How to scale a startup to 50 employees without losing its culture

Joe Procopio shares his advice on the critical steps you need to make at each stage of your company's early growth to ensure you can keep your culture and growth.

One of the most underrated secrets of success in a startup is the ability to build not just a great product, but a great company.

The dynamics are totally intertwined. A startup can't become a success without building a great product, no matter how awesome the company is. And a startup can't sustain success without fostering great company culture, no matter how excellent the product is.

Great companies happen on purpose, their culture molded by a proactive leadership team from the earliest stages, and then managed by every single employee, every day. When either of those two responsibilities become lip service, the company begins to lose its luster, and the inevitable downfall begins.

Furthermore, you can't do one without the other. They have to happen in parallel. This means that you have to invest in the company culture while you spend the vast majority of your time and resources building the killer product.

So how do you do that during each stage of your company?

The critical hiring stage: Employees one through 10

The first 10 people you bring onboard will dictate the company culture for the next 20 to 50. I can't overstate the importance of getting these hires 100% right. In fact, I'd go so far as to say the road to success is littered with companies that couldn't find 10 critical hires.

By critical hire, I simply mean: Do they exude the vision you have for your company? And not just now, but will they continue to contribute toward your mission for the next three or five years? Are they going to grow with you or are they going to get left behind when the tornado hits?

Some common mistakes founders often make early: Representing your vision doesn't mean being like you. A company made up of 10 me's would fail spectacularly. I need people who are different than me and better than me.

Also, never let culture trump talent, but one thing I won't do is work with someone who I don't believe is a good person. I know "good person" is subjective, and I don't mean someone who is completely straight-edge, but you always run into that ridiculously talented developer or salesperson or marketer who is just a jerk to others. This will wind up doing more cultural damage than financial good every time. It just makes solid business sense to not hire someone rude or exceptionally difficult, no matter what skills they bring to the table.

Then, take your time with each hire and don't panic. I once spent so long trying to decide between two people that both of them found different jobs while I was deciding. I assume they are having stellar careers because they were both very sharp. But looking back on it, I would do it the same way all over again. I'd rather do without than make an early hire who isn't the right fit.

Now, that said, you also need to do a cultural gut check every time you pass on a candidate. Was it the candidate that wasn't a fit? Or does the culture need to accommodate a broader cast of the net?

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From clubhouse to company: Employees 10 through 20

Between 10 and 20 employees, you're moving from what feels like a club to something that looks like an actual working company. You'll start to need formal language and mechanisms to get a larger team running smoothly. It's what I call the Rule of 10 because 10 is the maximum size of a working team that doesn't need a playbook to execute.

Ten people can have their own informal processes, unspoken language, and natural chemistry. After 10, you need guides, rules, and documentation. I'm not talking about corporate overkill, but small, reactive steps: conference rooms need to be booked, people working remotely require guidelines, a vacation policy has to be set, and things like that.

The approach is custom and reactive. You wait until something breaks, but you don't just patch it — you fix it immediately and permanently. You still want that clubhouse feel, but you'll need those formalizations in place so the clubhouse doesn't turn into a locker room.

I'd recommend having a company meeting when you get to 10 people, going over the things everyone should and shouldn't do. I'm not judging what kind of clubhouse you've started, but if you're the 11th, 15th, or 18th hire, you can be made to feel like an outsider pretty quickly. Make sure this never happens.

It's also time to start proactively managing the morale and engagement of the employees. Build in feedback systems to start collecting info on what's working and what's not. Make sure those feedback systems get used. If you're not getting feedback, that doesn't mean that everybody is happy, it means the system isn't working. So find a new one.

Speaking of formalizing, you'll want to turn those spur-of-the-moment happy hours into actual team-building events. And I don't mean a ropes course or a trust fall session, but actual fun things scheduled during work hours so everyone will attend without feeling like it's requiring them to sacrifice their personal lives to succeed at work.

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From company to cult: Employees 20 through 50

It usually takes a long time to get from 20 to 50 employees, and it feels even longer, but once you hit 50 employees, culture is pretty much set in stone. So this is the time to shape the cult of your company.

Your leadership team should devote at least a couple hours a month to listening to those feedback systems you've already built and making adjustments. Every one of these monthly meetings should produce at least one new initiative to make the company a better place to work.

Develop your mission statement, your company's core values, and hire human resources to handle not just the head count but everything employees need to stay engaged and happy.

As a cult, you'll still want to be a hard shop to get into. In fact, one of the reasons this stage takes so long is that you're not only learning to do more business with fewer resources (scaling), but you're also very picky about who you hire, and the company is becoming so awesome that no one would dream of leaving. Not yet anyway.

If there is a local program that selects and awards the best places to work in your area, this is your goal. Win this every year. If there isn't a local program like this available, run your own internal program. Once or twice a year, anonymously survey every employee (make the survey one of the few cultural things that is mandatory) and give them 40–50 questions relating to their career, their personal growth, how they feel about the company, and what the company should start doing, stop doing, and keep doing. You might also want to make those results transparent to the entire company.

And this is just me, but do a simple, well-made T-shirt with the company logo on the front. Make sure everyone has a few. Spread the cult.

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From cult to corporation: Employees 50 and up

No cult lasts forever. At 50 employees, it's time to grow up, and this is where it gets rocky. The rules are going to get tighter and <u>the culture has to be communicated</u> in order to survive as you evolve from startup to corporation.

Here's an example: if your culture mandates that you're not a 9-to-5 shop, you'll want to outline what kind of time commitment you expect from your employees, how that's measured, and how they can excel in that area. Do that with everything. Relate the rules directly to your core values.

I say this stage will get rocky because this is where you'll have to assimilate your original employees one through 30 with the new, larger group of hires. They're likely to start bristling at all the new rules as well as what they see as a much wider allowance for slack and error for the new folks. They also might be starting to burn out.

"No cult lasts forever. At 50 employees, it's time to grow up, and this is where it gets rocky."

I can't stress enough that you have to handle each case individually, which is hard, but it's just this one time. Then you'll have to make some choices because this is also where those people will start to weed themselves out.

No one leaves the cult, but people leave the corporation every day. So be a backstop for your best folks here. Start being more aware of their family and other outside commitments. Be proactive about communication. Break a few rules if those rules are going to be a stone in the shoes of your best people.

And then, this is going to sound crazy, break it all apart again. Always revert to the Rule of 10. You want to try to replicate the same efficiencies, synergies, and chemistry that you had as a small company with around 10 employees.

Find ways to get people working and playing together in groups of no more than 10. If you've got teams, make sure that the org chart doesn't lump anyone in with more than 10. If you've got projects, the working group should be no more than 10, and if you need more resources then borrow them from other groups of 10.

Do the same thing on a social level. At 50 employees, outings are expensive and improbable, so turn them into company-sponsored clubs and events. At my last startup, by the time we got to 50, we had a career guide program, a poker club, a movie night, a ping-pong league, hackathons, book clubs, and so on. All of it was optional but we made sure that everyone found something they wanted to be a part of, formally or informally.

Why go Rule of 10 at 50 employees? Because like I said, your culture is baked. It's really tough to mould a new culture at over 50 employees, so use the Rule of 10 to enhance it, evolve it, and share the best parts of what you find. This will encourage innovation and engagement, and your culture will wind up being your secret weapon to grow from 50 employees to 50,000.

This article was originally published on Medium by Joe Procopio

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