Masters of Scale Episode Transcript: Hiring Listicle

“Five surprising ways to rethink your hiring”

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HOFFMAN: Hi listeners, it's Reid. You're about to hear a special episode of Masters of Scale called "Five surprising ways to rethink your hiring."

Hiring is integral to scaling. And it's one of the biggest challenges.

It's how you ensure sustainable and thoughtful growth for many different aspects of your company — like operations, profits, brand voice, creativity, culture and diversity grows and evolves in a sustainable and thoughtful way.

But to the busy leader pushing ahead, hiring can feel like a drag on your momentum. Adding each new team member takes a huge investment of your time and effort.

It can also feel like an exhausting game of leapfrog. To reach each stepping stone of scale, you need to vault over the next, bigger "hiring hurdle" as you play catch up in terms of the size and skillset of your team.

But it doesn't have to be like this. Hiring shouldn't only be determined by where you are at now on your scale journey, but where you want to be.

And this is where the visionary mindset of a founder comes into play, whether you're an actual founder, team leader, or hiring manager. Because as I like to say, you must always be hiring — and this is an aspect of leadership you need to fully embrace.

This is why we've dedicated a whole course to the subject of hiring. Members can already dive into it on the Masters of Scale app. And if you're not already a member, you can join right now by visiting mastersofscale.com/membership.

But even if you've already aced our hiring course, there's a lot to be learned in the founder stories you're about to hear. In this special episode, we're going to share five critical mindset shifts that will help transform your approach to hiring at every stage of scale.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And this is "Five surprising ways to rethink your hiring."

Number One: Don't (only) look for people who are available.
A growing team always needs new talent. If you only focus on candidates who are available right now, you're severely limiting the pool of talent that's open to you.

That's why you should think of each new person you meet as a potential future hire — not just the people who send you their resumes or flag themselves as open to new opportunities on LinkedIn.

For an example of this in action, we're going to hear a story that Angela Ahrendts, former Head of Retail for Apple, shared on Masters of Scale.

Before joining Apple, Angela was the celebrated CEO of Burberry. During her tenure, she led the luxury brand through an epic turnaround, doubling revenue and tripling their stock price.

Angela herself became by some estimations the highest-paid executive in Britain. Her retail acumen, and her ability to lead teams, caught the eye of Apple CEO Tim Cook. He wanted to recruit Angela to lead Apple’s retail operations. He had his work cut out for him. We'll start the story from the first phone call. I asked Angela about it when we talked.

**HOFFMAN:** So then you get a call from Apple. And that must have been very tricky. Even though Apple is obviously iconic, magical.

**ANGELA AHRENDTS:** Yeah. You know, and of course it always comes from the search firm. And so it was so easy to say no. And I said, "I'm honored, absolutely honored to be considered, but I have the greatest job in the world, and we just bought our beauty business back. We just told the board we're going to double the business again in the next five years, and I'm on a mission. We're going to be number one in the luxury sector. So, no, thank you."

**HOFFMAN:** Angela turned Apple down the first time. But that's just the beginning of the story, which is why I'm sharing it with you today. You're about to hear a masterclass in hiring at the most ambitious level. It's about playing the long game.

**AHRENDTS:** So of course then I get the phone call again, and I said, "Look, it's only been six months, and nothing has changed. I had a senior team. I mean, we just could do no wrong, and it's magical, and I'm loyal to a fault.

There is no reason for me to have a conversation. And oh, by the way, I had two kids in university in London, right? And a husband who thinks we're living there the rest of our life. So, leave me alone. Again, lovely meeting with him. Thank you, but no thank you. It was quite easy.

**HOFFMAN:** It was easy for Angela to say no — even to Apple. Until, of course, it wasn't.

**AHRENDTS:** Why is it when your life is perfect that somebody wants to flip it upside down?
HOFFMAN: Well, because they see that perfect and they go, "That's awesome."

HOFFMAN: It's funny, because it's true. Tim Cook saw the leadership and clarity of mission Angela brought to Burberry. And he looked ahead to what she could do for Apple. Tim wasn't scrambling to fill this head of retail position. If he had been, he would have — and should have — moved on. Instead, he was patient. And persistent.

AHRENDTS: It was like one Christmas or something, and then I get a phone call. "So you're going to be back in the States. Would you just have a cup of coffee with Tim?" I'm like, "Urgh really?" I thought, you don't want to be disrespectful and you don't want to be arrogant, he's like the biggest CEO in the world. And so I said, "Fine, I'll have a cup of coffee."

HOFFMAN: What Angela would find in Apple CEO Tim Cook was someone with the ability to project a grand vision, while making you feel like you're the only person in the room.

But as persuasive as Tim Cook was face to face, she turned him down. A bunch of times.

AHRENDTS: I told Tim, I said, "Trust me, I'm not the right person. You don't know me. I'm instinctive. I'm creative. I'm not a store operator."

He's so calm. He said, "We run the most productive stores in the world. I think we've got a lot of good operators." And I said, "But I'm not a techie either. I don't code. I don't ... I know enough questions to ask to be dangerous. And I know enough to get the teams to go where I want them to go, but I'm not..."

Very calmly: "We have enough of those." And so only after a while did I realize that it was really leadership that he was looking for, that he wanted the teams to be united.

HOFFMAN: In this moment, Tim Cook knew incredibly well the importance of uniting his retail team under a leader who knew how to do just that. And he also knew how to play to Angela's sense of mission.

In the end, Tim convinced Angela she was the right person. And because he had started early, he could take the time he needed to convince her, with kindness and calm.

If you're thinking this reverses the traditional balance between recruiter and recruitee, well, you're absolutely right. You'll be the one selling your prospective new team member on why they should join you.

And notice how a key factor that made Tim want Angela for the team was an alignment in values. Angela wasn't just a skills fit, she was a cultural fit.
And this was why he was prepared to wait for Angela to be available. It was also why he was sure Angela would thrive at Apple.

It's easy to overlook cultural fit as a "nice-to-have." But it's essential. Especially in the early days of your company. Which brings us to our next hiring rethink.

**Number Two: Hire for culture, not job title.**

Truly strong company cultures emerge only when every employee feels they personally own the culture.

And a strong culture should be a true articulation of how your employees work at their best. It should be grounded in your shared mission, the thing you’re actually trying to accomplish. It should be understood by everyone and built by everyone. And it should be built ground-up from the very first day.

This is why we named the chapter on culture in the Masters of Scale book "The Never Ending Project."

But the question remains: How do you get everyone across your organization to share your values, without stifling diversity? And trickier still, how do you spread those values when you’re hiring new employees by the hundreds?

A lifetime of serial entrepreneurship has led Marc Lore to make cultural fit central to his hiring strategy. Marc co-founded Diapers.com, which sold for $545 million to Amazon, and Jet.com, which sold for $3.3 billion to Walmart.

Here he is sharing some of his insights about focusing on cultural fit while hiring. Until now, some of the interview with Marc you’re about to hear has only been available to Masters of Scale members who can access the full, uncut interviews with Masters of Scale guests.

**MARC LORE:** Having a team that shares a common set of values is really important, but at the same time you want diversity of thought. You definitely need to have a diverse team so that there's no group think, and I've definitely learned that that can happen quite easily.

**HOFFMAN:** Avoiding groupthink is an important aim of hiring for culture, but there are other huge upsides — not least, making sure everyone is striving for the same mission.

**LORE:** But I think it comes down to like a common set of values, like finding people that you can trust, that have kindness and empathy. You don't want to have politics. That'll slow you down. People with big egos or doing things for their personal reasons as opposed to what's in the best interest of the company and things like that. Because I think sometimes it's easy. You find somebody with a great resume and you're like, "Oh,
this person would be great given their skillset of what they know.” And you kind of overlook the, sort of like, how they're going to fit into the system.

**HOFFMAN:** Marc's not saying you should completely ignore what's on a resume. Instead, don't make that list of skills and achievements the overriding factor in your hiring decision.

**LORE:** I've kind of the opposite now is like, "Fit into the system, and then I'll make some concessions on what they've done in the past." Like they'll figure it out. It's almost the best available athlete strategy, more so. Like find a team of people that just gel, that are smart, they're passionate, they're optimistic, kind, and bring them together, that they'll figure out, or hire — actually not even figure out, but hire.

**HOFFMAN:** And this is one of the most important scale multipliers: hiring for culture makes a team that instinctively gets your mission, your culture, and your values, and are keen to bring in other cultural fits.

**LORE:** I knew nothing about eCommerce when I started or nothing about food or nothing about any, but then you hire people that do. And so it would be kind of hypocritical of me to say, "No, you must have this experience if you're going to be in this company to do this." Because the great people will find the people they need to hire.

**HOFFMAN:** Before we move on, a cautionary word about mistaking "cultural fit" for "cultural conformity" from Flickr co-founder Caterina Fake.

**CATERINA FAKE:** I mean, it happens over and over again. You see this happening, that if you have women in the founding team, if you have African Americans in the founding team, if your team includes Latinos, you have a more Latino team, it just naturally evolves that way. And I think having a sense of who it is that you want to be in your company, deliberately choosing and building a team at the very outset will carry through the organization from the get go.

You know, a lot of companies try to graft on these diversity initiatives 12 years after the founding of the company because of some terrible event that has occurred to the company, and those tend to not be very successful. It's because the culture has already been formed. The culture is very, very hard to change once it's been established.

**HOFFMAN:** One thing you do want to embed in your culture is a hunger for new knowledge and skills, which brings us to our third hiring rethink:

**Number Three: Create your own A-team.**

When you're at the cutting edge of a market with a new product, service or way of doing things, you often need candidates with a skillset that simply doesn't exist.
This is when you need to create the candidates yourself.

Perhaps the most impactful example of this in Silicon Valley is Google's Associate Product Manager program — created by Marissa Mayer, who told us about it on the Masters of Scale episode titled "How to Make the Star Employees You Need."

You may not have heard of the Associate Product Manager program, but it's one of Google's crown jewels, alongside Search and Gmail. And I would argue that it sits at the root of Google’s success.

Marissa was convinced she could hire smart people, and train them to be the colleagues she was looking for. She was confident about it, because that's what she and Salar had done. They had come to Google as coders and had become product managers.

**MARISSA MAYER:** I was like, "I'm gonna go to Stanford and MIT. I'm gonna look for really well-trained computer scientists who also understand how to apply technology. I'm gonna bring them in, give them really big jobs because we have really big jobs here in the product management group that aren't filled, and we'll just do what kind of happened to Salar and me. Larry and Sergei, at times, just kind of yelled at us until we did what they needed us to do and rose to the occasion. I was like, I'm hoping to do that with less yelling."

**HOFFMAN:** Marissa found her first APM hire: 22-year-old Brian Rakowski. Fresh out of college. What project did Marissa choose to ease him in on? She gave him … the whole of Gmail.

**MAYER:** We brought them in and gave them these huge jobs. They had to have been some of the most stressed out bunches of 22- and 23-year-olds in the world.

**HOFFMAN:** Marissa named this trial by fire the Associate Product Manager program. From the beginning, Google's APM program was founded on the principle of exposing new product managers not just to one product, but to many. At the core of the program was a yearly rotation that moved the new product managers between different departments. Even if some of them were reluctant at first.

**MAYER:** The APMs, they would always be like, "No, I don't want to rotate." I said, "Look, Google is a really unique place because you can try three or four different formats of product management in one place. You can do nascent products. You can do mature products. You can do mobile. There were all these different types of product management, and usually to get that breadth of experience, you'd have to change companies, which is a far scarier move." The nice thing for them is it gave them that flexibility without taking the leap of changing jobs.

**HOFFMAN:** True to form, Marissa came up with an equation to illustrate the benefits.
MAYER: I would basically say a rotation is anything that can suffice the Mad Lib: "I used to do 'x,' and now I'm going to do 'y,' and by making this change, I'm going to learn 'z.'" You can say things like, "I used to adwords, now I'm moving onto search. By making this change, I'm going to learn the difference between having advertisers as my users versus consumers as my users."

HOFFMAN: Now, there’s nothing new about role rotation itself. This kind of training program reached its heyday in the 50s and 60s with companies like IBM and General Electric. These emerging titans of industry needed new leaders to keep up with the unprecedented leaps in scale and technology. They couldn’t hire the people they needed; so they had to make them instead.

Google's APM Program became a well-oiled machine that found smart young tech generalists and made them into the product managers that Google needed.

The APM program created a secret circulatory system through Google's famously decentralized management structure. Google had grown organically, with ideas and teams sprouting from the bottom up, largely driven by engineers with big ideas. This kind of controlled chaos is a great way to foster innovation.

The APM program solved Google's hiring struggles, and created some of the most sought-after technologists in Silicon Valley. And you don't need to be a tech giant to create your own A-team. Here's Jerry Stackhouse, coach of the Vanderbilt University men’s basketball team and former NBA all-star, on Masters of Scale: Rapid Response.

JERRY STACKHOUSE: You can have a plan of what, in your perfect world, when you have all of the personnel that you want, how things would pan out. But then you have to learn to adjust to your personnel. Maybe there’s something in your scheme and your vision for the long-term that you got to try to tweak a little bit in the midterm.

HOFFMAN: Great employees are made over time, and your winning strategy needs to take this into account.

STACKHOUSE: I just think being able to be flexible and not be so rigid and hopefully you can still build that personnel up to be what you ultimately want. Just work with them, and eventually they may be able to accomplish the things that you want. But in the immediate, you have to just try to tweak your plan a little bit to help them.

HOFFMAN: Both Marissa Mayer and Jerry Stackhouse are legendary leaders in their fields. I'd argue a big part of this is because they attract A-team material.

Which brings us to the next way to rethink hiring.
Number Four: Make your company worth their time

OK, so you've rethought your recruiting. You've hired some rockstar employees, and you're helping them grow into their roles.

But what about their day-to-day experience in their roles?

If you want to attract creative, brilliant people, you need to offer an environment in which creative, brilliant people thrive. This is much more than offering gym memberships or flex-time. It's about offering challenge, autonomy, and growth.

Building such an environment is how Indra Nooyi reinvigorated PepsiCo when she took over as CEO, as she shared on her episode of Masters of Scale.

**INDRA NOOYI:** For big iconic companies to remain successful, we needed the best and the brightest. So we needed the best and brightest talent, irrespective of gender, ethnicity, orientation, don't care.

**HOFFMAN:** Building an environment in which talent can thrive goes hand-in-hand with long term thinking. Indra knew this, and she also knew she had to be proactive in reinvigorating PepsiCo.

Indra set about seeding the talent base with some key hires.

**NOOYI:** I hired myself, perhaps, the best head of R&D. I think that's the best hire I made. Because Mehmood Khan walked into PepsiCo, he was head of R&D at Takeda. He said, "Why would I leave Takeda and this huge R&D budget to come and work for PepsiCo in consumer products, with such a tiny budget?" I said, "Mehmood, the big difference is in PepsiCo, you can make change on a large-scale basis, and you can taste every product you make," which you cannot in pharmaceuticals.

**HOFFMAN:** Mehmood was sold on the pitch.

**NOOYI:** It was transformative because Mehmood brought a scientific sensibility to PepsiCo, and he was a talent magnet. Everybody who knew Mehmood wanted to work at PepsiCo. And all of a sudden, we had taste experts or mix experts, metabolomics, genomics experts who wanted to come to PepsiCo. And we built, I think, the best R&D team in the food and beverage industry. They reduced salt content, sugar content, reduced water usage, fundamentally changed many dynamics of our supply chain and really made a difference to the innovation pipeline at PepsiCo.

**HOFFMAN:** Indra looked for opportunities across the whole company to encourage talent to thrive. Here's another example, this time from the design department.
NOOYI: It occurred to me that we needed to bring a new kind of thinking into the entire experience of how our product is conceived of to how it is designed. What are the pain points in the interaction? What are the joyful moments of interaction?

HOFFMAN: To kick start this new kind of thinking, Indra hired Mauro Porcini, head of design at 3M.

NOOYI: He transformed user experiences, transformed every part of PepsiCo's touch point with the consumer. And all of a sudden, consumers loved us, customers loved us, our retail partners, our food service partners loved us, and everybody wanted to partner with us.

And pretty soon, we were in the Milan Design Week showing PepsiCo. We were a hot ticket for young designers who wanted to come and work in consumer products. The most iconic designers wanted to work with us.

HOFFMAN: Key hires like Mehmood and Mauro made PepsiCo into a place where driven, creative people wanted to work. The hires were clear signals that PepsiCo valued talent and that it was willing to mold itself to them, so they could go on and help mold the company's future.

One way to attract prospective talent is to help them grow their skills. Rachel Carlson is 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. She spoke to Bob Safian on Masters of Scale: Rapid Response on why companies should put more focus on upskilling and education.

RACHEL CARLSON: We're also trying to get people to think differently about their own frontline workforces. When they have middle management jobs open, instead of looking out and saying, "Okay, I now need to hire somebody who went to the same undergraduate university as me," looking instead within their own organization and saying, "Instead of buying the talent, I'm going to build it."

HOFFMAN: Rachel argues that company-sponsored digital classes are the key solution, and should be embraced the same way as company-sponsored health plans.

CARLSON: What I don't like, and what we try and avoid really viciously at Guild, is the term low-skill, because I actually don't believe that people who get paid low wages are inherently low-skilled. I think it's just often more a dynamic of the supply and demand of what we pay people for what they do. A lot of people do free work like childcare that we don't value either here in America right now.

So when we talk about what we do, we're the only partner that can really provide upskilling to an entire company, but we are especially focused on the frontline worker. And that was so critical because in the '80s and '90s, a lot of the tuition programs or
anything a corporation would fund in terms of upskilling and leadership development, it
was almost exclusively going to white collar, white men in corporate headquarters. And
so our goal was to really democratize it through the company so that more people could
have the opportunity to go to school.

And that feels more important than ever now that companies are in this war for talent,
and they can't just keep poaching from one another. People are realizing, oh my gosh,
we really are going to have to build our own talent pipeline.

HOFFMAN: By making more upskilling opportunities available, you're instilling a culture of
lifelong learning in your team and your company.

CARLSON: The half-life of a skill is now about four years. So if you're learning anything
skills-based, you are probably getting about four years worth. And so the future of work,
the skills are going to evolve, right? We're going to move from a world where computers
know how to do X, and humans supplement it with Y, to then where computers do Y, and
humans supplement it with Z. And that's going to keep moving. But in any of those
terms, we also have to give people the critical thinking skills, the core business, the core
interpersonal and management skills so that we can all work together and hopefully
manage the technology rather than have the technology manage us. We talk about
stackable pathways for learners. And that's what we're always thinking about.

HOFFMAN: Lifelong learning will give you a more flexible team. And when you need to make
sudden pivots, they'll be right there with you — even if they're not physically near you. Which
brings us to our fifth surprising way to rethink hiring.

Number Five: Don't let borders be barriers.

Technology cracked the lid on remote working, but the pandemic blew it right off. Companies,
leaders, and society continue to grapple with the ramifications. But when it comes to hiring,
throwing off the limitations of geography can be game changing.

No one embodies this mindset more fully than my friend Wences Casares. Wences grew up in
Patagonia, Argentina, on a sheep ranch. He's now the co-founder and CEO of his fifth company,
Xapo, a Bitcoin platform.

In this excerpt from the Masters of Scale hiring course, we explore the approach Wences takes
to harnessing talent from across the world. And remember, to get access to the whole course,
visit mastersofscale.com/membership.

WENCES CASARES: My CFO works from home in London. My general counselor
works from home in Santiago, Chile. And my head of HR works from home in Miami.
HOFFMAN: That's Wences Casares. And he's explaining how his team members at Xapo work from everywhere. In fact, his team is fully remote. And he can explain exactly why this is the most strategic decision you can make as a founder. Here's how he sees it:

CASARES: If you and I were going to play a soccer football match to the death. You're given $10 million, and you can hire any players you want. And I am given $10 million, and our teams are going to play, and whoever loses dies.

HOFFMAN: Ok, this hypothetical “match to the death” is a bit macabre. But let’s go with it, as Wences explains the rules.

CASARES: There's a little catch, which is, I can only hire in Buenos Aires, and you can hire all over the world. You will kill me. No matter what, right? And this is no different when it comes to a start-up. So I think that's the biggest advantage: When you have no geographical fencing, you will find better people, period.

HOFFMAN: It's worth repeating: when you have no geographical fencing, you'll find the best people. Point well-taken. One of the biggest advantages to scouting for talent globally is, well, it's a much bigger pool of talent to start from. If I'm trying to find the best goalie for my team, I want to be able to find the best goalie in the world — not the best one in my neighborhood.

But casting a super-wide net comes with its own challenges, which I asked Wences about.

HOFFMAN: Then how do you do recruiting?

CASARES: Recruiting is very interesting when you're hiring remote.

It's hard to find tools to do global searches. Most recruiting tools, you start by saying, "Where are you looking? Are you looking in Bangalore? Or you're looking in the San Francisco Bay Area, are you looking..." And if you remove that, it's very hard. So we end up tweaking, hacking existing tools. But there's not really a way to do sort of a global blanket search. There is some progress, but it's very nascent there.

HOFFMAN: This mindset of doing a global search for talent is in fact so new that the tools don't yet exist to support it. That means Wences and team are constantly adapting how they recruit. And also: how they interview. They're finding that traditional interviews just aren't the best tool for vetting global candidates. What they're learning fascinates me.

CASARES: We have done some experimenting where we don't do any voice or video interviewing. It's all chat. And it has surprised me of my own unconscious biases. I think that by doing that we've hired some people that maybe if I had seen them or heard them, we would have not for silly reasons. Some people who are very, very intelligent tend to speak in a certain way, or English is not their first language. For someone who's going to
be working remote, this is going to be most of their communication on chat and on email.

So judging how people communicate there makes a lot of sense. And also it leads you to hire people that otherwise you would never hire, sometimes being some of the best people we may have.

HOFFMAN: I couldn’t agree more. Interviews are important — but they’re not a perfect tool. You’ll find that some candidates interview well and perform poorly. Others interview poorly, but end up being brilliant at the job. Add in a language barrier or an unusual speech pattern, and you could end up missing out on highly qualified talent.

So I love this innovation of interviewing through chat — particularly at a company where chat is the most common mode of team communication.

If making key hires across a chat app or even a Zoom call is something you can't imagine doing, you're not alone. Tim Cadogan, CEO of GoFundMe, talked about the difficulty he had in making this fundamental hiring rethink when he appeared on Rapid Response.

TIM CADOGAN: I've been working for 25 years, and I'd never hired someone without meeting them extensively. I just couldn't imagine hiring a senior executive colleague without spending a bunch of time and having dinner and all the things that we would do. And I was like, oh no, how on earth is this going to happen?

But then, like a lot of things, it's like, okay, you just spend a lot of time like this, and you just really go deep and spend a bunch of hours, and remarkably it works. And I think one thing that does work, maybe it's counterintuitive, is you sort of focus more on explicit communication. Because in this format, the virtual format, you can't read body language as well. You can't read the, sort of, non-verbal cues, the gestures, the moving of the feet, all those subtle cues that are very important to humans in communication. They're there, but they're much more two dimensional. So you have to be more explicit. Which is kind of a silver lining. That's a good lesson.

HOFFMAN: Whether remote or in-person, hiring takes vast effort and resources. But it's also one of the most powerful tools you have for crafting your company's culture, capabilities, and the ability to grow. So no matter what level of scale you're at, you need to constantly cultivate the "always be hiring" mindset.

I hope this episode has inspired you to rethink your hiring approaches. Don't only look for people who are available; hire for culture, not job title; create your own A-team; make your company worth their time; and don't let borders be barriers.

And perhaps what you've heard here has sparked a surprising hiring rethink of your own. If so, please share it with us on Twitter or Linkedin @mastersofsacle #rethinkhiring.
I'm Reid Hoffman. Thank you for listening.