13. The Most Prolific Startup Successes Are Deliberate in the Way They Build and Sustain Their Culture

It is often said that companies take on the personalities of their founders and early leaders. In most cases, founders bring an experience of working together to their new venture and as a team they lay down the foundation for the culture that is established in the earliest days. So, what exactly is culture, and more importantly, how is it established and sustained over time at companies built for success? In *Why How We Do Anything Means Everything*, Dov Seidman suggests, "Culture is a company's DNA, the sum total of its history, values, aspirations, beliefs, and endeavors, the operating system, if you will, that defines and influences what occurs at the synapses between everyone working together in a group… cultures are alive, they evolve and change over time… culture is a company's unique character, it's lifeblood." It is no secret then why getting the culture of the company right from the onset has been a leading indicator of its longer-term success.

In *Harvard Business Review's* January-February 2018 issue, "The Leader's Guide to Corporate Culture" lays out the factors involved in defining a culture, how it impacts outcomes, and the practices involved in evolving a corporate culture. The founding members of a team play an outsized role in defining the company's culture, but over time, "culture fluidly blends the intentions of top leaders with the knowledge and experiences of frontline employees." *HBR's* findings also suggest that "when aligned with strategy and leadership, a strong culture drives positive organizational outcomes." When a company is fortunate enough to establish a team culture that inspires success, leaders must be deliberate in their efforts to sustain the environment as new faces are added at an accelerated rate. In *Upstarts*, Brad Stone details the obsession Airbnb's founders had in preserving the winning culture they had come upon in the early days. "As the company grew, the founders continued to interview and

discuss each potential employee to painstakingly measure for 'cultural fit,' even those handling customer service and working from their homes in different parts of the world… Airbnb furnished each new manager with a set of online tools to monitor the health of the business and with something CEO Brian Chesky called 'office in a box.' It contained a guidebook to setting up an Airbnb-like working environment and included various props, like a portable ping-pong table and the books *Delivering Happiness* by Zappos founder Tony Hsieh and *Oh, The Places You'll Go!* By Dr. Seuss. Brian was always worried about—how do we scale our culture, how does every Airbnb office feel."

The *Harvard Business Review* tackled the subject of sustaining a company's culture in its March 2016 issue with a piece by Gulati and Desantola titled "Startups That Last." Their findings suggest that, "although founders of fast-growing firms say they worry about losing their organizational culture, few take the steps to codify and reinforce it. Their attention quickly shifts to things that feel more urgent, such as operations and marketing." So, how do the best companies manage to avoid this trap in those busy early days? As in the Airbnb approach noted above, entrepreneurs "can start by clearly articulating their cultural values in their mission and vision statements and in job descriptions… this helps the organization keep its values alive by hiring for cultural fit and rewarding desired behaviors through recognition and compensation." Other firms have painted their values on the walls of their offices or hosted weekly or monthly town hall style meetings to consistently reinforce the things that matter most and maintain strong communication across the organization as it grows.

In *How Will You Measure Your Life*, Clay Christianson details the approach Netflix successfully employed in specifically defining and documenting its culture:

- "No vacation policy: take as much time as you want as long as you're doing a great job and covering your responsibilities

- Outstanding employees only: doing an adequate job leads to your getting a generous severance package, so the company can hire an A-player in your place

- Freedom of Responsibility vs. Command-and-Control: good managers give their employees the right context in which to make decisions—and then the employees make the decisions."

The contrast in cultural values that emerged in the early years between Airbnb and Uber is further detailed by Brad Stone in *Upstarts*. "Cultural values can be a rudder for large companies, a way to align thousands of far-flung employees and guide the hiring of new workers with a set of rigorously defined ideals. Airbnb had formulated its Six Values back in 2012 and they had helped to shape its conciliatory matter of dealing with unanticipated crises and regulatory turmoil. Uber had skipped this step earlier in its history, which was apparent in its more slapdash and aggressive approach to unanticipated obstacles." Though both companies have seen explosive growth in their respective businesses, the care taken early on by Airbnb to solidify a winning culture has helped it avoid the costly setbacks that have plagued Uber in its rise.

Establishing a culture built on a set of values that makes a company's founding members relatable is also key to attracting the right people necessary to scale most effectively. In *Radical Candor*, Kim Scott suggests, "The most amazing thing about a culture is that once it's strong, it's self-replicating. Even though you've taken a number of conscious actions to impact it, you'll know you've succeeded when it truly no longer is about you." Jeff Bezos, Amazon's founder, has long advocated a culture that high fives even the smallest innovations and ideas. IBM's longtime Chairman and CEO Lou Gerstner reflected on his time at the company and concluded, "Culture isn't just one aspect of the game; it is the game." With so much on the line in the frenzied early days of startups, history continues to confirm the importance of establishing and sustaining a culture that reflects the company's values early and often.

It has proven to be difficult at best to reverse-engineer a culture that is not soundly rooted in the intended value structure from the onset. Simply put, culture is a game-changer that, as the saying goes, eats strategy for breakfast. Those startups that most effectively tune in winning cultures early on dramatically improve their odds at securing longer-term success.