

Masters of Scale Episode Transcript: Listicle 2

“Five secrets to keeping your best employees”

[Click here to listen to the full Masters of Scale episode.](#)

REID HOFFMAN: Hi listeners. It’s Reid. You’re about to hear a special episode of Masters of Scale, called “Five secrets to keeping your best employees.”

You’ve probably thought about your team a lot during the pandemic – from their physical safety to their mental health, to whether your organization can survive without painful layoffs.

Now that the prospect of normalcy is glimmering on the horizon, you may be asking different questions about how to lead your team. Like, when should you ask them to come back to the office? How can you get them reconnected to the mission and vision of the company? Will things ever return to normal – and what does that look like now?

In this time of reopening, full of unknown variables, teams need clear leadership more than ever. That’s why we’ve made this episode, using carefully selected stories from Masters of Scale and Rapid Response.

So as businesses, and the global economy, start to regroup, let’s look at “five secrets to keeping your best employees.”

[THEME MUSIC]

HOFFMAN: I’m Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And this is “Five secrets to keeping your best employees.” Let’s jump in with our first action item.

#1. Be utterly – even uncomfortably – authentic.

When it comes to important qualities in a leader, maybe the most elusive of all is “authenticity.” It’s easy to spot, and hard to fake. But what does it really mean? Is it revealing deeply personal stories? Or maybe it’s having a beer with the crew?

What kind of sharing is effective, and how much is too much?

The answer is both more nuanced, and a little simpler than you might expect. That’s what you’ll hear in this excerpt from my interview with Angela Ahrendts. She’s the former SVP of retail at Apple, and the former CEO of Burberry. Angela knows all about how to unite a team, and it starts with what you might call “purposeful authenticity.” Let’s listen.

ANGELA AHRENDTS: I realized that I had to do it my way, and they brought me in to do it my way. I was told very early on, we don't do videos. Like, "Excuse me, it's like a YouTube world." No videos period.

HOFFMAN: That's Angela Ahrendts. And she's telling a story from her first months as Apple's Head of Retail.

AHRENDTS: It'd been a couple of months, and somebody came up to me and said, "We think you should send an email out to all 70,000 employees, and if you give it to us by Friday, we'll translate it into 36 la-..."

I picture my three teens in these stores, and they don't read email. And no, that's not going to work. I said, "I'm going to do a video."

"We don't do videos."

"I'm going to do a video."

"We don't do videos."

I said, "I'm going to do a video, and I don't want a studio, and I don't want hair and makeup. We have a phone. I'm going to do it like my kids do YouTube videos. It's going to be three thoughts in three minutes or less, no editing, nothing."

HOFFMAN: So Angela recorded her first video memo to Apple employees from her desk, using an iPhone.

AHRENDTS: I just said, "Hi, sorry I haven't reached out before, but we're going to do these videos. I'm going to talk to you once a week, three thoughts in three minutes or less, because I want you to be aware of what our plan is, where we're going, I want us to connect. I want you to trust me." I just was very open and honest.

HOFFMAN: As Angela was speaking, something happened.

AHRENDTS: One minute in, my phone rings. I look down, and it's my baby, it's my daughter. And I said, "Don't stop." I said, "Excuse me." I picked it up, and I said, "Angelina, Mommy will call you back in like two minutes," laid it down, and just kept going.

And so of course they want to edit it. Apple's got to be perfect. And I said, "Not in this world." It does not have to be perfect. They have to see that I am authentic. They also have to see that I put my kids first.

HOFFMAN: Yes.

AHRENDTS: The next day I must have gotten 500 emails of people thanking me for taking my daughter's call.

HOFFMAN: Angela taking a quick phone call from her daughter – that set the stage for what she really wanted to communicate.

AHRENDTS: “I'm not a king or a queen or a dictator. I'm here to do my life's greatest work. Will you help me? Can we do it together?”

HOFFMAN: Angela knew she needed to connect with every employee in every Apple store. So she found a way that was personal, genuine, and emotionally present.

Your version may look different, like opening up about your favorite movie or a hobby. Or even sharing a personal hope or a fear.

You don't need to surrender privacy to lead effectively. In fact, removing all personal boundaries isn't usually a healthy way to lead. But you do need to actively connect in a way that's meaningful to you and your team.

Authentic leadership is a powerful tool – and is exactly what a team needs in this moment of transition.

During the pandemic, leaders across nearly every industry saw how strongly employees respond to truth and transparency. That's a lesson we can't afford to forget, especially now, you'll be asking your teams to do things like come back to work in person or work in new ways. So be purposeful in recognizing when and how you can be revealing and vulnerable. When you lead with authenticity, you inspire your team to come along.

#2. Show your team trust – by giving them space.

“Trust” is a word we hear a lot in uncertain times. Customers want to be able to trust the products they buy. Businesses fight to ensure that theirs is the “trusted brand.” Behind the scenes, trust is just as important. Organizations falter if managers can't trust the teams they lead, or vice versa.

But saying you trust your team, and showing it, are two different things, as you'll hear in this clip with psychologist and author Adam Grant. He spoke with Bob Safian on Masters of Scale: Rapid Response on how for some CEOs, letting go is hard to do.

ADAM GRANT: Early 2018, I went to a bunch of the most powerful CEOs in Silicon Valley. I said, “I'm interested in running a remote Friday experiment.”

HOFFMAN: As a researcher and professor at the Wharton School, Adam conducts these types of experiments to explore how to improve business practices.

GRANT: I said, “I'm curious about whether letting people work from anywhere one day a week could increase productivity and creativity without hurting culture and collaboration.”

They all said: “No thanks.”

I was pretty surprised by this. So I asked them why. And they said things like, “I don't want to open Pandora's box. Because once we let people leave, they might never come back. And I'm afraid that productivity is going to falter, and our culture is going to fall apart, and people won't work together.”

HOFFMAN: In retrospect, that seems like a pretty pessimistic view of team culture. But in 2018, the “Pandora's Box” view was also common. Leaders worried that a distributed workforce would mean the death of culture and productivity. Needless to say, those attitudes have changed after pandemic-imposed remote work proved so effective.

GRANT: hilariously, at least three of these CEOs have announced that their firms might never return to an office. They were so resistant to rethinking this simple idea of just letting people work remotely one day a week, and now that they were forced to rethink it, they've decided, maybe we should work remotely all the time.

HOFFMAN: With hindsight, it's easy to see how wrong those CEOs had been. Their resistance to change was based on how they feared employees would respond to even a taste of remote work. They made an assumption ... and assumed the worst.

Right now, your team deserves the benefit of the doubt. After a time of intense pressure and uncertainty, we've seen teams around the world rise to the occasion. What they need now is for you to repay that in trust. That's not blind trust; you can and should still evaluate performance and outcomes. But be sure you're evaluating off actual data, not what you think or fear will happen.

Trust in teams is something Dara Khosrowshahi, CEO of Uber, takes seriously. And he can point to a moment he discovered he needed more of it. I spoke with Dara about how great leaders help companies transition from scrappy pirates to a formidable navy. Beware: nautical metaphors ahead.

In 2005, Dara became the new CEO of the travel website Expedia. And he had to hit the ground running.

DARA KHOSROWSHAHI: I was working harder than I ever had. I was in every single meeting. I was working day and night. I was making decision after decision after decision. I thought I was doing a great job. I had no idea.

HOFFMAN: Dara had only been in his job for a month when an employee came to him with an insight he wasn't expecting.

KHOSROWSHAHI: I had an eye-opening moment when a young product manager – Jenne Pierce, I still remember her – came to me just to shoot the breeze at my office. She came and said, “Dara, you keep telling us what to do instead of telling us where to go. And we like you. So if you tell us where to go, we'll figure out our way there. But if all you do is tell us what to do, then whenever you're not in a meeting, nothing happens. So can you just tell us where to go, and then let us get there?”

HOFFMAN: In this one conversation, Jenne transformed Dara's trajectory as a manager.

KHOSROWSHAHI: For me, it was like, boom, eye-popping. I had to really work very, very hard – because I was a bit of a control freak – to let go of what people are doing and really start talking about where we're going, and trust my team to get us there.

HOFFMAN: Dara had just learned an early lesson in running a navy. From the outside, it might appear to you that you command a fleet of ships by telling each one exactly what to do. But that's not how the chain of command works. The admiral doesn't tell each submarine commander the precise depth to dive to. The admiral gives broad direction and trusts that their officers know what to do.

This combination of strong local leadership and a strong centralized chain of command is what defines the most successful navies and distinguishes them from the pirates.

HOFFMAN: What Dara learned, and what Adam Grant's study effort revealed, is that building trust isn't ultimately a matter of words, but actions. Especially in times of transition, the best leaders give their teams leeway to operate.

That doesn't mean avoiding your responsibility as a decisionmaker. Teams can still make wrong moves, or choices that are insufficiently bold in times of change. That's where leaders can be truly additive, making hard calls, and encouraging big swings.

But throughout this process, it's essential to treat employees like peers and colleagues. Whether it's giving them space to work out product solutions, or setting up dialogue with them to seek their feedback – or even just trusting them with remote flexibility – the move required by leaders now is to resist micromanaging. Instead, prove your trust by giving leeway and independence.

#3. Throw a party.

Every organization has its own approach to cultivating joy. Some go with the generic birthday cake, served at 4:00 PM in the conference room. Others opt for the wild conference in Vegas, with skydiving outings and a midnight magic show.

Whatever you're doing, it's time to do more – right now.

On a human level, celebrations can help us make a clean mental break from a period of stress and heartbreak. And after 2020, we certainly can use a break. But at an organizational level, they also help commemorate goals met and achievements unlocked. In that way, celebrations fuel optimism, creativity, and execution.

That's how Melanie Perkins, co-founder and CEO of Canva, approaches team festivities. As you'll hear in my conversation with her from late 2020, she takes the art of jubilation seriously.

MELANIE PERKINS: Every three months we do something called a season opener. We get the entire company together for the entire day, and we get each of the groups we're talking about, their big goals that they're driving towards. They often show you our future mocks, future designs, and really paint the picture of where they're going.

HOFFMAN: I've talked to other guests before about the value of frequent celebrations to strengthen teams. But I found these quarterly session openers really interesting.

PERKINS: One of our values is to set crazy big goals and make them happen. And then when they happen, we have a hilarious celebration. So, when we launched our paid products for the first time, we released doves. Like literal doves, it was hilarious. When we launched in Spanish, which was the first international market that we launched in, we had a little La Tomatina festival where everyone threw tomatoes.

HOFFMAN: Like most other social activities, these season openers had to adjust to COVID times.

PERKINS: It used to be in-person, in each of our offices, but now we do it online, and we send everyone a box. There are always very clear labels on the outside that says, "Do not open." And so, everyone has these boxes that they're not allowed to open, that are sitting in their home. And everyone's always like, "What's in the box?"

And then, the season opener comes, and we have this moment where the whole company unboxes their box, and then there's often envelopes inside or secret clues. And then throughout the presentation, we'll have an announcement. We'll be like, "So we just

hit this really exciting milestone. And the milestone is ... Open envelope number one.” And then people will open the envelope, which is a bit of fun.

And then we'll have some treats in there for people to eat throughout the day. Last time, we had an origami challenge. So the whole company was doing an origami challenge and posting it on Slack. It's just little fun things that help bring the company together. And I think that that element of physicality is quite wonderful because as everyone's feeling distant, you don't want it just to feel like another Zoom call.

HOFFMAN: This may sound like gamification in the employee experience, but I actually think it's a bit different. Because you don't really want to gamify in an obvious way. It can make the employee mistrust your intentions, or even alienate them. Instead, you want to do things that make them feel like they are included inside the tent, versus being acted upon. Incentifying progress with celebrations is fine – tomato-throwing and origami-folding and all. As long as the incentives make the employee feel like a more integrated part of the team.

PERKINS: I think that trying to create that shape and create that little moment of pride for people is a lot of fun and really critical, I think.

HOFFMAN: Melanie's right: cultivating team pride isn't just fun, it's critical. And that's actually the most important thing to remember. You'd be hard-pressed to find a CEO who calls themselves “anti-joy.” But too often, celebration slips down the priority list. Or it gets approached haphazardly.

You don't have to blow through your budget to mark team wins. In fact, even a simple postmortem has value. Post-hoc assessments aren't just for when projects go bad, they're also for when they go excellently, and you want to take stock of what worked.

Your move now is to create opportunities for joy within your team. Whether it's something structured like Canva's season openers, or a surprise pizza day at the end of a long week, seizing chances to celebrate will make the entire organization stronger.

[AD BREAK]

HOFFMAN: We're back with “5 secrets to keeping your best employees.”

We've come to #4: Invest in your team's wellness – in a real way.

For many, the pandemic didn't cause new problems as much as it revealed old ones, from broken public health systems to systematic racism and inequality. Organizations of all sizes and sectors were called on to do more.

For many teams, the imperative of the moment meant a complete breakdown of work-life balance. That balance is in grave need of restoration now.

Maybe no one is more qualified to talk about this than Claire Babineaux-Fontenot. She's the CEO of Feeding America, a nonprofit network of food banks that provides food to millions of people across the U.S. She spoke with Bob Safian on Rapid Response earlier this year.

CLAIRE BABINEAUX-FONTENOT: Going into March of last year – the USDA publishes food insecurity rates for the country – and their projections were that about 35 million people were food insecure. That's 35 million too many. But that represented significant progress, because in the last economic downturn, or last great recession of 2008, we saw those numbers go to nearly 50 million – and it took 10 years to get back to pre-recession rates. So, here we are in March, we're finally at pre-recession rates, we're making progress, and then COVID.

HOFFMAN: In the earliest days of the pandemic, the number in need ballooned again. Meanwhile, Feeding America saw a perfect storm. Their main source of food donations – grocery stores – were suddenly empty of supplies. Their volunteer corps – many of whom were over 65 – needed to stay home to protect their health. It was an all-hands-on-deck moment for Claire and her team. And that led to a classic leadership error.

BABINEAUX-FONTENOT: One of the mistakes that I made actually is that my impulse was as long as there are people who were struggling out there, I need to be working. So I blurred those lines of work and life. There was no balance. I looked back, and I realized that there were people on my team who were doing the same thing. They weren't taking off, they were working on Saturdays and Sundays, and they had worked for, I mean, two months without taking one day off. And I realized that I was providing a very, very powerful and negative example for the members of my team.

HOFFMAN: There was one clear moment when Claire saw the pressure come to a head.

BABINEAUX-FONTENOT: I woke up in the morning, and at 7:00 AM I had a call with some members of my team, and I noticed I was awfully snarky. And I'm thinking, "What did they say to make me so snarky? They don't deserve that." The way that my stress was showing up was: I was becoming increasingly less patient, increasingly less tolerant, and I thought, "Oh, I'm not being helpful." So that's the day that I said, "Okay, no más. I am going to take some time off." And I did. And now I actually, for my own emotional health and wellbeing, and for my viability as a leader in this space, I now have on my calendar that I will take R&R. What I've tried to do is do it out loud.

HOFFMAN: Claire decided to lead by example, not just in how hard she could work, but in prioritizing time off. Your team needs you to lead by example too. Work-life balance isn't just a pandemic necessity, it's essential for sustainable growth. As we approach what in many industries will feel like a full reset, team wellness must be part of the equation.

Another Rapid Response guest who spent 2020 and 2021 thinking about how to increase employee wellness is Ed Bastian. As CEO of Delta, Ed is deeply invested in a speedy post-COVID recovery. But "recovery" means more than the bounceback of the airline industry. It also means the physical, mental, and financial recovery of Delta employees, many of whom come from communities hard hit by the pandemic. Listen to what he's learned.

ED BASTIAN: I think the pandemic has taught us a lot about wellness, about resilience, about our health, the things we took for granted.

We've introduced a lot more wellness and mental health resources, which I know are getting subscribed to and utilized actively. We hired just recently a chief health officer for the first time, Dr. Henry Ting from the Mayo Clinic. And he didn't come to help us navigate the remaining stages of the pandemic. He came to ensure our people are well in all aspects: physically, emotionally, financially even.

So the pandemic has given us license to talk about things we'd never would have talked about as openly and investing in people in ways that we haven't maybe thought to invest in. And people don't talk about mental wellness because of stigmas. It's been okay for people to open up a little bit more. We don't talk about financial hardship cases because people are embarrassed or we feel we pay our employees, it's their responsibility to take care of their money, not ours. But we're giving a lot more tools and coaching as to how to get their credit scores improved and how to feel more secure in life. These are all things that are going to keep with us on the other side of the pandemic that I think are going to be really important to our team and to the health of our company.

HOFFMAN: Many companies are only starting to grasp that employee wellness programs aren't merely perks; they're investments. Because businesses do better when their team members are healthy, happy, and financially stable. You can't ask people to devote themselves to your company's mission if their own ability to thrive isn't part of it.

Prioritizing employee wellness can manifest in so many different ways. But whatever you're doing to support your team, it's important that it be made tangible. Telling them, "We appreciate you" is one thing; showing them is much better.

#5. Invest today in tomorrow's team leaders.

During the pandemic, many businesses went into survival mode, going through painful rounds of furloughs and layoffs. These layoffs tend to land mostly on a team's newest members. But it's exactly these members that can be incredibly effective bearers of culture, and agents of scale.

One of my personal favorite conversations from Masters of Scale was the one that I had with President Barack Obama. As the 44th Commander-in-Chief of the United States, President Obama knows a thing or two about scaling teams. But it was during his historic 2008 campaign for office that one particular lesson fell into place. Listen to how he and his campaign manager strategized around their newest volunteers.

BARACK OBAMA: David Plouffe, our campaign manager, turned out to be a savant when it came to organizing. He was experienced, but he was still pretty darn young and had never actually managed a campaign. He just turned out to be terrific, the guy sweated the details and was smart and disciplined. He understood that for us to be successful, we had to empower people at the lowest levels. The organizer in some county in Iowa, they had to feel as if they could make decisions on the ground and be able to be nimble and respond to events quickly.

HOFFMAN: This distributed empowerment of teams helped the campaign grow exponentially.

OBAMA: We ended up having a horizontal sort of structure, put a lot of money into our organizers on the ground, capped salaries and bloated expense accounts and all that stuff. David just said, "Look, this is how much I'm making. This is how much senior folks are making. Everybody's going to be making half of what you can get paid at another campaign. If you want to work in another campaign, go ahead. But it's because we want to use this money to hire more 23 and 25 year old kids who are going to be running around Iowa busting their butt trying to get folks to turn out for Barack."

HOFFMAN: This is such an entrepreneurial approach to campaigning that I had to take a moment after the interview to talk it over with my producers.

The precise reason why culture is a theme that we come back to again and again within Masters of Scale is because when you're scaling, if you don't have the horizontal culture, your culture will not scale. And then that will become a competitive disadvantage, because it's very hard and takes a lot of energy to refactor culture, and that's part of the reason why everyone tends to be, "Get culture right from the beginning," and scaling is scaling lots of people. What happens when you're hiring a hundred people a week? Well, the CEO can't be infusing the culture in all of those people. They've got other things they're going to be doing.

And so that's why you need to have the culture, lots of people within the organization, and the general network of reinforcement of the culture within the organization.

HOFFMAN: When you're trying to make a deadline, meet a moment, or time a launch – empowering your ground team is how you grow quickly and with integrity.

OBAMA: You had this esprit de corps that develops, young people feeling invested because they're empowered. They're not just going around getting coffee for people. But they're actually our frontline workers and have decision-making power and authority, and we're respecting them.

That's really what ended up winning it for us.

HOFFMAN: Over a dozen years and one pandemic later, this is still essential advice. As companies ramp up post-COVID hiring, it's critical to build in a mechanism for scaling culture, starting at the entry level. Hand your future star players the baton – they'll run with it.

Another guest who understands the value of investing in emerging talent is Rachel Carlson. She's the co-founder and CEO of Guild Education, a digital platform that enables frontline workers to get degrees and certifications as a free employee benefit. Rachel's been watching the war for talent heat up – and sees training programs and upskilling as essential to winning that fight. She talked to us about it on Rapid Response earlier this year.

RACHEL CARLSON: So employers serve as the Guild's distribution channel. They help connect their employees with the upskilling opportunities, but then they also pay. They pick up the bill for their employees to go back to school, and that's because they see a real positive ROI in doing so.

HOFFMAN: That positive ROI shows up in a number of ways, like a more skilled workforce and the ability to promote from within. As we transition out of the COVID age, demand for labor is sky-high. And offering a free education is a great way to attract and retain new talent.

And upskilling is also a critical tool for companies to fulfill promises made during 2020's summer of racial reckoning.

CARLSON: We used to have a pretty hard time getting employers to talk about up-skilling as a tool for mobility, for underrepresented minorities, whether that's by race or by gender. After George Floyd's murder and the conversations around Black Lives Matter this summer and a lot of companies suddenly budgeting their diversity teams, we've had a tremendous amount of work with those teams saying, "OK, how do you actually invest in your Black talent, in your LatinX talent, in other populations that are underrepresented?"

And the answer in many cases is actually doing really specific upskilling strategies because those populations are often the same who haven't been given the opportunity to have the elite four-year college experience at age 18. And so we found with one of our partners that their Black employees who are using a learning and upskilling program are being promoted at 2X the rate of Black employees who aren't using a learning and up-skilling program.

And in that there's two things. You're helping Black talent highlight to their company: "I'm investing in myself. Take a risk on me." And then two, you're helping that Black talent say, "I'm also learning skills that are relevant." So there's unconscious bias being unpacked there. There's skills development. There's rectifying for lack of community investment that should have been offering those skills.

HOFFMAN: Whether you focus on upskilling or other inclusive efforts, you should be taking steps now to integrate and optimize all levels of your organization. It will help you build your bench of talent, and empower them to assume leadership roles more quickly.

We hope this special episode has given you some practical advice on supporting your teams in this peculiar moment. Yes, this moment, right now.

Right now, you can record an unvarnished personal message, like Angela Ahrendts. Or like the CEOs Adam Grant spoke with, you can make a decision to trust your teams ... even if they're not always on-premises, within arm's reach.

You can decide, like Dara Khosrowshahi, that from now on, you'll focus not on telling your team members what to do, but on showing them where you're all going.

You can lead by example, like Claire Babineaux-Fontenot, and choose mental health over burnout. Or like Ed Bastian at Delta, double down on investing in employees' well-being.

Just like President Obama, you can structure your growth strategy around empowering and democratizing team members, even those who don't have much seniority. Or take a page from Rachel Carlson and invest in upskilling to unleash new talent and new opportunities.

Remember when you told your team, "We're all in this together." It's up to you to make sure that's more than happy talk. Because actually, you're not trying to get your team back to normal. What they deserve now, is to move forward.

I'm Reid Hoffman. Thank you for listening.