



Eight Minutes, Not Eight Hours



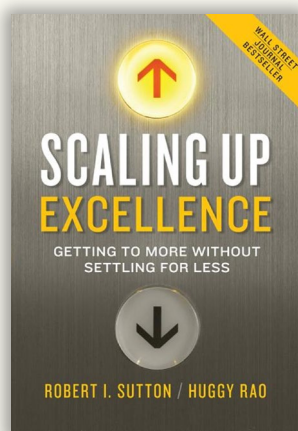
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Scaling Up Excellence

Getting to More Without Settling for Less

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Scaling Up Excellence explores the challenge of “spreading constructive beliefs and behavior from the few to the many.” In startups, growing organizations, or cascades through dispersed teams, it is critical to decide what values and processes should be mandated broadly, and which can be adapted to suit individuals or local culture.

Key Quote

“Ignorance, mediocrity, and mistakes run rampant when organizations fail to link the right people to the right information at the right time.”

KEY POINTS

Going Slower to Scale Faster (and Better) Later. To scale is a great temptation, but to scale well is a tough art form. The best military generals sometimes fail at it. In World War II, the Allies decided to use the scale and reach of aerial attacks to bomb the Axis powers into submission. The problem? Less than 1 in 5 U.S. bombs “fell within 1,000 feet of their target” according to political scientist Robert Pape (p. 3). The generals learned a lesson: Ground troops are central to winning the war. The lesson for your business? To scale company culture, you cannot bombard employees with quick PowerPoint presentations, several days of training, or inspirational speeches.

The Catholic-Buddhist Continuum. The metaphor of the Catholic and Buddhist churches provides a frame for organizational consistency. The Catholic Church mandates a standard set of beliefs and teaches the infallibility of its leader, the Pope. In contrast, Buddhists are given overarching values but

are permitted to construct their individual beliefs within those values and practice their religion individually as they see fit. There is no best practice for where organizations should fall on the continuum, but management should take care to consciously choose a point and periodically assess whether the strategy is working to keep excellence high.

Stoking the Scaling Engine. Scaling up excellence requires the knowledge of how to create a tight connection between belief and behavior. Sutton uses an example that a “supervisor is both a ‘poet’ and a ‘plumber’” (p. 95). Poetry is about conveying a message that both guides and inspires a following. Plumbing is mostly about the grit required to lead.

THE GOOD, BAD, AND UGLY WAYS TO SCALE



How to renovate a hotel

To instill culture, you need to be able to articulate and describe it. One hotel asked its development team to choose a magazine that would best describe its clientele. A repeated answer was **Rolling Stone**. From there, the team made a list of attributes of the Rolling Stone reader—funky, irreverent, adventurous, cool, and young at heart—and used the list as a frame for all aspects of the hotel’s renovation and operation (p. 38).

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How Facebook initiates new hires into their culture

Once Facebook became too large for Mark Zuckerberg to personally interview every hire, Facebook started a “Bootcamp” to both assess and train new hires for the first six weeks. Hires are not placed in positions until after Bootcamp, which helps with placement decisions, but the main value is the opportunity to “infect each with the Facebook mindset” of “move fast and break things” while they are allowed to learn the Facebook interface by working on the actual code.



Why Home Depot couldn’t scale in China

Sutton refers to the “replica trap,” which he says can plague companies as much as help. One example he gives is Home Depot’s slogan “You can do it. We can help.” When twelve stores opened in China in 2006, Home Depot used a one-size-fits-all model in which they did not consider China’s traditional “do it for me” mindset. Due to a restriction on space, most people in China do not have room to store tools and equipment for home improvement. After the final Home Depot store closed in 2011, experts credited the failure to the company’s rigidity and ignorance of the market. Finding the right blend of standardization and customization when scaling an organization oftentimes requires a messy, time-consuming, and costly trial-and-error process. Find a model that has worked historically and watch for signs that need to be changed. Sutton suggests avoiding the “temptation to roll out an unproven mishmash of best practices” (p. 44).

TOP-DOWN V/S BOTTOM-UP APPROACH TO CULTURE

Catholic company or Buddhist business?

Organizations should ask themselves, “What is our goal? Is it more like Catholicism, where the aim is to replicate preordained design beliefs and practices? Or is it more like Buddhism, where an underlying mindset guides why people do certain things—but the specifics of what they do can vary wildly from person to person and place to place?” (p. 33).

“The best leaders and teams often strike the right balance between Catholicism and Buddhism, by acting much as if they are working with Lego ‘bricks.’ There are some elements—not just individual bricks but ‘subassemblies’ of multiple bricks—that they replicate over and over for every person and place, even if other factors vary widely. For example, Apple teaches and enforces secrecy among all employees, from ‘geniuses’ in Apple stores to senior vice presidents. Similarly, McDonald’s french fries are cooked the same way with the same ingredients all over the world, even though the menus, store design, employment policies, and prices vary widely from country to country” (p. 39).

How to embody the company beliefs in office behavior

Do beliefs change first, or behavior? Here is an interesting example: “[CEO Randall] Lipps reported that during Omnicell’s early years, he wanted to remind his senior team to focus on facts rather than feeding their egos. So he created a little ritual where they used a coat rack as a place both to hang their jackets and to symbolically check their egos at the door. The coatrack and the mundane act of using it quickly became a symbol of the mindset that the senior team sought to sustain and spread. Every time these executives hung up a coat, passed by the rack, or saw coats hanging from it, they were reminded of which beliefs and behaviors were sacred and taboo at Omnicell” (p. 91). Embody the belief in the behavior, and then the belief will scale. Without the behavior, the belief is nothing but empty words.

KEEP HUMAN NATURE IN MIND

Cut cognitive load


University of Michigan’s Robert Kahn’s definition of cognitive load is a process that requires “adding new rules, processes, and technologies; adding more people; and placing them in roles, teams, regions, divisions, plants, retail stores, companies, ships and such” (p. 98). These additions are essential for spreading excellence. But the mechanics and intellectual strain can overextend people and systems.

Keep the team sizes limited


Robert Dunbar explains why: “If you belong to a group of five people. . . you have to keep track of 10 separate relationships: your relationships with the four others in your circle and the six other two-way relationships between the others. . . If you belong to a group of twenty people, however, there are now 190 two-way relationships to keep track of: 19 involving yourself and 171 involving the rest of the group” (p. 103). A common mistake is adding too much bureaucracy, too soon. The “Goldilocks Theory of Bureaucracy” is adding just the right amount of structure at the right time, but never before it is absolutely needed.

Harvard vs. Netflix on the right way to hire

Netflix believes that high talent density—hiring only superstars—allows the organization to minimize rules and oversight. High performers are attracted to autonomy, pride in their work, and lack of friction. On the other hand, low performers are simply asked to leave with minimal coaching or rehabilitation (p. 141). But perhaps this is a bad long-term strategy. The research shows that outside hires tend to perform at lower levels inside new organizations, as the new team may resent them, or their lucky streak simply ends. As a result, Harvard’s Boris Broysberg advises leaders to spend more



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time and money “on encouraging cooperation and information sharing among existing employees, on developing technologies and procedures that enable exemplary work, and on using training and mentoring to develop their own stars” (p. 147).

THE SEVEN METHODS FOR BUILDING SCALING CAPACITY

1. Squelch free riding: Find incentives that encourage team members to act in the best interest of the group, not just themselves.

2. Inject pride and righteous anger: These emotions turn concern to collective—not individual—concerns.

3. Bring in guilt-prone leaders: The best leaders “feel especially bad about past mistakes and worry constantly about messing up in the future, which they compensate for by being action-oriented, constantly taking preventative measures to avoid such mistakes and steps to repair the damage done by their past errors.” Shame-prone leaders, in contrast, are paralyzed and tend to hide from the mistakes they make (p. 159).

4. Use subtle cues to prime accountability: Certain cues, such as images of a watchful audience, can encourage behavior that follows the rules by reminding others that they will be held accountable.

5. Create the right “gene pool:” A company becomes the people it hires. “Yet there are limits to treating an organization’s ‘gene pool’ as if human qualities, experience, and skills are fixed. Even when you hire the right people, the experiences and training you provide are crucial for spreading the right beliefs, behaviors, and skills. In other words, the people **and** the place make the people! (p. 164)”


6. Use other organizations as your HR department: Finding the right feeder organizations—whether it be schools, the military, other companies, or another type of organization—will help you find talent that is pre-developed with some of the skills they need to succeed.

7. Hire people pre-wired to fit your mindset: In one example, the Taj Mahal Hotel in Mumbai recruited employees from towns that were culturally hierarchical and held respect for elders in high regard. Because they were pre-wired with that service mindset, employees acted extraordinarily brave during the 2008 terrorist attack on the hotel, as they risked their lives to save guests.


NETWORKS ORGANICALLY SCALE YOUR COMPANY VALUES. HERE ARE SEVEN WAYS YOU CAN BUILD THEM.

1. The top-down approach: Employees look to their managers for signals on what behavior is expected. When management takes up an initiative or walks the walk, the rest will follow.

2. Broadcast your message out to one and all: Leaders should communicate in multiple channels to get the word out. Brochures, mailings, websites, meetings, and other channels should not be overlooked.



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3. **Surround them:** Have the many teach the few. Behaviors will spread in organizations when popular connectors are modeling those behaviors.
4. **The power of pairs:** Pairing people together will give them a partner to keep each other accountable. Video game maker Zynga, for example, has a policy that no team member gets promoted until they “grow” their own replacement through coaching.
5. **From the few to the many:** Several successful companies described a “Trojan horse” technique for finding talented people who aligned with a new strategy and seeding them into each business unit to work on projects that may or may not have been directly related to the new strategy. As colleagues came to value the new innovators, the mindsets, practices, and strategies spread (p. 205).
6. **Bridging disconnected islands:** Teams that are structurally isolated from other teams, referred to as “structural holes,” pose a major obstacle to scaling. Your job as a leader is to find someone who can act as a bridge, bringing opportunities for these teams to exchange ideas with others outside their silo. **The best bridges:**
 - Are curious about others and their ideas
 - Live and breathe the company’s mindset but aren’t obnoxious about it
 - Have strong opinions, weakly held
 - Listen and learn
 - Convene, introduce, and connect
7. **Create crossroads where people connect:** Ideas mix best when people interact on a one-on-one basis. The best leaders create these interactions.

SCALING DOWN BAD BEHAVIOR IS AS IMPORTANT AS SCALING UP GOOD BEHAVIOR.

“Dissonant details”

- Details, habits, or behaviors that contradict your brand, strategy, or excellence are “dissonant details.” Attention to, and management of, dissonant details are one of the main factors that have created excellence in Disney parks (p. 220).
- Psychologist Roy Baumeister found that a little bit of bad is all it takes to undermine a lot of good. “Bad emotions, bad parents, and bad feedback have more impact than good ones, and bad information is processed more thoroughly than good” (p. 221).
- Bad behavior in organizations is commonly attributed to the bystander effect, where those who see a problem think of it as “not my problem (p. 224). **This effect is caused by:**
 1. **Ambiguity.** Warning signs are not clear and can be attributed to something else.
 2. **Diffusion of responsibility.** Group members believe that “someone else will do it.”
 3. **Worry.** That the action will be disapproved of.

Eight methods for cutting out bad behavior (p. 230):

1. **Nip it in the bud:** Organizations must enforce even small instances of rules being broken or the group will learn that bad behavior is tolerated.

2. **Get rid of the bad apples:** Management needs to hold people accountable for their behavior and remove those who exhibit bad behavior.
3. **Plumbing before poetry:** Scholar James March advocates for “fixing the plumbing before you start spouting out poetry.” Team members have keen eyes for hypocrisy, and will ignore the rules if management’s actions are not backing them up.
4. **Adequacy before excellence:** Research led by the Corporate Executive Board shows, “Customer loyalty has more to do with how well companies keep their ‘basic, even plain vanilla promises’ than how well they dazzle customers.”
5. **Use the cool kids (and adults) to define and squelch bad behavior:** Finding the group’s connectors and influencing them will expand your influence to more sub-groups in the organization.
6. **Kill the thrill:** Removing the fun of an illicit activity will make the behavior less desirable.
7. **Time shifting from current to future selves:** Prompting people or groups to think of a long-term effect will make them more likely to act based on long-term incentives.
8. **Focus on the best times, the worst times, and the end:** “No matter how good or bad an experience is, or how long it lasts, judgments about it are shaped disproportionately by the best and worst moments, and if it ended badly.

Five dangerous feelings that are warning signs (p. 251):

1. Fear of taking responsibility
2. Fear of being ostracized or excluded
3. Anonymity
4. Feelings of injustice
5. Helplessness

**GETTING TO MORE WITHOUT
SETTLING FOR LESS**

Did this, not that

- The authors advocate for using a decision premortem, where the team imagines themselves in the future. Half present on why the decision worked well, and the other half presents on why the decision was a failure (p. 267). Groups are less prone to irrational optimism when they are asked to predict someone else’s outcome, so the act of making competing predictions will cancel out some of their inherent biases (p. 267).

- **In retrospect, scaling efforts have (p. 273):**

1. Started where they were, not where they hoped to arrive.
2. Done scaling, not just swarming.

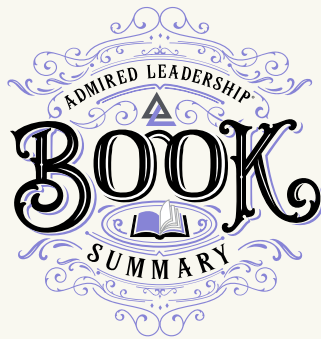


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3. Used a mindset as a guide, not as the answer to every question and problem.
4. Used constraints that channeled, rather than derailed, ingenuity and effort.
5. Used hierarchy to squelch unnecessary friction, rather than creating or spreading it.
6. Worked with people the team respects, but not necessarily friends.
7. Made sure accountability prevailed, and free riding failed.

Sutton, R. I., Roa, H. (2014). **Scaling Up Excellence: Getting to more without settling for less.** New York: Random House.



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The Latest and Greatest Books for Leaders

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