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JACK ALTMAN



PEOPLE STRATEGY



HOW TO INVEST IN PEOPLE AND

MAKE CULTURE

YOUR COMPETITIVE ADVANTAGE

WILEY

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To my wife, Julia, and my son, Liam

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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.

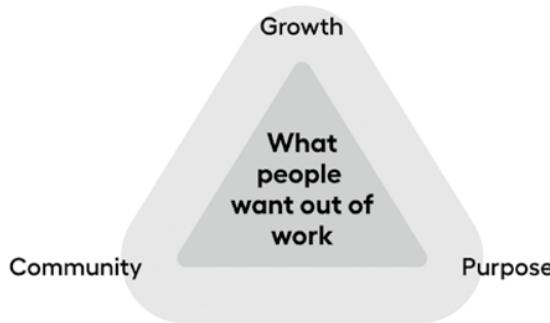


FIGURE 1.1

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.