JACK ALTMAN

PEOPLE STRATEGY

HOW TO INVEST IN PEOPLE AND

MAKE CULTURE

YOUR COMPETITIVE ADVANTAGE

WILEY

Table of Contents

List of Illustrations

JACK ALTMAN

PEOPLE STRATEGY

HOW TO INVEST IN PEOPLE AND MAKE CULTURE YOUR COMPETITIVE ADVANTAGE

WILEY

To my wife, Julia, and my son, Liam

Introduction: Why Your Company Should Put People First

In early 2015, I experienced something of a professional crisis. The company I had worked for and loved for more than two years seemed to have lost its magic. It had quickly grown from a plucky start-up, with a vibrant company culture and clearly defined roles, to a stifling environment that was wrought with tension and a crippling lack of trust.

I remember while sitting at my desk one day, I just looked around the office and thought to myself, "What happened?"

To understand where it went wrong, we have to go back a few years. In 2013, I packed my bags, bid farewell to my 600-square-foot Manhattan apartment, and headed out to San Francisco to join this fledgling start-up. I suppose that you could describe it as risky, but I knew this company quite well. I'd been working from New York as an early-stage start-up investor, and Teespring (https://teespring.com/) was one of the companies in which I'd invested. I strongly believed that the founders and the business were brimming with potential.

My early days at Teespring represented the best of what's possible for a company culture. For one thing, we had a clear sense of purpose that was uniformly shared; we existed to help Internet creators make businesses out of their passions. We all knew what we wanted to accomplish as a company, why that would be valuable to the world, and what our roles were in making that a reality.

Another cornerstone of our culture was that we were all learning and growing at a rapid pace. Because the company was evolving so quickly, we were all constantly being thrown into new situations and we were determined

to figure them out. As a result, most of us were improving our crafts and broadening our knowledge faster than at any other point in our careers. This was extremely gratifying and engaging, which created a virtuous cycle: invest more, learn more, feel great, be motivated to invest more, and so on.

Finally, because of our clear mission, shared values, and full engagement in our work, we built incredibly close friendships and a strong collective community. This too had a self-reinforcing dynamic, where our care for one another led to deeper investment in our work and vice versa. Even today, nearly eight years later, I am still friends with many of those early colleagues from Teespring.

Somewhere along the way, however, this company which my teammates and I held so dear took a bad turn. The culture shifted from one of clarity, optimism, and community to one of scattered priorities, fear, and territorialism. Our executive team meetings, which had once been focused on solving our most important problems, became full of interpersonal tension and disagreements about important strategic issues. Teams across the company became more siloed, and their connections became increasingly tenuous. We underinvested in HR and people management practices, so people didn't have clear goals or expectations, feedback was irregular or nonexistent, and the company didn't do enough to understand how its employees were feeling so that we could make course corrections.

In short, our culture lost its way. It was against this backdrop that the idea for Lattice was born (https://lattice.com/).

Eric Koslow was another early Teespring employee (he'll remind anyone who will listen that he was just a little bit earlier than me), and he and I had become good friends.

Eric was Teespring's lead engineer, but he was also an astute observer of business dynamics and company culture. He also shared my love for what Teespring *used* to be and my pain over the direction things had been heading.

One of our favorite extracurricular activities was "exercising" together. I say exercise in quotes because we'd meet in the gym, and over the course of 90 minutes, maybe do 5 minutes' worth of exercise and 85 minutes' worth of talking. This time away from our phones and with the extra mental acuity from vague physical activity was a perfect breeding ground for countless start-up ideas. Eventually, we realized that the problem that we cared about most, and had some ideas for how to solve, was company culture and people management.

In the summer of 2015, we incorporated Lattice. We aimed not to just get back that feeling of clear mission, shared values, and passionate engagement in our work in a company that was our own. We also wanted to build a product that would help other companies invest deeply in people and culture that would make their companies the best places to work.

We also got the opportunity to try to build a company culture of our own that reflects the change that we were trying to see in the world. We believe that community, purpose, and growth are central pillars of a meaningful work experience, and so that is what we've tried to weave into the fabric of what it means to work at Lattice. And those pillars, we would later understand, are also at the heart of smart people strategy.

As I write this in 2020, I feel grateful that Lattice has been lucky enough to employ hundreds of people, serve thousands of customers, and raise about $100 million in venture capital. We've been able not only to ride but also to

help *shape* the new wave of HR software and people practices.

Our first few years at Lattice were relatively smooth sailing; we grew steadily and evolved our product. But after a year of incredible growth in 2019 – revenue grew by nearly 200 percent, our team grew from 50 to 125, and we raised two new rounds of financing – the COVID-19 pandemic hit us and everything changed, literally overnight.

One morning in early March 2020, we awoke to a flurry of messages in our company chat tool Slack: early birds arriving at the office learned that the building was closed because a member of the building's janitorial staff had been on a cruise ship where many passengers had tested positive for COVID-19. As a result, the building would be closed for the rest of the week.

It was a chaotic day, but the company was good-natured, supportive of each other, and found their footing relatively quickly. I remember people making jokes in Slack, sharing articles about best practices for working from home, and posting pictures of their new makeshift home office setups.

By the following Wednesday, March 11, the tone of the whole thing changed. The spread of the coronavirus had already been very real in other parts of the world, but this was the day that it became very real in the United States, even though the country only had 1,000 reported cases. The World Health Organization declared the disease a global pandemic. The Dow Jones fell by almost 1,500 points. The first case of the virus was reported on Capitol Hill. A professional basketball player tested positive, and the NBA became the first major sports league to announce that there would no longer be fans at their games. That night, President Trump addressed the country from the Oval Office, and announced a travel ban with Europe. As

we went to bed that night with our heads spinning, actors Tom Hanks and Rita Wilson shared that they, too, had contracted the virus.

The next few weeks presented an incredible challenge for Lattice, as they did for so many others around the world. As each day went by, we began to realize more fully and accept the reality that the world wasn't just going to return to normal, and that we'd need to settle in for a bumpy ride.

Our customers were also reeling as they scrambled to adjust to working from home and to make sense of what this all meant for them. The economy started to free-fall, with the stock market plummeting and unemployment claims going through the roof.

Lattice's business ground to a halt. HR software budgets got slashed, sales cycles slowed to a snail's pace as people focused on more pressing issues, and every day brought news of more and more layoffs. We'd been planning for hyper growth, and instead we were looking at a much different reality with no sign of when it would let up. Although the company's spirits remained surprisingly high, our numbers were telling a different story. Revenue growth went from lightspeed to glacial; cash burn went from manageable to high, and customer churn became a real concern. Our leadership team was worried. I wasn't sleeping well.

As April dragged on, the numbers told a grim story, and I was faced with a decision I hope never to have to face again: do I keep waiting to see more data and hope that the economy has a quick recovery, or do I swallow the bitter pill of a layoff and let go of people from sales and customer success to reflect the new pace of business and reduce our costs?

After weeks of deliberation, on the night of my 31st birthday, I made the decision to go ahead with a layoff. An hour after making that excruciating decision, I hopped on a surprise video chat with a couple dozen friends and family that my wife Julia had set up, but I didn't feel much like celebrating.

Two weeks later, we went through with the reduction-in-force, parting ways with about 10 percent of our team. Delivering the news to the entire staff was the worst moment of my professional career – made worse by the awkwardness of having to deliver it over video chat – and I barely kept it together as I explained to the company why I felt we had to do this. We gave generous severance packages and support, and we used our resources to ease the transition for those who were impacted as much as we could.

It was gut-wrenching, and I was fully expecting anger and outrage. But I watched in wonder as the company instead turned to positivity and supportiveness on this incredibly difficult day. As we met individually with the team members we were laying off, they told us how much they loved the company and that we shouldn't be too hard on ourselves for the difficult choice we had made. In a goodbye Slack channel, the departing employees shared well wishes and memories, and the rest of the company reacted and responded with love and care. The managers who needed to let go of employees through no fault of their own did so with focus, care, and respect. I was so completely taken aback by the outpouring of graciousness, understanding, and humanity, that when the day was finally over, I didn't know what to do but sit down, cry.

Despite the incredible difficulty of this time, it renewed my conviction in the importance of a healthy company culture. It's easy to have happy employees when things are going

well, but you get tested when things get hard, which they inevitably do for all companies.

So, the question becomes how does your company culture show up in those moments? Do people resort to fear, anxiety, and inward focus, or do they choose hope, a sense of purpose, and a focus on the greater good? Do tough times break your culture down, or do they catalyze increased strength and solidarity? And how can you intentionally build a culture that helps your company stand up when others might fall down?

Tough as this period was, in so many ways, we came out stronger. Relationships strengthened, our purpose in the world was further clarified, and our values shone through while so much else fell into the background. I was reminded of why we started Lattice in the first place. We built it to help companies build culture off an intentional system of principles – a framework for people strategy.

This book is about people strategy; the set of practices that determine how you attract, retain, and grow your employees in order to best accomplish your company's mission. Most companies have clear product and go-to-market strategies that are deeply contemplated, debated, and refined over the years and are customized based on the particularities of the market in which the company exists. But when it comes to a strategy for our companies' people, who are the foundation upon which all other business strategies are predicated, things get very murky or nonexistent quickly.

Ask yourself this: you wouldn't go into your annual planning stage without a sales strategy or a marketing strategy or a product strategy, so why would you go forward without a people strategy?

Over the years, through building our own company and seeing thousands of our customers work through their people management on our platform, we've learned about what it means to be a *people-centric company*: a company that believes that people are at the center of everything they do, and what it takes to really be such a company. We've learned about the nuts and bolts of performance management, employee engagement, career development, hiring, and more, and our goal with this book is to share those learnings with a broader audience so that they can incorporate them into their companies, too.

While I started writing this book before the COVID-19 pandemic severely impacted the economy, at a time when companies were experiencing dizzying levels of growth and the war for talent made being "people-centric" imperative for recruiting and retaining employees, we actually believe that these pillars of people strategy matter now more than ever. Your people are your competitive advantage, particularly when you have smaller teams with shifting and steep goals. Knowing who are your top performers, keeping them engaged, and growing them up with the business is key to company success.

In this book, I will share the principles of people strategy and how to apply them to your business. We will discuss how a people-centric approach can help your business find its north star in the form of company values, the bedrock of organizational culture, and how those can help guide you with smarter hiring. We'll look at how leading "people first" can help managers lean into a culture of feedback that will improve performance and help employees feel heard. We'll show how employee engagement is a key central focus of the strongest, most enviable company cultures (the one I wanted back when I knew that Teespring had lost its way). And finally, we'll show how growing and developing your

people's career paths will keep your strongest performers with you longer.

Throughout, you will gain insight from some of the brightest minds in business, including Marc Benioff, Greenhouse CEO Daniel Chait, and HR leaders from companies like Anaplan, Webflow, and Asana. In the end, I hope to show you how a people-centric approach is not just beneficial for the employees – a company's most important asset – but for the business, as well.

CHAPTER 1
The Three Pillars of Company Culture

Before we get too far along, I want to spend a little time clarifying what I mean when I talk about culture and explain why it's such a critical component of People Strategy.

So, what is culture? Culture is the summation of all the thousands of interactions, norms, and behaviors at a company. Culture is also the vehicle through which employees can attain a meaningful work experience.

Over the years for many of us, our relationship with our work has changed for the better. Our teams today have very different needs and expectations of their leaders and of companies than those in previous decades. We no longer want companies simply to provide us with something to do for five days out of every week and give us a paycheck. We want them to help us grow and align with our beliefs and causes. This has only become more pronounced as cultural headwinds, such as the coronavirus pandemic, force many to transition into remote work settings.

The Reason You Get Out of Bed in the Morning

Through my work with thousands of customers and hundreds of employees, I've observed that most people look for three key attributes to be truly dedicated and engaged in their work: **purpose**, **community**, and **growth**. These are the three pillars that serve as the foundation of a strong company culture (see [Figure 1.1](#)). Ideally, each of these elements is strong all the time. The reality, however,

is that it's often challenging to always be firing on all cylinders at once. But by dedicating attention and resources to each, organizations can build a solid bedrock for meaningful work and employee success.
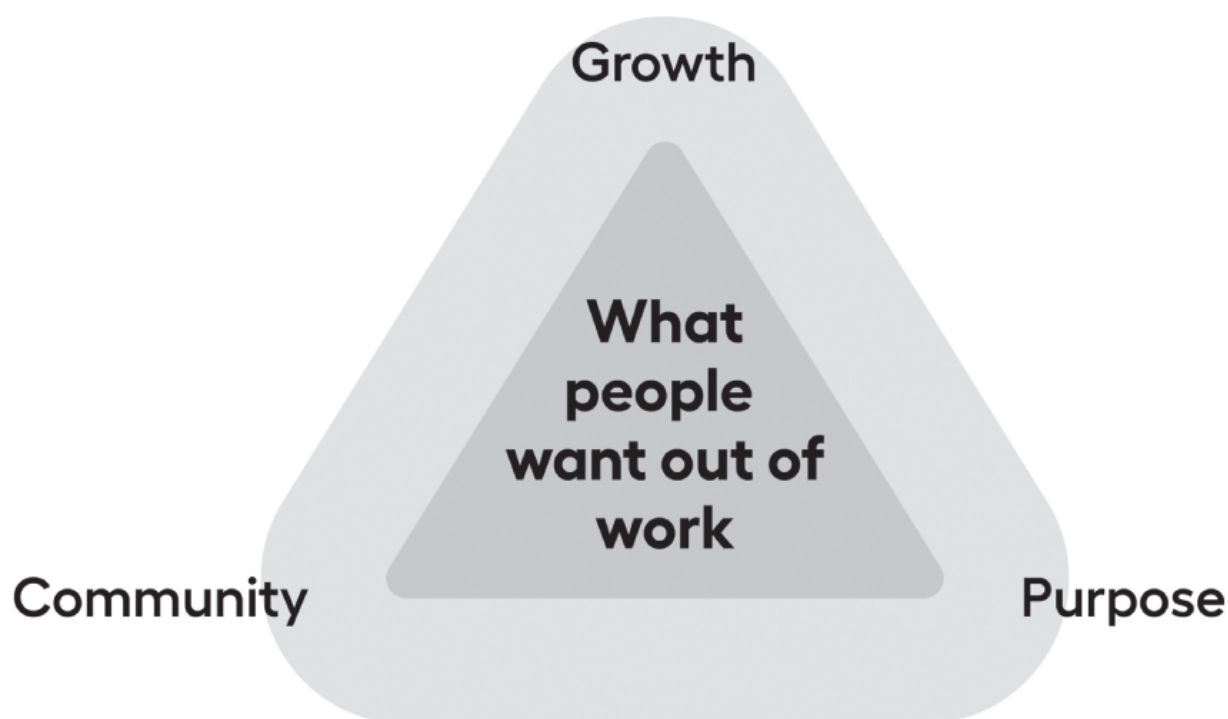
Purpose

Purpose is simple. It's what gives meaning to our lives. It's the reason we get out of bed every day. It's why we spend most of the waking hours of our adult lives working and doing what we do. The way we find meaning in our careers is by seeing a clear connection between our personal purpose and how we spend our time at work. When we have that alignment, purpose becomes a way to understand the contributions we make to both our company and to society as a whole. It's this meaning that allows us to be fully engaged in, and dedicated to, the work we do day in and day out.

I try not to make a habit out of recommending self-help books, but if I have one to recommend, it's *How to Win Friends and Influence People* by Dale Carnegie (Pocket Books, 1998). One thing that Carnegie talks about early on in the book is that one of the most fundamental human desires is the need to feel important. This might sound selfish, and in some ways it is, but that doesn't mean it's a bad thing. It can be channeled to do something great, and it can be channeled into great work for a company that people believe helps the world and has impact.

There's not one "right" purpose; it's different for everyone. For some people, it may mean working for a company like charity: water (https://www.charitywater.org/) that has a social mission to build technology to help global communities get clean drinking water. For others, it may mean working for a company like Slack (https://slack.com/) which transformed communication at work for millions of people around the world.

Regardless of how you define success, knowing that your work matters to the world and that you have a chance to make a dent in the universe is so important to employees. And so, recognizing that, honoring that, and talking about it is very valuable when you're thinking about building your company.

In fact, I believe that the articulation of a company's purpose, and how it connects back to employees' purpose, is one of the most critical aspects of a leader's role. This may seem like a no-brainer, but it's not always easy. First, landing on your company's purpose – identifying why we exist and why we should continue to exist – can be a contentious and grueling exercise.

At Lattice, it took a lot of time and a lot of work to cultivate that answer. To first identify it and then sew it into the fabric of the company required serious reflection. What was

our mission? Who was our product for? What kind of dent did we want to make in the world? And then there's the challenge of rallying the company around it on an ongoing basis, continually reminding and reinforcing the message.

Oftentimes, you have to make a choice between talking about the operational aspects of the business and talking about the *inspirational* aspects. Too often, leaders lean to the former, and don't give enough airtime to the latter. But when leaders are able to establish and keep that connection, they find that employees use it as fuel. Their enthusiasm serves as a self-perpetuating meaning machine: they share stories, speak passionately about what the company stands for, share personal lessons, and yes, put more discretionary effort toward achieving operational goals.

Community

Then there's *community*, which consists of the small groups, teams, or even the entire organization in which employees find trust, strong communication, respect, equality, and cooperation. Thriving internal communities amplify collective efforts to be made into something bigger and better than any individual employee could create on their own. Companies famous for their culture, like Apple, Google, and Nike, have created an entire ethos beyond merely selling products. Employees stand for a common goal or mission in which each member of the group is willing to contribute toward progress, and through this shared purpose and identity, strong relationships are formed. Community and purpose, in this way, go hand in hand, feeding into one another and bringing employees closer together.

I'll never forget the moment I realized that such a community had developed at Lattice. It was in the early

days, and we had just moved the company from its previous home – in the one-bedroom apartment we were renting – to an actual office. I was walking down the stairs one day – from the second floor to the first, where most of our team worked – and I realized that I had a full view of the floor. People were huddled up behind computer screens. Some were sitting together, eating food and laughing. Others were headed out for a walk to get a coffee. It hit me: *These people like each other. They're having fun together. These folks are friends.*

It was a powerful moment. I had moved to San Francisco when I was 23. It was a new city for me, and the first friends that I made were through my job. My work was also my community. My coworkers – my fellow team members – were my people. The realization that we had built a place where other people were now forging those same kinds of connections, where this community was being fostered, nearly brought me to tears. After all, I knew how much being part of a community had meant to me.

This sense of community is a beautiful thing. It creates a sense of belonging that can motivate members to elevate their performance and dedication to what they care about most. Isolation, by contrast, creates hopelessness. We can't impact the complexities of the world and face up to major issues – like the coronavirus crisis or the movement for social and racial justice – without the support of others.

Community is very important to employees today, and there are a couple of reasons why. One potential reason is because work relationships have become stronger as companies have taken a more important role in employees' lives as more "traditional" communities like church or neighborhood have perhaps become less important. Another possible explanation is that the rise of the Internet and technology has led to a more globalized world. And as

a result, the city, the nation, and the neighborhood have become less important constructs for people. You could even point to the decline of religion in major cities where this third community outside work and home has become less deep in our lives and, as a result, employees are seeking that more at work.

Whatever the reason, employees today have a deep hunger for community in their workplace. They want to be part of something. Community is a basic human need, and the workplace, more than ever, serves that. As such, it's important to know as people leaders that embracing challenge is not just OK, it's actually critical. Community, in many ways, is forged in the hardest of times. One that comes to mind for me is that I remember early on at Lattice, during the first six months, we were really struggling, and we just couldn't get our product to work and customers weren't taking to it. We'd been going for months, and my cofounder Eric and I were lying on the grass somewhere and we were just so done. We said, "Should we give up? It's so difficult." And we committed to each other that we were going to keep going for the other one. And that was the beginning of community. That was the first thing that we had at Lattice.

Another hard time was in 2017. I personally had a very tough period where my wife had a miscarriage, and I also had a parent pass away unexpectedly. It was one of the most difficult times of my life. But the company just embraced me and made me feel so supported, and I knew that we would all do that for each other. This inspired me and made me think, "Man, I will fight for this company. If I didn't have this, I don't know what would be happening."

Those are the moments that build community. Those are the trusting moments where you get through something hard together. And so, when you think about community at