

# What Happens When Companies Scale?

Research from the Best Workplaces for Start-ups



## Culture is At Risk But Key to the Success of Start-ups Business Growth.

Small businesses represent two-thirds of the Canadian labor force. Their success is central to economic progress. At the same time, growth itself represents one of the most consequential challenges young businesses face.

The close-knit nature of smaller organizations fosters hands-on leadership, consistent employee treatment and an innovative environment. Those traits are all vital to continued success, but difficult to scale.

Our research for the Best Workplaces for Start-ups focused on how leaders of growing businesses can maintain a strong culture while growing continuing to faster than their peers.

**"When it comes to growth and innovation, the 2020 Best Workplaces for Start-ups continue to outperform their peers making these companies more competitive and helping them secure their position in the marketplace. What these companies do differently, is that they offer a great workplace for all employees, regardless of role or personal traits."**

- Jose Tolovi Neto  
Managing Partner, Great Place to Work Canada

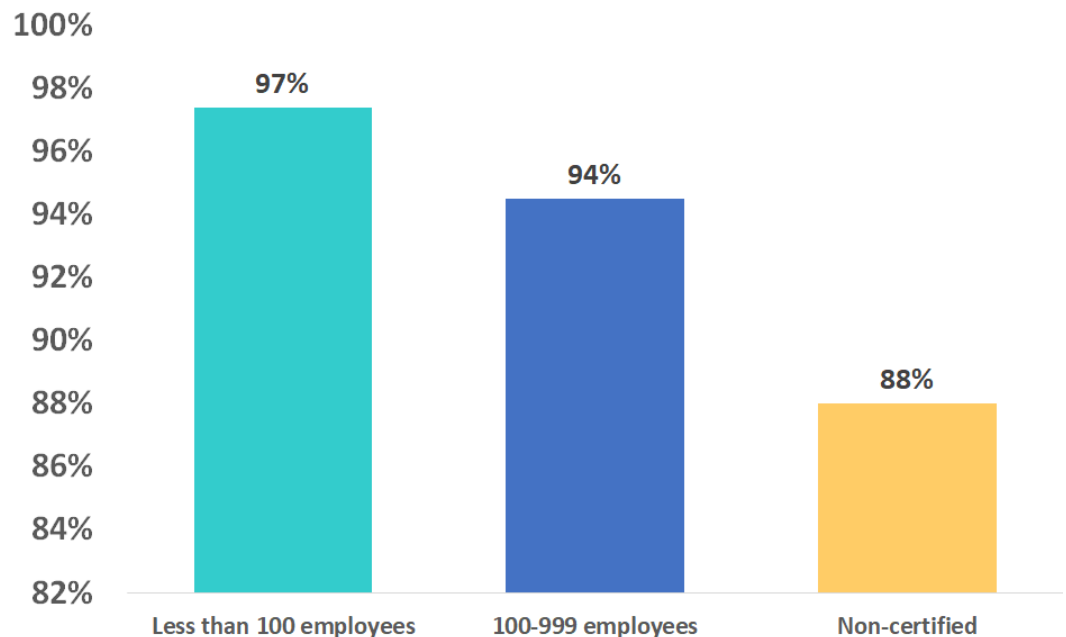


## Meaningful Management

Business expansion can be tough to manage, and it's easy for leaders to overlook the deterioration in a team's work experience that often accompanies growth.

After analyzing surveys from hundreds of employees across industries, Great Place to Work found that large companies usually generated lower scores than smaller ones. People at big businesses were less likely to say they look forward to coming to work and more likely to express concerns about politics, fairness and managers' decisions. Even among smaller and mid-sized businesses, employees of mid-sized companies expressed less confidence in their leaders than people at smaller organizations.

### Expresses a Great Deal of Confidence in Executives



\*Non-Certified = Organizations that have not reached the Great Place to Work® Certification levels.

This is why employee trust and a clearly articulated purpose are so important for a business early in its growth. While processes and org charts evolve, company values can remain a constant. Great Place to Work consultants often give fast growing clients the following advice to preserve the culture that originally attracted employees to their teams:

### Hire with Intention

When business takes off, it's tempting to hire managers quickly. Even if candidates offer much-needed expertise, though, leaders should focus first and foremost on how new leaders will manage their subordinates. Inspirational values expressed by founders quickly become meaningless if they're not apparent in the experiences of front-line employees. Be sure anyone in a supervising role demonstrates the same character and leadership philosophy you want the company to reflect in the future.

### Lift Up Good Work

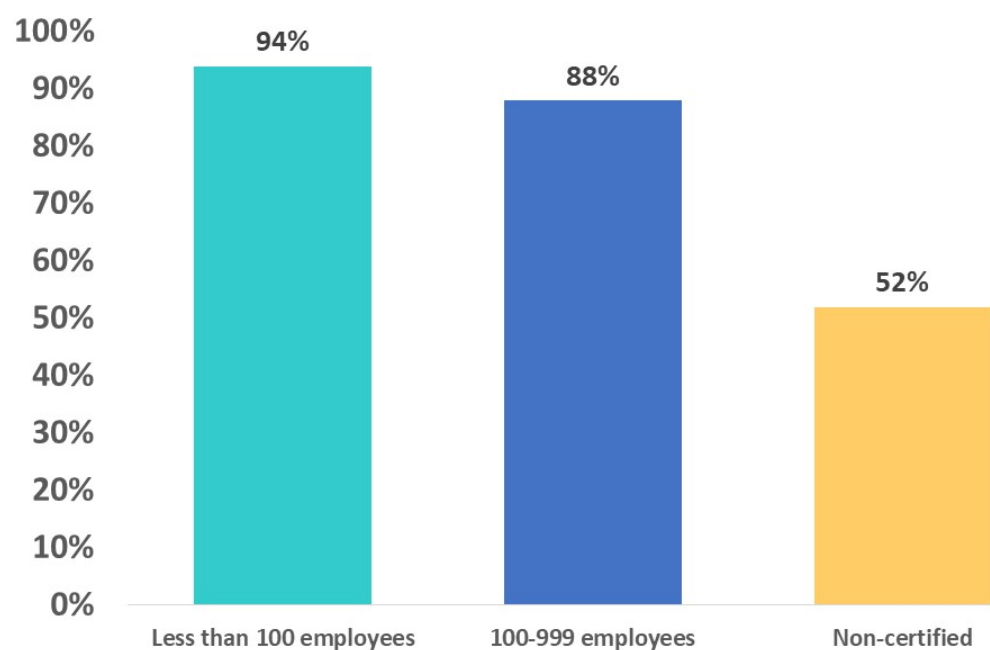
Keeping a small business alive is hard work for all involved. When entrepreneurs begin to reap the benefits of their ventures, team members will naturally want to share in the success they helped create. Our research has found employees care more about the fairness of how profits are distributed when organizations grow larger. In addition to thoughtful compensation decisions, employees also benefit from workplace programs that acknowledge extra effort and show appreciation for team members' daily work.

### Lead By Example

The head of a large company can't personally make the case for her strategy to every employee who will implement it. Instead, most co-workers have to trust the competence and intentions of executives they rarely interact with. This is why leaders must make and explain decisions in terms of their company's core values. Even when those decisions miss the mark, employees will feel they were made in good faith if they're consistent with the culture they've helped build.

Compared to established small and medium sized workplaces, employees in start-up organizations experience a higher level of leadership effectiveness.

## Leadership Effectiveness Experienced by Employees



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"Our company goals are clearly communicated and metrics are readily available for our team to access. This transparency empowers our team members to identify where they can make an impact on our business, an opportunity we've seen our team members embrace time and time again!"

- Thinkific Team Member



Adding to the challenges of a growing business, our research found employees tend to report unequal experiences along demographic and job-related lines more frequently at larger companies.

#### Most Division As Size Increases

Pay Type (Hourly/Salaried/Commission)

Tenure

Managerial Level

Aboriginal/First Nations

Age

Gender

Disability

Visible Minority

Sexual Orientation

Full-Time/Part-Time

#### Least Division As Size Increases

Crafting an even playing field from the start also requires a substantial investment in communication. It's much harder to keep 500 people up-to-date than it is to inform a team that still fits in a single conference room. Executives must lay out their plans, goals and expectations in a timely fashion across the workforce. If they don't, co-workers will quickly fill in missing information with potentially harmful speculation. This is particularly true when company growth results in less access to decision makers. Consistent, workforce-wide communication also ensures employees don't find themselves out-of-the loop on career opportunities because they're in different departments or socialize with different people.

Because gaps in employee experience grow worse with employer size, young companies are in the best position to address them. For example, it's never too early to audit salary data to identify unexplained pay gaps effecting women or visual minorities & marginalized groups.

## Refuel the Innovative Engine

Ingenuity is one of the defining traits of small businesses, and our research bears that out. On an index of workplace traits linked to innovation, computer modeling of employee survey data predicted a 20 percent decrease between a company with 100 employees and one with 100,000. What can an SMB do to keep creativity flowing as headcount begins to grow? We've found employees at innovative organizations give them high marks on the following survey statements:

Management is honest and ethical in its business practices.

This is a friendly place to work.

I'm proud to tell people I work here.

My manager recognizes honest mistakes as part of doing business.

When you join the organization, you are made feel welcome.

I would strongly endorse my organization to friends and family as a great place to work.

People care about each other here.

I am treated as a full member here regardless of my position.

Management is competent at running the business.

I can be myself with my team.



In sum: Innovative workplaces listen closely to employees, allow them to take risks, and foster environments that encourage collaboration among all employees. Over time, Start-ups that stay agile and open-minded during growth build a competitive advantage over their peers.

## Spotlight On: Thinkific

Thinkific is the number one platform to create, market, and sell your own online courses or membership sites. The company has revolutionized how individuals earn and learn online by building an all-in-one platform designed for both course creators and their audience.

More than 40,000 independent course creators and businesses have already used Thinkific to share their knowledge, build revenue, and educate more than 16 million students worldwide. To date, this has led to more than \$20 million in revenue by Thinkific course creators.



Their innovative way of doing things has landed them a spot on the 2020 Best Workplaces for Start-ups list. Thinkific has also been recognized as one of Canada's 2020 Best Workplaces for Women.



Thinkific's eight core values are the heart of their business. These values are the driving force behind the culture and behind every business decision that is made, including who they hire. Thinkific believes that their values shouldn't be aspirational - but rather reflect who they are already. All team members live and breathe the core values every day.



Thinkific supports their people with ample opportunities to learn and grow. They provide each of their team members a \$1500 annual education stipend to support continued learning and growth.



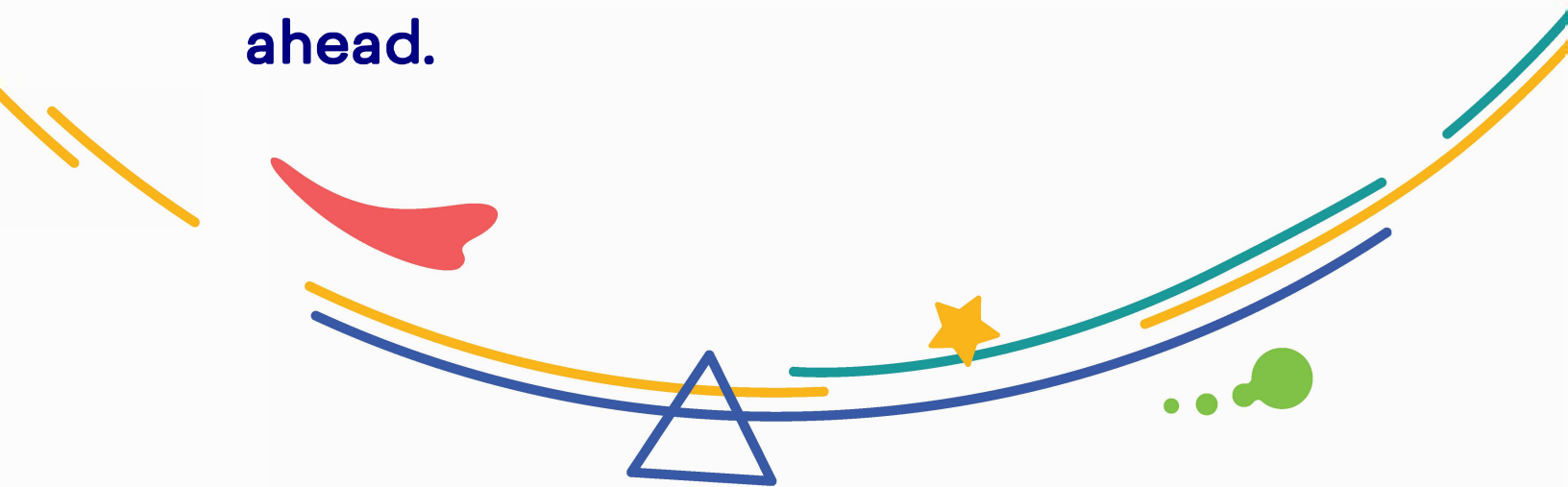
At Thinkific, recognition and peer feedback is heavily encouraged. Every day, they celebrate personal and professional wins internally and share in quarterly rewards for their achievements as a team.

# THINKIFIC

"If you walk around Thinkific, three words come to mind when watching our team interact and deliver: collaborative, passionate, and caring."

-Thinkific Team Member

The biggest challenges that face a growing business often represent its biggest opportunities, as well. Early leadership decisions—shaped by the organization’s values—can build a lasting culture that inspires employees. Start-ups can also take proactive steps to encourage innovation and fairness across the workforce. All of these become harder to accomplish in a large organization, and companies that achieve them during their growth will enjoy superior outcomes in the years ahead.







## Want to become a Best Workplace?

GET CERTIFIED

### About Us

For 30 years, Great Place to Work® has worked with leading companies from around the world to identify and build high-trust, high-performance workplace cultures. Our research has proven that building great workplaces for all isn't just the right thing to do, it's better for business.

Great Place to Work® conducts the world's largest workplace study with 60 offices, globally. We've surveyed over eight thousand organizations annually and heard what over twelve million employees had to say.

Get in touch today to begin your journey to a better workplace.

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