

Rapid Response Transcript — Eric Friedrichsen

Supporting Ukraine's tech workers, w/Emburse CEO Eric Friedrichsen

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BOB SAFIAN: That's Eric Friedrichsen, CEO of Emburse, a thousand-person B2B software provider that has relied in part on tech contractors in Ukraine.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale Rapid Response.

I wanted to talk to Eric because, while humanitarian aid organizations are intently focused on serving Ukraine's refugees, individual businesses with direct ties to Ukraine face their own, often more intimate challenge — about how to help, who to help, and what role they should play.

For the executive team at Emburse, the answer has included helping contractors still inside Ukraine, as well as relocating some families all the way to Spain, where Emburse's European operations are headquartered.

The number of people directly impacted at Emburse may be relatively modest, but the scale of the impact on those people has been significant — changing lives, creating safety, providing a financial safety net.

These choices haven't come without risks, and financial costs, for Emburse. But as Eric explains, the benefits are moral, communal, and even quantifiable.

Eric says, both his employees and his customers are measuring the company's responses, as stakeholders increasingly are for all businesses.

[THEME MUSIC]

SAFIAN: I'm Bob Safian, and I'm here with Eric Friedrichsen, the CEO of Emburse. Eric, thanks for joining us.

FRIEDRICHSEN: Thanks Bob. I'm really happy to be here. Thanks for the invitation.

SAFIAN: So you run a global software business, an expense management platform for businesses from Microsoft to Estee Lauder, you have offices and teams across the world. Among your close partners is a firm in Ukraine called Softjour. Not everyone realizes that Ukraine is home to a bunch of key tech workers. You've taken some active steps to help that team. I'm hoping you can take us through the journey that you and they have been on in recent weeks.

FRIEDRICHSEN: Sure.

SAFIAN: To start, how did Russia's invasion of Ukraine first hit your business, your people?

FRIEDRICHSEN: So, Bob, we've got about 1,000 people across the globe that work for Emburse, about 850 of them are employees, and we've got about 150 contractors. And it just so happens that about 90 of our contractors are in Ukraine or have been in Ukraine. As Russia was starting to approach the border and the threat of an invasion started to pick up, we had started to make some contingency plans to start looking at how we could support our contractors in Ukraine. But if I'm going to be perfectly honest, I don't think any of us really thought the invasion would happen. We were starting to prepare for it, and then when it did happen, we realized now we need to move and mobilize quite quickly.

SAFIAN: So you have multiple vendors in Ukraine that you've been working with.

FRIEDRICHSEN: Yeah, so we've got multiple contracting companies. Some are relatively new, but some have been with us for several years. We've got a long standing partnership with Softjour as one of our bigger partners there in Ukraine.

SAFIAN: So you don't necessarily have a contingency plan fully baked when the invasion happens. So when do you realize, and how do you realize that maybe there's something more you're going to do?

FRIEDRICHSEN: We had already been looking at how we could start helping people get out of the country. And then start thinking through, well, once they get out of the country, then what? How do we help them? How do we get them into a place where their families are safe, where they are safe, and where they can continue working if they are able to

and interested in doing that? Once the invasion happened around February 24th, it all sort of came to a head and accelerated all of our plans pretty dramatically.

We worked with our consulting partners, our contracting partners in Ukraine to get a list of, okay, where is everybody today? Are they safe? What is their risk level? And how do we get them into the best possible place we can get them to? Softjourn in particular is headquartered in Lviv, which is in the Western part of Ukraine. Which at least early in the war was under a little bit less risk than many of the other parts of the country. And so many of our contractors that were not already in Lviv, that were more in the Eastern part or the Southern parts of Ukraine relocated to Lviv, which was helpful. Not all of them, but many of them did.

As the war went on after the first couple of weeks, we worked with our contracting partners to find ways to get as many people out of the country as possible. We arranged for some buses to be able to bus people to the border, primarily to Poland. It didn't take long before the ultimatum that adult males under the age of 60 needed to stay in the country. So we pivoted at that point to actually transporting females and children out of the country, families out of the country. And most of them ended up going first to Poland.

SAFIAN: And then they're in Poland, and you then decided that you could do more for them?

FRIEDRICHSEN: Yeah. So, we're fortunate that our European headquarters is in Spain, in a town, a village called Tortosa which is about two hours south of Barcelona. And so we offered our contractors the ability to relocate to Spain. So we said we would pay for their air or train or car transportation. And that we would pay for them at least for the first three months in a hotel or an apartment. And for those that could work and still wanted to work, we were able to provide them with a good way to do that near one of our offices at our European headquarters.

SAFIAN: Did many of them take you up on this? How many people were making this journey or have been making this journey? Or has that all shifted too?

FRIEDRICHSEN: Yeah, it's all shifted. We have 94 contractors in Ukraine, approximately 30 have left the country, so we still have over 60 that are in the country. So approximately 30 have left, 12 of them have raised their hand and said they would like to relocate to Spain. So far four have actually relocated, four families have relocated to Spain. And we're working on getting the other families to Spain as well as continuing to make sure that our contractors know that we want to be able to help them.

SAFIAN: Why did you feel like this is your responsibility? I mean, part of the reasons sometimes people have contractors is specifically because it's less responsibility than having people on staff. Why did you make the decision to get involved to this degree?

FRIEDRICHSEN: Well I think it starts honestly with our mission as a company. So our mission at Emburse is to humanize work for our customers. In practical terms, we have software that processes expense reports and invoices, and we try to remove all the mundane tasks to make our customers' employees lives much better so they can spend more time with their communities and their families. But that concept of humanizing work extends way beyond what we're doing for our customers. It extends to the way our employees treat each other. Our employees raised their hands and said, "What can we do to help?" We've got relationships with these folks, and we care about them. Are there ways that we can help in a more direct manner than just providing donations to, which we did as well by the way, donations to the Red Cross and some other agencies, is there a more direct way we can help the people that we care about? And so that's what really drove the program.

SAFIAN: Based on the assets that you have, meaning you had an office in Spain that you could put to use this way?

FRIEDRICHSEN: And we have people in Spain that care and can help. So we've got 75 people there on the ground in Tortosa that have helped them when they land, spend time with them, help them accommodate. We arranged with an apartment hotel for a discounted rate which we're paying for the first three months. We have actually since arranged for the first four families to move into an apartment building all in the same location, in the same block, just a five-minute walk from our office. It's really helped them build more of a community. So they've got each other. They don't speak Spanish. Some of them speak English. But at least they have other Ukrainians near them that they can help, they can help each other, so that's part of it.

Some of our employees have spent a considerable amount of time greeting them, helping them figure out how to get signed up for healthcare, how to get their kids signed up for schools. We've started to provide laptops from our inventory. Not to the contractors, because they already have them from their contracting company, but actually to the children of the contractors that need those laptops for school, and so we started to provide that.

And there's an incredible psychological component both for our contractors and our employees on the ground. So we've hired a professional psychologist to help our contractors there on the ground get settled, get their needs met. And we've gotten a host program so that each one of these families has a host family. They don't stay with the host family, but they have a host family that's an Emburse employee that can help them when they can't figure something out.

SAFIAN: Then you said there's another group of things you're doing for those who can't make it to Spain or are choosing not to go to Spain?

FRIEDRICHSEN: Some of the people that are in Ukraine don't want to leave. They want to stay. Some of them want to fight, and we can all understand why that would be. Then for those that have left Ukraine, some of them want to stay close. Perhaps their spouse is still in Ukraine. They want to be able to be there in case they can return quickly. They want to be right there, but they still have needs. They don't have a place to stay, and so we're fortunate that we have technology that can help.

We have an Emburse corporate card we provide to our customers. We now can provide those to our Ukrainian contractors that are outside of Ukraine, but not able to come to Spain. So we've personally funded those through our executive team, not through Emburse, but through our executive team. 500 euros to just get the ball rolling. They need about 500 euro for housing per month, and so we started that initiative.

SAFIAN: That's being funded by the executive team, by you and other leaders of the company?

FRIEDRICHSEN: That's correct.

SAFIAN: How did that decision come about?

FRIEDRICHSEN: It was really mostly about urgency, Bob. We knew that there was a tremendous need. It takes a little bit of time even in a very nimble company like ours to try to figure out how to fund something like this, and the executive team didn't want to wait. So we just made the commitment to go ahead and extend that first amount of funding.

SAFIAN: I've heard stories from other CEOs about Ukraine-based team members who, somewhat surprisingly to them, want to continue working. Have you had that experience at all?

FRIEDRICHSEN: A hundred percent, and I've got pictures of some of our colleagues in Ukraine on their laptop in bomb shelters, in subways, still working. Believe it or not, our productivity rate for our contractors is still at 75% for those in and outside of Ukraine. It's incredible. Of course to the extent that we can we always say, "Look. Focus on your health and your family, and don't worry about working." But many of them want to work, and I think it's a good distraction for them. Many of them have told us that they also want to contribute to the economy. They want to obviously contribute to their family, but they want to contribute to Ukraine and to the Ukrainian economy, and so they want to keep working.

SAFIAN: Yeah. I saw an open letter from one of the managing directors of Softjourn on their website arguing that tech workers are like fighting a second front in the war, this economic front, to keep Ukraine functioning and resourced. But it's got to be tricky. I mean especially if you've got some folks leaving to go to other countries, some folks leaving to go to the army. Like how do you know what you're going to get from this resource?

FRIEDRICHSEN: The first thing is that we temper all the information that we get, and we assume that whatever people are committing to that we should expect a little bit less than that. But we keep track of it. We literally have a spreadsheet of every single contractor, where they currently are, what their needs are, how much they are able to work, or want to work, and we obviously measure the productivity.

We also have started to bring on some additional permanent and contracting employees to help bridge the gap in other locations. You mentioned Softjour. They've provided some additional resources outside of Ukraine. So overall, as an organization we haven't seen productivity drop at this point. We obviously are continuing to assume that it may drop, and so we're doing everything in our power to prevent that from happening.

SAFIAN: Yeah. So I guess you have to have a contingency plan, a backup option, but you're not choosing to sort of pivot away and say, "I don't need to worry about these people anymore."

FRIEDRICHSEN: That's right. That's right. I mean at Emburse we're fortunate in that we're a very fast-growing company so we need to go hire a number of people anyway. So our expectation is, as our Ukrainian team is able to get back up to full productivity, whenever that happens, we then will just be in a better spot because we will have grown even more.

SAFIAN: Are there things that you're hearing from the folks on the ground whether in Ukraine or in one of the refugee locations that have struck you in any ways?

FRIEDRICHSEN: You know, I think about some of the stories. The first family that made it to Tortosa, when they landed and our team met them and brought them to their apartment hotel, it was a female contractor and a teenage son, and then a four-year-old daughter. And anytime there was a loud noise, the four year old would jump and just be completely in fear. And the child didn't sleep for the first several days being in Spain.

Then after about a week when our team went and spent more time with the family, things were just a little bit better. Now the child was asking where the park was and wanted to get out of the house. So even that is a win as people are getting a little bit more comfortable. That's one of the things that we've seen. But then there's other things that really have struck us. Some of it is, our refugees need money, not just things. And some of it is, they need to be able to buy what they actually need, not what we think they need. And then some of it, to be perfectly honest, is dignity.

They don't want used clothes. I mean if we can give them the opportunity to buy new clothes and the things that they need, it makes a huge, huge difference for them. They're also so gracious and so appreciative of everything that we've done for them that they don't really want to ask for things. So we've had to kind of pull it out of them. "What are areas and ways that we can help you?"

SAFIAN: So at first you had sort of gathered used clothes or things that people didn't need to sort of offer to them?

FRIEDRICHSEN: That's correct. Whether it was a baby stroller, or coats, or shirts, or whatever it might be, there's a number of different things that we collected. And ultimately, as it turned out, we weren't necessarily providing the right things. And we weren't giving our colleagues the opportunity to take care of their fundamental needs, what they actually needed. So that's where we've really migrated to a more cash-based type of approach to assist.

SAFIAN: It's still early days for all this. How much have you guys thought about what the longer term commitment you're going to make is, or do you just have to take it day-by-day a little bit right now?

FRIEDRICHSEN: We're focused on day by day at this point, Bob. How much support we're going to provide over time, we haven't made that determination yet. We've been just really, really hyper-focused on the urgent needs of our people.

I will say more and more of our employees have asked how they can help. In the future, we are working on developing a plan for our employees to be able to help more, so that could allow us to extend even further some of the things that we're offering.

[AD BREAK]

SAFIAN: Before the break we heard Emburse CEO Eric Friedrichsen talk about efforts to help the company's outside contractors in Ukraine, including relocating some families all the way to Spain.

Now he shares how the experience is impacting Emburse's business. Plus, lessons he's taken away on navigating roadblocks and why the company's reaction in Ukraine is critical to both employees and customers.

Emburse itself is a relatively new entity, the combination of businesses brought together in early 2020 just as the pandemic was arriving. Having remote dispersed teams, was that an advantage in the heat of the pandemic, or did it complicate things?

FRIEDRICHSEN: We were fortunate coming into the pandemic that we had a very distributed workforce. And so, I mentioned Tortosa earlier where we have about 75 people. In Los Angeles, we've got about 150. In Portland, Maine, we've got about 150. But out of 1,000 people total, they're all over the globe. And so, we already were used to working in a very remote way, and that helped us pretty tremendously through COVID.

SAFIAN: Were there things about that experience that informed or impacted your response to what's happening in Ukraine?

FRIEDRICHSEN: I think for one, for better or for worse, Bob, we've gotten good at dealing with crises. And it's not just Emburse, it's not just me as a CEO, I think it's all of us in the business world who have really learned how to... Little bit better anyway, we're still learning, but we've learned a little bit better how to navigate crises and how to figure out what to prioritize.

SAFIAN: We're looking for silver linings from these tragic things that we have to deal with, and I guess, lessons that can make us better in the future. Are there lessons already for you from this experience with your colleagues in Ukraine?

FRIEDRICHSEN: Yeah. I think the first thing that I found when our executives and our employees were trying to put together programs to go help our Ukrainian colleagues, they kept uncovering roadblocks or risks. And the biggest thing I told them is, "These are people. This is urgent. Let's not worry as much about the risks right now. Let's just go solve the problem urgently, we will deal with the risks after the fact." So, I think that's probably the biggest lesson learned was, don't let the roadblocks get in the way when there are people that need you desperately.

SAFIAN: You guys are not experts in humanitarian aid or dealing with refugees. How did you work with or consider maybe what other partners or other experts were doing, and decide that this was the role that you should play?

FRIEDRICHSEN: So, the first thing we did was we made a donation to the International Committee of Red Cross, and we communicated to all of our employees who were raising their hand. They should consider International Committee of the Red Cross, International Rescue Committee, UNICEF, Ukraine Crisis Relief Fund — those that we felt like really know what they're doing, they're on the ground, and they can really help.

But that said, we are not experts in how to help refugees, but our employees are experts in how to get around Tortosa, how to live there, how to get an apartment, how to get to a physician, how to help kids get educated. We've already got English language and Spanish language teachers in Tortosa, and so we were able to extend some of those services to our Ukrainian colleagues that relocated there.

SAFIAN: So, there's a humanitarian commitment that you made, but some of that commitment is good for your business too, right? You're getting these folks who work for you to continue to be productive. How much of that is a motivation in making the investments that you're making?

FRIEDRICHSEN: Our number one priority is the safety and wellbeing of our colleagues. That's our absolutely number one priority. But as a business, our colleagues in Ukraine are extremely important to us. They're very valuable. They do really important things for our customers, whether it's helping innovate and engineer solutions that we offer to our customers or supporting our customers. And so, by giving them the opportunity to

continue to be productive, it's good for them, it's good for them to continue to provide income to their family and to help their home country, but it's good for Emburse. It's good for our business, it's good for our customers as well. There's no question about that.

SAFIAN: There is a higher cost to all this than maybe you had budgeted going into this year.

FRIEDRICHSEN: Yeah. Again, we're right now focused on the urgency. And so, we're absolutely spending more money than we would've otherwise.

What I will say is, in our perspective, there's a much greater cost to not helping our Ukrainian colleagues than helping them. And not just from a humanitarian standpoint, but even from a business standpoint. Again, they're extremely valuable and important to the Emburse organization. And if we can help them and keep them productive, it's good for our customers, it's good for us.

SAFIAN: The crisis in Ukraine, the history with the pandemic and COVID, have raised a lot of questions about what the role of business is in dealing with these kinds of issues versus the role of government, of other entities. How do you think about what your responsibility is as a CEO, and how much has that changed from the way you might have thought about it 2, 3, 4 years ago?

FRIEDRICHSEN: Yeah. It's absolutely changed. The way I view the role of the CEO is very different than what it used to be. Our role is really integrated with the community. It's not just about running a business now. It's about trying to help communities. And so it's part of my role as CEO to do everything in my power, and I'm fortunate that I've got a team of people behind me that can help, and I've got revenue behind us that can help. So I definitely think the role of the CEO has evolved dramatically over the last few years.

SAFIAN: What do you feel like is at stake for Emburse right now?

FRIEDRICHSEN: Our employees and our customers are looking at how we react to this crisis. What are we doing? How are we supporting the people that we care about? How are we mitigating risks to ensure that this crisis isn't a detriment to our customers and how we're serving them? And so I think they're looking at us very, very closely, and they're going to measure us on this. They're going to measure us from a morality standpoint, but they're also going to measure us as a vendor, and: have we served them well through this crisis>

SAFIAN: You have, as you say, 94 people in Ukraine or who are out of Ukraine, out of a thousand, which is a relatively small number proportion wise. Do you worry that you're getting distracted or that this could be a distraction from other things that are priorities within the business?

FRIEDRICHSEN: No, I don't. I mean, again, our people are our most important asset, so it's not just about taking care of our 94 people, but it's making sure that all of our employees at Emburse know that they are our number one priority and that we're going to be here for them and do everything under our power to help them.

SAFIAN: Well, Eric, this has been great. Thanks so much for sharing this.

FRIEDRICHSEN: Bob, thanks for the invitation. I appreciate it.