

Hello, this is Wayne Rivers at The Family Business Institute. Thank you for tuning in. Please give us the benefit of your comments below and click on our social media and do us a favor to help us with our search engine optimization.

So, this week I want to talk about how structure saved a company. This is a company probably many of you have at least heard of, if not actually used directly. It's called Mailchimp. We don't use them. No conflict of interest here, just a disclaimer there. But it started off ... It was a startup. It was a high-tech startup. Mailchimp was among the first ones that helped small businesses and medium-sized business with their mass email communication and things like that. The CEO's name is Ben Chestnut.

Ben and a small group started the company, and everybody at one time could meet around one conference table and make decisions that way. Everybody just knew each other. And then a few years later, they had some pretty spectacular growth, and they had a company picnic, and he looked around and there were 300 employees there, not to mention their families. And he realized there were more people there that he didn't know than he did now – that's a big shift in only a few years from the old days, from the startup days.

At the company picnic, there was an open forum for questions and answers. One of the employees stood up and asked about the future plans of the company. That wasn't their culture as a startup as you can imagine, to have a five-year plan, or a 10-year plan. He blew the question off and said basically that old movie line, "We don't need no stinking plans. We don't need no stinking badges." The Treasure of Sierra Madre I think. Anyway, he blew off the question because it just wasn't a part of their culture at that time, and some of the employees there were okay with that because they were part of that original startup culture. But a lot of other employees who had come along later were not.

So I've got a story about that, and it relates to one of our clients. Just a few weeks ago, a construction client from the Midwest, we did a little bit of a survey, and it came back among the best employee surveys that we had done. We color-code a lot of the answers red, yellow, and green like a stoplight. Red, stop, can do something. Yellow, pay attention. Green, hey you're in good shape. And most come back covered in red and yellow. The culture has gotten away from them. Lots of things have gotten away from the leaders, and they really need some serious attention. This one came back terrific. It was among the best we ever had really. The only thing that came out of it was that the employees are hungry. Gosh, like two-thirds of the employees that responded to this thing were like, "Where are we going to be in five years?" They wanted ... These are talented people. And in today's business, whether you're in construction or any other business, there's such a war for talent going on. And these talented people want to know, "Where are going to be in five years?" Because they've hitched their wagon to this particular company star, and they want to know.

The same thing happened to Mailchimp, and they just let it get away from them. So another employee stood up at the company picnic, and they basically asked the CEO, "Why are you being so secretive?" Well, he wasn't being secretive. He's probably an open book kind of a guy. But they just really didn't have the plans. Another

employee told him he needed leadership training, which is kind of funny. But in other words, the interpretation was a lack of future planning meant that he was a poor leader.

As the company grew, the CEO and the people that worked at the company lost that connection. They didn't know each other directly anymore, and that created almost a trust gulf in the company. So the employees saw no articulated vision. They saw no destination for where the company was headed. And they saw no answer to the question, "What are we going to be when we grow up?" And that gave them pause. So the executive team got together and said, "Hey, we really need to do something about that." And they said they needed to change the company from being a startup to being a grownup.

They did three things in particular. First of all, they acknowledged the need for transition, and they threw themselves into closing this gulf and making sure that people did know that they had a direction and a plan and a strategy and communicating that throughout the organization.

The second thing they did was they started Mailchimp University. Some of our clients have actually done this. New employees go through an orientation period of a few days to even a few weeks, and every single employee, and they talk about vision, mission, values, where we're going to be in five years, show them certain numbers and even metrics and things like that.

The third thing is they let some people go. Some of those startup employees loved that loose startup culture, and they actually resisted the idea of University or putting together a clearly articulated vision, and so they needed to go and that was part of the culture. Now, they left, and the company went out and found other superstars to replace them. So it wasn't the crisis that it could have been. But as they transitioned the company culture, people who fit with that open, loose, entrepreneurial startup culture didn't fit so well with a more structured, buttoned-up, grownup organization. And you may be experiencing some of that yourself.

So, the lesson in all this I think can come down to one word and that is professionalize. When our family businesses get to a certain point in their trajectory, they need to leave behind the entrepreneurial style, leave behind the startup style, if you will, and they need to professionalize their organizations. Professionalizing your organization, just like with Mailchimp, starts at the top. Once that decision gets made, the organization can react and put structure and strategies in place to make professionalism and a professionalized organization a way of life.

This is Wayne Rivers at The Family Business Institute. Thank you.