team, cross-functional collaboration is encouraged and rewarded.
- On my team, failure causes enquiry.
- On my team, new ideas are welcomed.

The accuracy and effectiveness of such metrics and what actions should be taken based on a specific score on this survey have yet to be proven out. But regular sampling and watching for trends in the scores is likely to be useful in understanding how a team’s cultural health is changing over time.

Summarizing Yang Jisheng’s *Tombstone: The Great Chinese Famine, 1958–1962*, Ron Westrum provides another motivating (and tragic) example of the need for information flow in an organization in “**The Study of Information Flow: A Personal Journey**”:

During the “Great Leap Forward” in China, a famine was raging, but information about it was incorrect. If local leaders came forward, they would be accused of being “right deviationists” or food hoarders, and would suf-

⁵ DA Pietro, LJ Shyavitz, RA Smith, et al., “Detecting and Reporting Medical Errors: Why the Dilemma?,” *BMJ* 2000; 320:794–6.

fer brutal punishments or death. Lower level leaders, eager to appear proper communists, lied about the harvest results, with the outcome that little about the reality appeared on the surface. In addition the party cadres often had food when the peasants did not, decreasing their motivation to raise the issue. In the end, 38 million people would die during the famine. It would be years before the truth was generally known.

Conclusion

Building a strong team culture is a true test of leadership. Beyond the business benefits outlined in this chapter, leaders should invest in this area if only to ensure that they continue to love coming to work every day. As Ben Horowitz put it in “The Hard Thing About Hard Things”:

After you and your people go through the inhuman amount of work that it will take to build a successful company, it will be an epic tragedy if your company culture is such that even you don't want to work there.

The work required to define core values and evolve a team culture based on those values is a small price to pay to build a company that employees love working for and want to be a part of for years to come.