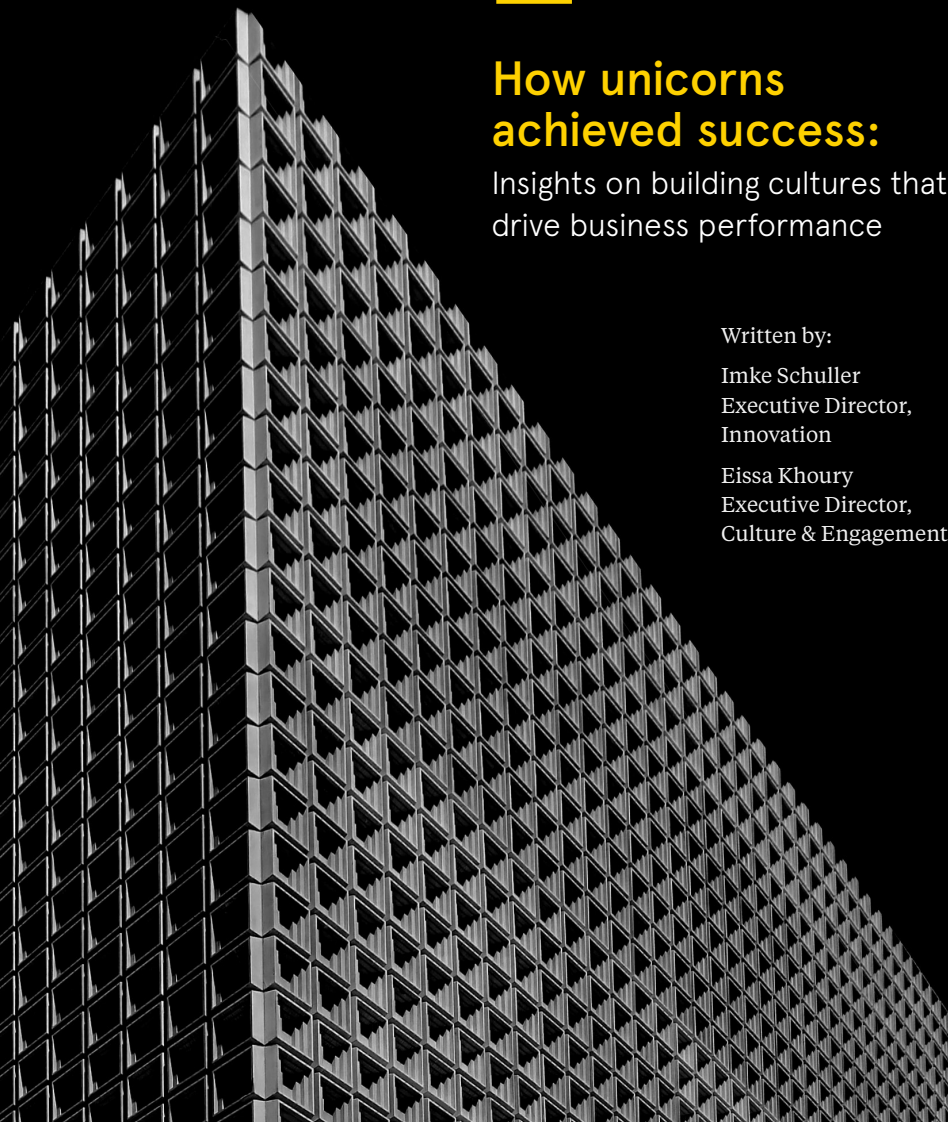Landor

Culture is brand
Brand is culture

How unicorns achieved success:

Insights on building cultures that drive business performance

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EXECUTIVE SUMMARY

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"*Culture eats strategy for breakfast.*"

When Peter Drucker famously made this statement, he wasn't trying to undermine the importance of strategy. Instead, he was arguing that a strong culture is a surer way to drive business performance.

Today, organisations everywhere struggle to design, build, and nourish cultures that deliver competitive advantage. A fundamental reason for this struggle is that *culture* is very often misunderstood due to its ambiguous and complex nature. More often than not, it is seen as being a *people-issue* and is automatically relegated to the HR department, where it becomes an initiative focused on employee happiness and satisfaction.

The purpose of this study is to show how culture can effectively drive business performance, and consequently, why it needs to be elevated from a departmental responsibility to an organisational one.

Our study is focused on unicorns as they're obviously doing something right, and we wanted to learn from their experiences and share it with others. We investigated how successful unicorns across the EMEA region thought about and built their own – highly successful – cultures. The study focused on (1) gathering insights from the minds of individuals who built companies in high-growth environments, each worth more than USD 1B, within a period of 6-10 years, and (2) contextualising those insights so that others may also benefit from their experiences.

What we found is that a strong organisational culture is all about driving business performance, improving operational effectiveness, and positively impacting both the top and bottom lines of an organisation. It is not actually about employee happiness and satisfaction. Rather, it is a *business-critical issue* that must live on the agenda of every CEO. When built and nourished as a driver of business performance, a strong culture will inevitably lead to happy and satisfied employees; but the same is not true in reverse.

The key takeaways of the study:

– **Culture** is what enables companies to grow and scale at pace – not products or services

– Culture comes **from the top** – it's autocratic in direction and democratic in execution

– Culture is **the remit of the CEO/CFO** – not HR

– Culture is about establishing **operating principles and common behaviours** – it's not a set of values

– Operating principles should be revisited **in line with strategic business planning**

– A great culture is one that effectively **drives business performance**

– Great cultures don't grow organically – they are **designed and nurtured** with intention

– Great cultures **enable growth** and improve cross-organisational efficiency

– Great cultures help organisations **avoid inertia and prevent stagnation**

– Great cultures **reduce the chasm** between leadership and employees

On a more subtle level, our findings underscore the importance of emotional maturity as a means to harness the latent potential of teams. They highlight the need for leaders to tap into their own humanity and to rely on their intuition to effectively lead large teams of people. Regardless of industry sector or geography, every organisation is, first and foremost, a human enterprise.

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INTRODUCTION

Purpose of the study

At Landor, we know culture is critical to a successful brand. It is the driver of business performance, making culture and brand inextricably linked.

There's plenty of research verifying how culture drives performance. One study found companies that proactively manage culture demonstrate revenue growth over a 10-year period that's **516% higher** than those that don't[1]. Another study found companies that actively manage their culture have **30% higher** levels of innovation and **40% higher** levels of retention[2].

While leaders intuitively understand how important culture is, very few know how to build their own. In Deloitte's Human Capital Trends of 2016, 9 out of 10 executives cited culture as important, yet **only 12%** of companies believed they understood how to develop a performance-driving culture.

Demystifying culture

We investigated how young, successful organisations in high-growth environments use culture as a growth driver and compared what they do with more established companies in lower-growth environments.

In high-growth environments, companies operate in a constantly changing context. Competitive sets and customer needs both evolve quickly. Companies must be fast, flexible, and agile to keep up with this pace of change. Culture has a critical role to play.

Finding the unicorn

We focused our study on unicorns: former start-ups that have achieved a valuation of USD 1B or more, often reaching this scale within the first 6-10 years of their existence. There are 411 unicorns globally and 57 across EMEA, at the time of producing this report.

Unicorns all start out with a great idea and disruptive business model. They are hugely successful and are increasingly winning the war on talent. They're putting a lot of pressure on established organisations, being more innovative, more flexible, and able to respond to change faster. Most importantly, they understand the importance of culture in building their brand and business.

Unicorns grow at breakneck speed. This rapid growth trajectory means they open new offices/locations in quick succession, often quadrupling their workforce in the space of just a few months. When funding is required, investors become stakeholders. Growth is then influenced by non-founding board members and accelerated through M&A activities. These developments mean an increased need for a consistent, sustainable culture to drive performance. This entails the definition of operating principles, values, beliefs, behaviours, and rituals, the management of relationships, and an understanding of how culture is operationalised.

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1.   Source: Kotter, John and Heskett, James, Study on Corporate Culture and Performance, 2011.
2.   Source: Bersin, Josh, Becoming Irresistible: A New Model for Employee Engagement, Deloitte Review, Issue 16, 2015.

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METHODOLOGY
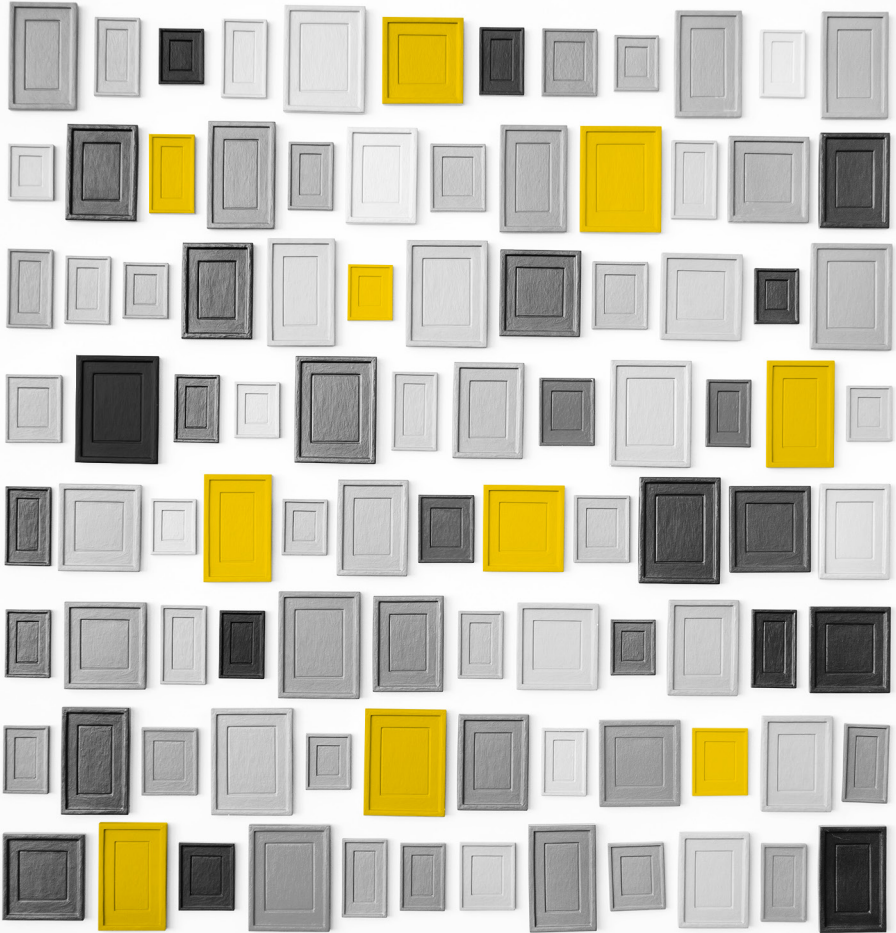
We took an insight-led approach to our study to better understand the thinking behind unicorns' commercial success, as it relates to building cultures and the role brand plays in that process.

We developed hypotheses on how culture and brand might fare in rapidly growing environments, using them as a basis to develop our interview guide. We then divided our interviewees into two (2) groups, speaking to 2-5 individuals from each group within each organisation.

These were:

1. **Culture creators**: founders and/or early employees, involved in building the existing culture. This study is largely based on their insights.

2. **Culture receivers**: employees who recently joined their respective organisations, could communicate their experiences of organisational culture, and give us a balanced perspective. These interviews helped us understand how the intent of culture creators permeated day-to-day life. Put simply: did the vision for culture match the reality?

Our hypotheses

– Unicorns grow quickly because their offer/brand provides relevance and differentiation. This raises the question: does their culture deliver the same to employees and stakeholders?

– Unicorn company culture is heavily influenced by founder personality

– Therefore, their cultures are created top-down

– When scaling rapidly, culture and brand become less of a management focus

– When scaling, the gap between the leadership's desired culture and the culture perceived by employees widens

– When scaling, the introduction of too much structure kills a performance/growth culture

– Critical shifts in the growth journey require a conscious effort to develop culture (i.e., non-founders join the board, expansion into new geographies/opening of new offices)

Ten (10) unicorns participated in our study from across the EMEA region:

1

HQ: Paris, France
Founded: September 2006
Employees: 550
Valued at USD 1.6B

BlaBlaCar is a French online marketplace for carpooling. Its website and mobile apps connect drivers and passengers willing to travel together between cities and share the cost of the journey. The platform has 80 million users in 2019 and is available in 22 countries, almost all of which are in Europe. Countries include Belgium, Brazil, Croatia, Czech Republic, France, Germany, Hungary, India, Italy, Luxembourg, Mexico, The Netherlands, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Spain, Turkey, Ukraine, and the United Kingdom.

2

HQ: Madrid, Spain
Founded: September 2011
Employees: 1,000+
Valued at USD 1.4B

Cabify is a Spanish transportation network company. It provides vehicles for hire via its mobile app. Vehicles are driven by their owners, who are self-employed service providers. The company offers two services: one for businesses and another for individuals. As one of the biggest transportation network companies in the Spanish- and Portuguese-speaking world, Cabify operates in Mexico, Chile, Colombia, Peru, Brazil, Panama, Ecuador, Portugal, Spain, Argentina, Dominican Republic, and Uruguay.

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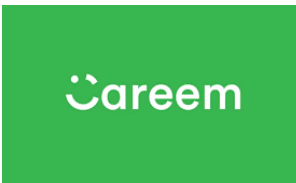
HQ: Dubai, UAE
Founded: March 2012
Colleagues: 3,000+ (Careem chooses to refer to employees as colleagues)
Acquired by Uber for USD 3.1B in 2019

Careem is an Emirati transportation network company based in Dubai, with operations in over 100 cities across Saudi Arabia, UAE, Iraq, Qatar, Bahrain, Lebanon, Pakistan, Kuwait, Egypt, Morocco, Jordan, Sudan, Palestine, and Turkey. The platform has over 30 million users and more than 1 million Captains (drivers).

The unicorns (continued)

4

HQ: London, UK
Founded: 2012
Employees: 500+
Valued at USD 2B

Checkout.com helps companies accept more payments around the world through one integration. The tech company works with global businesses to optimise their payments, with real-time data. Checkout.com's unified global payment processing platform features in-country acquiring, relevant payment methods, feature parity across geographies, fraud filters and reporting features, via one API. It helps businesses in Europe, the US, and the Middle East to achieve faster, more reliable processing in more than 150 currencies, with direct access to Visa, Mastercard, American Express, all major international cards, as well as popular alternative and local payment methods.

5

HQ: Lagos, Nigeria
Founded: 2012
Employees: 6,000+
Market cap of USD 1.8B

Jumia is a leading Pan-African e-commerce platform. It consists of a marketplace, which connects sellers with consumers; a logistics service, which enables the shipment and delivery of packages from sellers to consumers; and a payment service, which facilitates transactions among participants active on Jumia's platform in selected markets. It has partnered with more than 81,000 local African companies and individuals and has a presence in 14 African countries: Nigeria, Egypt, Morocco, Kenya, Ivory Coast, South Africa, Tunisia, Algeria, Cameroon, Ghana, Senegal, Tanzania, Uganda, and Rwanda.
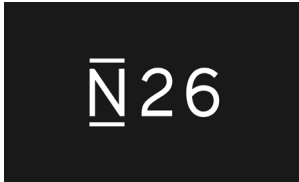
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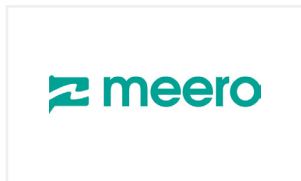
HQ: Paris, France
Founded: 2016
Employees: 900+
Valued at USD 1B

Meero aims to revolutionise the world of photography by allowing photographers to dedicate themselves to their passion. From providing revenues and market research to invoicing, post-production, and delivery, Meero takes care of all the laborious, time-consuming tasks which plague the industry. Meero also solves a major problem in the world of photography: photo editing. Meero's content enrichment technologies can reduce this time to a few seconds, solving the problems of long delivery times, inconsistent photo rendering and unfair prices. These innovations allow brands to access made-to-measure photo and video solutions around the world. Meero manages the photoshoot process from beginning to end, guaranteeing unbeatable prices, delivery times of less than 24 hours, and a regular, professional photo quality.

The unicorns (continued)

7

N26 is a licensed mobile-only bank. The company provides free current accounts with debit cards for private customers and freelancers. Additionally, customers can request a range of products via the N26 app including overdraft, savings products, and premium current accounts. The company has over 3.5 million customers and operates in 26 countries, covering most of the Eurozone, the Nordics, the UK, Switzerland, and the United States.

HQ: Berlin, Germany
Founded: 2013
Employees: 1,300+
Valued at USD 3.5B

8

TransferWise is a company providing international money transfer services. The company enables users to send money abroad to a list of countries using multi-currency accounts. It also offers an application that allows users to track their transfers on-the-go and make new ones. The company has over 3 million users, supports over 750 currency routes across the world, works with 47 different countries, and operates in 69 countries.

HQ: London, UK
Founded: 2011
Employees: 1,000+
Valued at USD 3.5B

9

VistaJet is an aviation company that provides flights for corporations, governments, and private clients. It operates two passenger service offerings, including Program Membership and Direct Chartering. The company flagship Program offers customers a bespoke subscription of flight hours on its privately-owned fleet of 73 mid-to-large-cabin, ultra-long-range Bombardier business jets, and a helicopter. It has flown to 187 countries, 1,600 airports, and has served over 300,000 passengers. Its headquarters are in Malta, with offices in London, New York, Los Angeles, Hong Kong, and Dubai.

HQ: Luqa, Malta
Founded: 2004
Employees: approx. 1,000
Valued at USD 2.6B

The unicorns (continued)

10

HQ: Dubai, UAE
Founded: 1982
Employees: 15,000+
Market cap of USD 1.69B

Aramex is a leading global provider of comprehensive logistics and transportation solutions. Established in 1982 as an express operator, the company rapidly evolved into a global brand recognised for its customised services and innovative multi-product offering. Traded on the NASDAQ from 1997 to 2002, Aramex today is a publicly traded company on the Dubai Financial Market, employing more than 15,000 people in over 600 locations across more than 65 countries, and leads a strong alliance network providing global presence. The range of services offered by Aramex includes integrated logistics solutions, international and domestic express delivery, freight forwarding, secure records and information management solutions, and e-services, including e-business solutions and Shop and Ship.

Aramex was an anomaly in our sample: it is not technically a unicorn as the company was founded 37 years ago. However, we had the opportunity to speak with its founder who remained at the helm for 30 years and continues to sit on its board. He also set up an angel investment company, as well as an early-stage investment fund focused on tech-enabled businesses across the Middle East, Turkey, and East Africa. The opportunity to get a 37-year perspective on an organisation's culture, in addition to an active investor's perspective on culture, was not one we could pass up.

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FINDINGS

We grouped our findings into six (6) categories based on commonalities emerging from our study:

1

Defining culture

2

Role of leadership

3

Communications

4

Ways of working

5

Recruitment and onboarding

6

Measurements and rewards

1   Defining culture

"Culture is your brand. It's who you are and what you value."

We started by exploring how founders thought about culture, how it connected with their brand, and the role it played within their organisations. Everyone saw culture as arguably the most important component of their business. Of course, their services and products had to be of superior quality, but all acknowledged that culture is the key differentiator driving their success. It was seen as the glue that binds people to the business mission, keeps them motivated, and drives ambition. Interestingly, one of the founders referred to culture as an "attitude that encourages employees to think about why they're doing what they're doing, both individually and collectively".

This was not surprising: it confirmed what we all intuitively know – and what research has shown – to be true. However, when asked to define culture in their own words, many founders struggled to create succinct statements. Their definitions were expressed in different ways, but all circled around a fundamental core: culture is what happens when a set of values, beliefs, or operating principles shape and guide the way an organisation thinks, acts, and behaves. One founder said, "Culture is your brand. It's who you are and what you value."

Plain speaking

The majority of founders wrote down their vision, values, operating principles, beliefs, etc. on Day 1, which we'll collectively refer to from now on as simply principles. What they wrote – and how they wrote their principles – was clearly different to the way more established businesses in slow growth environments document their own.

The language was simple, down-to-earth, and very relatable, avoiding any corporate-speak or buzzwords that tend to ring hollow in the ears of most employees.

A concerted effort was made to be explicit, leaving little room for misinterpretation. Not always consciously, founders wrote their principles as if they were When-In-Doubt Handbooks: i.e., if an employee is ever in doubt about what to do or how to handle a certain situation, they need only refer to the principles to decide how to proceed.

In the words of one of the founders: "Some companies write values like customer-first or something like that. I think that's stupid. If the customer is not first, then don't do business... you don't have to write something like that down." His implicit point was that (empty) corporate-speak creates confusion rather than clarity, which can slow progress. In a rapid-growth environment – where headcount can quadruple in a matter of months – confusion becomes a liability. He continued,

> "Say it like it is. Make sure people understand, and don't worry if it isn't Shakespeare."

Equally important was to give employees a role in, and responsibility for, their culture. Principles don't just dictate behaviour – they open the door for employees to *participate* in the culture and, in turn, give them a greater sense of ownership.

Here are a few examples highlighting
the simplicity of messages and language
used by the unicorns:

No question is stupid, no answer is unappreciated

It almost goes without saying – we're all here to learn. And a key part of learning is being able to ask questions without feeling judged.

Do what is right, not what is easy

We have an open culture where we value disagreement and constructive criticism. In our challenging environments, we make a difference by sticking to our ethics as a foundation of trust. As professionals, we constantly strive to demonstrate the highest level of honesty and integrity in what we do, whatever the context, regardless of the situation. Whatever we do, we serve our short-term needs while never compromising on our long-term goals.

Give a shit!

Success doesn't happen by accident. We work with focus, determination, and pride towards our goals. We care deeply about each other, our clients, creatives, and our impact on the world.

Build an awesome organisation

Our purpose is to simplify and improve the lives of people and build an awesome organisation that inspires.
[Note: This was the first time we've seen a purpose statement that puts the organisation – and its employees – at the heart of its purpose. It's powerful in both its simplicity and impact.]

People-focused

There was also a strong sense of humanity in the way founders thought about and conveyed their principles (something often missing in more established businesses). They recognised people's imperfections and, rather than setting unrealistic expectations, embraced their own humanness. They never attempted to be all things to all people. On the contrary, they wanted to build a culture that would attract the right type of talent and weed out the wrong.

One founder put it very simply. "You can't be great at all values. It's impossible. We're only human after all. Even me, I'm not good at all our values. Find your strengths and play to them, and don't worry so much about your weaknesses." At another company, the principles stated "Obviously, we're human beings, and none of us are perfect. But we are in this together. So, if you feel that someone has room to improve, speak up. None of us can get better at what we do without feedback."

The last word

When it came to define the organisational principles, all founders saw it as their responsibility to finalise them.

As the leaders of their respective organisations, they knew they had to define the culture – they couldn't simply delegate that responsibility.

All sought input into what the principles should be but reserved the right to make the final call.

In the words of one founder, "It was a democratic process to get input, but undemocratic when it came to the final decision."

Review and refine

Somewhat surprising was the frequency with which unicorns revisited their principles. Contrary to conventional wisdom, none of the founders viewed them as being set in stone.

Principles are there to serve a purpose: to shape "the way things are done around here". However, as an organisation scales, so too do the challenges facing it. Therefore, the principles must evolve to ensure they reflect this new reality.

On average, unicorns revisited their principles every 2-4 years. This didn't necessarily mean that they changed them. Rather, they sat down and assessed whether they were still relevant for the business today. If they were, they remained unchanged. If not, they were tweaked.

By instilling a way of thinking, acting, and behaving, founders mitigated some of the risks of scaling up. They ensured a common sense of purpose and standards, which reduced the need for extensive checks and balances that would invariably hinder the organisations flexibility and agility. Given how fast these companies were growing – and how rapidly their realities were changing – it was necessary to revisit their principles regularly.

Points of inflection

There were common milestones at which revisiting principles became a necessity. While most founders documented them from Day 1, some felt their principles were implicitly understood in the early days, and therefore didn't need to be documented. Once particular milestones were reached, however, they quickly realised the implicit had to be made explicit. As one founder put it, "The house is not burning without [principles] but documenting them later is already too late."

These milestones were:

– Expanding the business beyond one office and/or geography

– Hitting monthly revenues of USD 1 million or more

– Having a team of 100 people or more

– Having new investors join the Board

Case in point

One of our unicorns revisited their values three (3) times over a 7-year period. The first version was written on Day 1 by two of the co-founders. When a third co-founder joined some time later, they wrote the second version to incorporate his vision into the culture. The third (and current) version of the principles was revised three (3) years later. At that point, the founders realised that they (as a company) were becoming more corporate, a bit sloppy, and less close to their customers than they should have been. So they rewrote their principles to reflect their new reality, and to ensure that their culture continued to drive their business performance. The revised principles were not drastic in nature but were just enough to realign their operational practices with their business strategy.

2 Role of leadership

"Delegate the business to others, but culture stays with us [founders/leaders]."

The role of leadership in building, maintaining, or changing a culture cannot be overstated. Every founder we spoke to believes their primary responsibility as CEO is to nurture their culture. Culture grows from the ground up and should involve every employee; however, when something is everybody's responsibility, it's effectively nobody's job. All the founders understood this, consciously or subconsciously, and they saw themselves as *the* custodians of culture. Leaders need to set an example for how their culture is to be lived, so it doesn't become obsolete. One founder said, "Delegate the business to others, but culture stays with us [founders/leaders]."

Even with the CEO as custodian, a huge responsibility lay on the shoulders of the entire leadership team to lead by example. They epitomise what the culture stands for and are accountable for *living the principles*. One company captured this sentiment, saying, "Our leaders have a huge influence on who is here, and whether they operate at their full potential every day. Through the people they attract and their own behaviour, they are also multipliers of our culture, in both good ways and bad. That's why the bar is the highest for them."

Interestingly, many of the founders viewed their principles as a *culture contract* between themselves and the organisation. Just as leaders hold employees to certain standards, they too are accountable to employees. This contrasts with many established businesses, in which one standard exists for leaders, and another for everyone else. This is not the case with unicorns, which have a much stronger belief in *being in this together* as they collectively grow their business and brand.

Cultural leadership in practice

> "Leaders push us to understand the values – not how to live them, but rather, how to share them."

One case of leading by example came from a culture receiver. At this particular company, regular townhalls are held for all staff. These are led by either one of the founders or someone from the C-level of the organisation. Part of the agenda is an open Q&A session in which employees can electronically submit any questions beforehand. The questions are then read out loud and answered on stage.

At one of these townhalls led by the founder, a question was submitted that was both angry and aggressive. The submitter remained anonymous due to fear of repercussions. The CEO's response was, "It's a shame that this question is not phrased in a way that is in line with our values." He called out the style and tone of the question, as well as the person who was not brave enough to name themselves. He continued, "My humble suggestion is that you could have phrased the question like this, because I think this is what you're asking…", and he proceeded to rephrase and answer the question. Instead of shutting the question down, he commented on the way it was phrased, not for its content, and showed exactly what it meant to live their values. The CEO made a great impression on the staff: the event is etched into the minds of employees whether they were present or not.

This style of leading by example was widespread across our unicorns. In the words of a culture receiver (from a different company to the one in the example above), "Leaders push us to understand the values – not how to live them, but rather, how to share them." This is in stark contrast to the leadership style within many established organisations, where infallibility trumps humility.

How culture is embedded

We wanted to understand how culture is institutionalised at these companies – and how it shapes their ways of working. We specifically asked each organisation if their leadership teams spoke about culture as often as they did costs, profits, and business performance. To our surprise, the vast majority answered, "Absolutely, we do". One founder said that culture was discussed even more than business performance.

To ensure that culture drives performance, unicorns' leaders connect it to everything in the organisation. For business and policy decisions, they first consider how their options tally with their principles, before considering revenue potential. By prioritising culture in all leadership meetings, they ensure that their culture can thrive by aligning their practices to their beliefs. Furthermore, this allows them to keep their fingers on the culture's pulse, and to assess whether their principles are still relevant and working for them – or if it's time to revisit them. In many established organisations, culture is given a fair amount of lip-service, but there is often a palpable disconnect between the stated corporate values and the actual organisational practices.

As one founder said,

> *"Like building a product, you build a culture. You can't do one without the other!"*

Yet, building a culture is trickier than building a product. Dealing with the human aspect of a business – emotions, feelings, rationality, irrationality, hope, and fear – can never be controlled, only managed. As humans, we value feeling respected and needed. This is what the founders focused on, giving their employees a sense of ownership and responsibility in the success of the company. For some, that meant literal ownership of the business: long-term stock options were a part of many employees' packages. However, trust and freedom were more important than shares, as they motivated employees to *do right* by the business. In return, the founders engendered a strong sense of loyalty from employees, which resulted in highly motivated and committed teams.

Creating a sense of ownership for the company was seen as a business-critical factor for all our founders.

3   Communications

"Articulate the values clearly and explicitly, and communicate them again and again and again..."

Communication was fundamental in harnessing culture as a competitive advantage. We have highlighted the importance of using simple, down-to-earth language when documenting the principles. However, we found two more (equally important) success factors in communicating the operational principles: frequency and transparency.

As its custodians, founders continuously talk about culture. It's their responsibility to "articulate the values clearly and explicitly and communicate them again and again and again...". One founder told us that they "almost overcommunicate but, since we're building a culture of serving each other, that needs plenty of communication."

The frequency of communication represents a genuine effort to ensure employees stay true to their cultural principles. By talking about culture as frequently as they do, founders emphasise its importance to the business and to the performance of each and every employee, including themselves.

Communication in action

One of our founders brought his global leadership team into a room and gave them what he called "a Castro-like speech on culture", speaking to them for around five (5) hours on culture and why it was so important. It was the first time that anyone in the team had been exposed to a CEO passionately talking about culture. While a *Castro-like approach* might be extreme for most, the meeting marked a major milestone. Every leader walked away with absolute clarity on where the priorities of the organisation lay – and culture was at the very heart of it.

High frequency, full transparency

Frequency and transparency of communication are equally important. In order to reinforce a sense of ownership and responsibility, it is critical to keep employees fully aware of the business's progress. All our unicorns hold regular company-wide meetings – at least on a monthly basis – where the senior leaders speak openly about progress and challenges, and all employees are encouraged to ask questions.

One of our culture creators told us, "We have total transparency on our financials in all team meetings, and we share almost the entire P&L with everyone." This approach starkly contrasts with many established businesses where information is shared on a need-to-know basis. While confidentiality is understandable, the lack of transparency only serves to foment distrust of the leadership, creating an unhealthy sense of alienation.

4 Ways of working
(structure, collaboration, teamwork, processes)

To facilitate rapid growth, all our unicorns adopt a decentralised structure and organise themselves around autonomous teams. This approach allows for speed, flexibility, and efficiency that traditional hierarchies simply can't match. It shifts much of the decision-making to the frontline, where people are closer to customers. This proximity means better solutions and services, whilst being more responsive to customers' needs.

Since most of the unicorns we interviewed are based on technology solutions, this autonomous, team-based, agile approach to product development is the standard. However, even the *non-technology* unicorns feature autonomous teams as well, and for the same reasons – speed, flexibility, and efficiency.

An example from VistaJet

After a 13-hour flight, a customer arrived at the destination to find that the airport pick-up was missing. Despite having worked a 13-hour shift, a flight team member hired a car and offered to drive the customer to her/his final destination. Permission to hire a car wasn't needed, neither was authorisation to expense the additional costs. She just did what was right by the customer. This ability to respond to customer needs is impossible to accomplish without autonomy. The result was an extremely grateful customer who went on to share her/his experience with peers – and this is critical, as word-of-mouth recommendations are VistaJet's most important form of marketing. Autonomy not only enables flexibility and efficiency, it also enables their marketing as well.

Another company captured the sentiment of *always do right* by customers in its principles: "Customer over team, team over ego."

"Customer over team, team over ego."

The importance of autonomy

Having autonomous teams that are closer to customers is more than just good business sense: it works to build culture on a subtle, yet critically important, emotional level. It is impossible to have autonomy in an organisation unless leaders *trust* their people to represent the company well. By trusting their people, they also *earn the trust* of their employees. As mentioned earlier, this trust makes employees feel valued and respected, which boosts morale across the organisation.

However, this is not a matter of blindly trusting people across the organisation. By clearly and explicitly defining their organisational principles, the founders set the intention for how they expect people to think, act, and behave. With that intention in place, it became possible for them to *assume positive intent* as expectations are clearly established and continuously communicated.

It should be noted, all the founders were aware that an autonomous structure comes with its own set of challenges and risks. First, there is a real risk of creating many silos across the organisation. With many independent teams, a possibility of creating subcultures, rather than a cohesive whole, arises. This pressures the leadership team to reinforce the *we're all in this together* message. As one founder put it, "nothing exists on its own", and by pushing for cross-organisational communication, leaders are able to show individual teams their contributions to the larger unit.

Second, ensuring cross-organisational communication to keep teams connected to one another needs continuous effort and focus. Since everyone is hyper-focused on their projects, exposure to other areas of the business tends to be limited. To mitigate a sense of isolation, most unicorns create

a culture of constant, cross-organisational feedback (that's not just top-down). Using digital platforms (such as Slack, Confluence, Workplace by Facebook, etc.) and in-person forums (such as townhalls), they encourage and actively promote an internal dialogue.

Stories were particularly important, as they kept different (autonomous) teams connected.

As one founder said,

> *"We use storytelling to bring the product to the customer, and we use storytelling to bring the brand to all our employees."*

At one company, stories are shared in a How did we solve... format. In this way, teams from across the organisation can get a sense of the challenges faced by their colleagues – and the solutions found. This helps employees realise that everyone is going through similar journeys, which helps build pride in and connection with the organisation.

Third, scaling autonomy efficiently is always a big challenge. Having autonomous teams in a 100-person organisation is very different to one with 2,000 or more. As the organisation scales over time, leaders are challenged to balance flexibility and structure: flexibility to keep doing what has made them successful so far, and structure to ensure they maintain their standards as headcounts multiply. For this reason, all founders focused on clearly, simply, and explicitly defining their principles and expected way of working. Keeping culture at the forefront of the organisation translates into fewer checks and balances, allowing smoother decision-making.

5 Recruitment and onboarding

"Skills are commodities. We want people who give a shit."

Culture plays a vital role in recruitment and onboarding, as finding the right *type* of talent is essential for long-term growth prospects. To balance growth and flexibility, unicorns focus on recruiting people with the right attitude who are seen as *cultural fits* for the organisation. The founders recognised that identifying the right candidate is quite ambiguous, but not impossible. One founder said, "Skills are commodities. We want people who give a shit." That's not to diminish the importance of one's ability – that's key, but not at the expense of culture.

Interview with the unicorn

At one company, the first interview with candidates is about getting to know them personally, including their values and what they believe in. There is no discussion about the role, responsibilities, or work experience. Their philosophy is that if the person doesn't seem to *fit* the company, discussing skills or capabilities is pointless.

Another company uses the final interview in the recruitment process as a culture-only interview. As in the previous example, this is used to get to know the candidate as a person. At this particular company, only fifteen (15) people out of 1,000+ people are allowed to conduct the culture-fit interview – not based on position or title, but because they're seen as brilliant culture ambassadors.

Even though this process is not scientific, each company found ways to make educated judgements on whether candidates are a good fit for their culture. Founders believe that getting the right fit is key to maintaining an inspirational culture – and not dulling it over time. It's important to note the culture fit is

not about creating a homogeneous culture – it's about making sure that the values of the individual and the organisation are aligned. That alignment of values creates a form of natural self-selection. A number of stories were shared where bad culture fits ended up leaving the company of their own volition, as they didn't feel comfortable. One founder confessed that he would like to still be involved in the recruitment process, despite having already conducted over 500 interviews for his company. He continued, "I would have also been much quicker in exiting people who we knew, deep inside, were not right for [the company]."

When candidates are offered a position, unicorns make concerted efforts to ensure their culture is integral to the onboarding process. At one company, they have a 2.5-day culture orientation session for all new recruits. The purpose is to discuss and explore the principles and their significance to each recruit on a day-to-day basis. At another company, their rate of growth meant onboarding new teams of people every two weeks. At every onboarding session, someone from the C-level attended to talk to the recruits. Discussions revolved around culture, served to inspire new joiners, and reinforced the flat hierarchy that attracts so many young candidates. This also stands in contrast to the onboarding processes of many established organisations where, in comparison, culture is given a fleeting mention.

6 Measurements and rewards

"We don't reward culture. We expect it."

The most common approach to *measuring culture* in unicorns is through performance reviews of employees. Admittedly, it's very difficult to assign KPIs on principles but, through a qualitative process, reviewers are able to assess how employees' behaviours map against them. As with all qualitative processes, the reviews are very subjective, and the reviewer must have a high emotional quotient (EQ) to contextualise the feedback they receive.

At one unicorn, the CEO himself spends 4-5 days a year, 16 hours a day, conducting performance reviews for employees who extend beyond his senior leadership team, deep into the organisation. His motivation is to keep a finger on the pulse of the organisation's culture. Not only does this allow him to connect with employees and maintain a personal relationship with them, but it gives a first-hand view of cultural direction. At another company, over 80% of all performance reviews are linked to how the employees live the principles of the organisation.

Trust as reward

When we asked how unicorns reward culture, the resounding answer was "We don't!" The rewards given for *living the principles* is the trust afforded to individuals, as mentioned earlier. Earning the organisation's trust is the highest form of reward for many employees and is a measure of their standing in the organisation. This was confirmed to us by the vast majority of the culture receivers we interviewed. One founder put it best when he said, "We don't reward culture. We expect it." Financial rewards were given in response to an individual's impact on the company's business mission, rather than culture.

Keeping culture alive

All our unicorns relied on a combination of events and rituals to keep the spirit of their brand and culture alive.

Events

Events play a critical role, keeping employees aware of what's going on across the company. All our unicorns hold regular townhalls (albeit with different names) at least once a month, while some went as far as to hold them every two weeks. These are always hosted by someone from the C-level. A key component at these meetings is an Ask-Me-Anything Q&A session, where employees have *carte blanche* to ask the leadership team questions. These townhalls not only serve as a platform to keep employees informed but are a critical way for leadership to connect with employees. This stands in stark contrast to many established businesses, where leaders are often invisible and company information tends to be scarce and is only shared on a need-to-know basis.

At one company, a *Mission Day* happens yearly. This is where every single employee in the company (approx. 1,500 people at last count) are flown to the company's country of origin for a 2-day event. Everybody actively reviews the company's progress towards their business mission, giving employees a sense of ownership and responsibility. While this sounds extreme, it is not unique. Another company runs a similar annual session called *Strategy Days*. The only difference is that it runs two separate sessions, to make sure there is enough staff to remain operational 365 days a year. One session is run for 50% of the organisation, and the second for the other 50%. We were told, "It's a very expensive undertaking, but it's absolutely necessary!" Such company-wide events are critical in creating a strong sense of belonging.

Rituals

There is a strong emphasis on rituals, which make sure that both employees and leadership teams remain connected to the business. For example, two of the unicorns created a policy in which every employee (leadership included) has to work at the call centre for 2-10 days annually. At one of the ride-sharing companies, the leadership team is expected to work as drivers for at least one day a year. At Aramex, the leadership team spends at least one day a year working as couriers, delivering packages to customers. All of these rituals are intended to keep leaders connected to customers, while maintaining empathy with the frontline of the organisation.

Other rituals were more subtle but equally important in nurturing a strong team culture. One company decided to restrict all meetings to 15 minutes to ensure that nobody's time is wasted, and everyone can get back to serving the customer as quickly as possible. Another allowed employees to award digital 'tacos' to their colleagues for assistance on projects outside their immediate remit. The tacos were tracked on a company-wide leader board with the winner receiving a nominal, non-financial prize. And another set up a digital 'Thank you' channel, allowing employees to publicly recognise their colleagues for assistance or random acts of kindness. While rituals are almost never business-critical, they are certainly culture-critical.
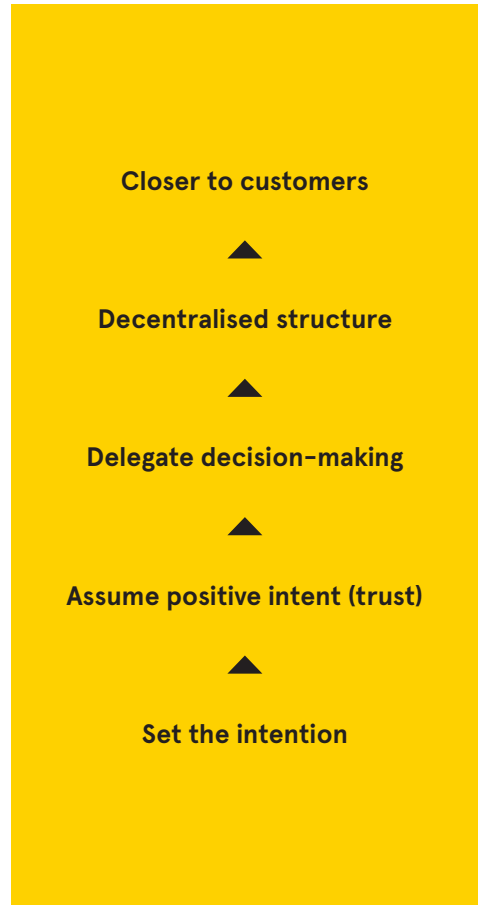
6
CONCLUSIONS

Culture is a *business-critical* *issue owned, driven, and nourished by all our founders and CEOs. It is not a people-issue assigned to the HR department.*

The primary aim of our study was to *demystify* culture and how it drives business performance. We analysed the ways various unicorns built their cultures and captured them in learnings any organisation might apply. We expected culture to be given some importance – but that it wouldn't be a critical element of their business strategy.

A decentralised strategy

Our unicorns' strategy was to get closer to customers, building better products and services, faster and more efficiently than established companies. They overwhelmingly chose a decentralised, team-based approach, where authority and decision-making is delegated to smaller teams. Their logic was very simple: empower forward teams to act in the best interest of the company, rather than slow things down by forcing decisions through their (more removed) leadership. This meant they could be responsive and nimble when addressing the needs of customers.

What we discovered was far more fundamental. Culture is a business-critical issue owned, driven, and nourished by all our founders and CEOs. It is not a people-issue assigned to the HR department.

Closer to customers

▲

Decentralised structure

▲

Delegate decision-making

▲

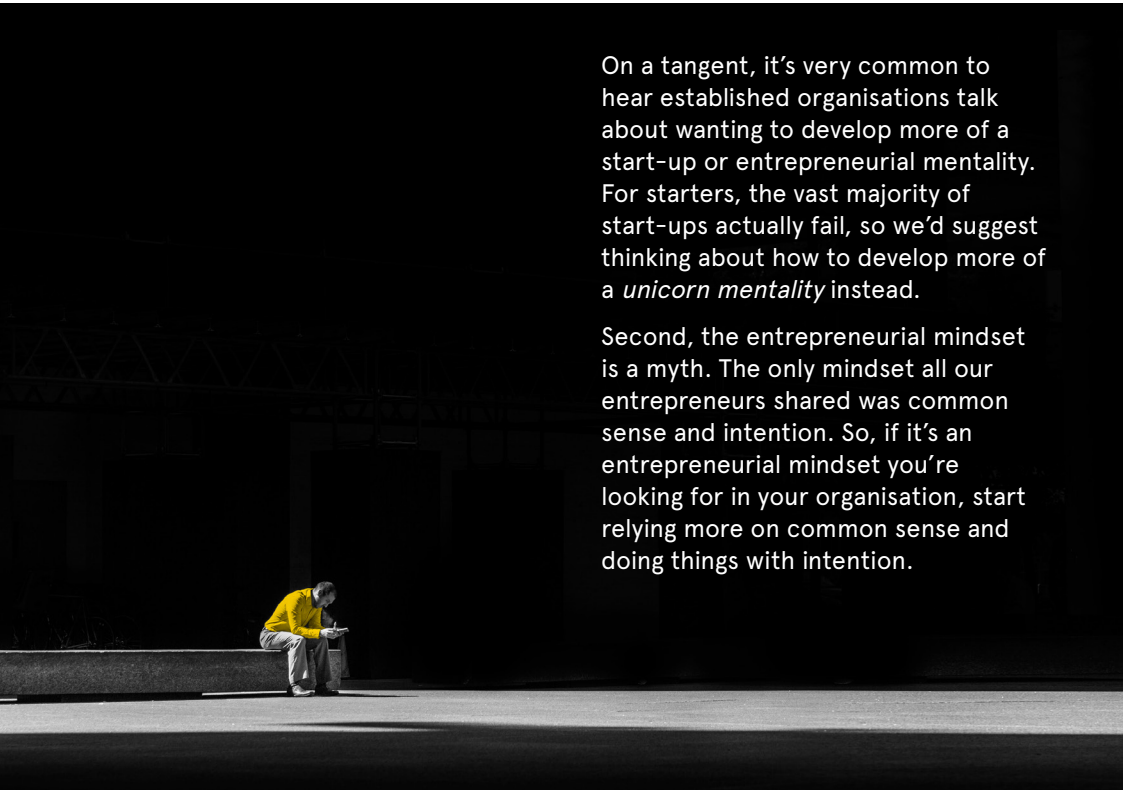**Assume positive intent (trust)**

▲

Set the intention

Delegating responsibility, giving ownership

Such an approach requires that senior leadership teams trust their people and delegate responsibility – and we're not talking about blind trust. The basis of that trust is rooted in the principles that clearly and explicitly set the intention for the entire organisation. With that in place, senior leaders can assume positive intent, and focus on their function to serve the organisation, rather than control it.

While the products and services of our unicorns give them a unique competitive position, it's their culture that is the engine of their growth and success. Their model of delivery – speed, flexibility, and efficiency through autonomous teams – is a direct result of their culture. Without clearly defined principles that shape how the organisation collectively thinks, acts, and behaves, their model would fail miserably.

Creating a shared mindset and manifesting it through the day-to-day practices of the organisation has been _the critical success factor_ for each unicorn, and this is precisely why CEOs must own culture.

On a tangent, it's very common to hear established organisations talk about wanting to develop more of a start-up or entrepreneurial mentality. For starters, the vast majority of start-ups actually fail, so we'd suggest thinking about how to develop more of a _unicorn mentality_ instead.

Second, the entrepreneurial mindset is a myth. The only mindset all our entrepreneurs shared was common sense and intention. So, if it's an entrepreneurial mindset you're looking for in your organisation, start relying more on common sense and doing things with intention.

Demystifying culture: Learnings for established organisations

Culture is commonly defined as "the way we do things around here". For our unicorns, that meant starting from a clean slate and establishing "their way of doing things" without any of the baggage and bad habits that inevitably develop in established organisations. Their challenge is scaling culture.

For established organisations, the challenge is evolving culture: dealing with baggage and bad habits, figuring out what needs to stay the same and what needs to change, and persevering to make the change happen.

In both cases, *culture* is about creating a shared mindset around operating principles and values, then putting those principles into practice operationally, and reinforcing that mindset with rituals that create meaning for an organisation.

Components of *culture*

MINDSET
How the organisation **thinks**

– Vision and purpose
– Operating principles (values, beliefs, behaviours, intentions)

PRACTICES
How the organisation **acts**

– Leadership by example
– Communications & language
– Collaboration & teamwork
– Product & service innovation
– Measurements & rewards
– Recruitment & onboarding

RITUALS
How the organisation **bonds**

– Stories
– Rituals & symbols
– Celebration
– Events

With that in mind, the approach to building or evolving culture is centred around four (4) key principles:

1
Say what you mean and mean what you say

—

The operating principles are the foundation of culture. They serve to shape and guide how an organisation thinks, acts, and behaves, and as such, they must explicitly set expectations. Simple, relatable language serves this purpose well. Be prescriptive.

As business realities shift and strategic plans develop, revisit the principles to ensure they still serve the organisation's needs, and adjust as necessary.

2
Leaders lead.
Cultures follow.

—

Employees behaviours will always mimic those of a leadership team. Senior leaders must model the behaviours that they expect across the organisation, and that starts with the CEO. As the **custodian of culture**, the CEO serves her/his organisation by leading by example. Remember, leadership is a service function, not a control one.

Furthermore, given that culture touches all aspects of an organisation, that responsibility is too great for any senior leader to take on apart from the CEO (and possibly the CFO). As such, culture must be the primary responsibility of the CEO.

3
Involve employees

—

Culture is what happens when employees share common mindsets and behaviours. This requires the active involvement of all employees. Behaviours and attitudes cannot be dictated – they must be learned and practised.

Leaders must set the right intention for the organisation, and then assume positive intent and allow their people to figure out how best to (re)shape the practices of the organisation.

Evolving or changing a culture cannot be *willed into existence* by simply talking about it – things have to actually change. It will be uncomfortable at first, but as employees consistently practice new habits and behaviours, the culture shift will stick and become the new norm.

4
Communicate, communicate, and communicate some more

—

George Bernard Shaw once said, "The single biggest problem in communication is the illusion that it has taken place."

It is critical to hammer home the message around evolution/change by continuously and constantly talking about the reason for change, its necessity, its value, its direction, and its nature.

It is important to recognise that all employees are different and will absorb messages in very different ways. This requires multiple versions of the same message to ensure that everyone understands – and these multiple versions must also be hammered home.

As change progresses, what needs to be communicated also changes. Employees need to be aware of how the change effort unfolds, progresses, and when it hits obstacles. This ensures that everyone stays vested in the success of the overall effort.

Communication is a two-way street – not a one-way broadcast. It is critical to actively listen to what employees are saying about the change effort, as the way it is being received may be different to how it was intended. Unless employees' voices are heard, the change initiative will invariably hit a brick wall.

In closing

If you only take away one thing from this study, let it be that culture is **the critical driver** of business performance and success. A great strategy will provide the necessary direction for where the organisation needs to head. Great products and services will provide the competitive positioning needed for any organisation to succeed. However, how the organisation consistently delivers those great products and services is a function of a great culture.

A culture can only be considered great if it drives business performance. Consistently delivering great products and/or services is a result of shared goals, system-wide thinking across all departments, flexible design (of processes, procedures, and even structures), incentives that encourage loyalty to superordinate goals (not subordinate ones), healthy cooperation, consistent and transparent communication, and strong human-centric leadership.

These are the true hallmarks of cultures that drive business performance.
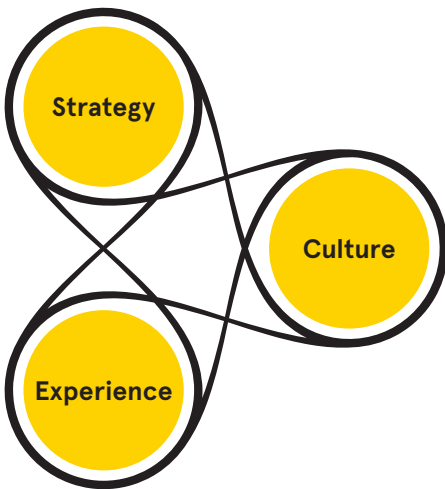
Great brands that stand the test of time are the result of organisations that have managed to build a symbiotic relationship between their business strategy, customer experience, and organisational culture – each one feeding into and off of the other. These three pillars are mutually dependent and should not be isolated from one another.

Our unicorns understand this fundamental connection, harnessing it as a competitive advantage in high-growth environments. Rather than confining culture to a founding document, they constantly analyse, nurture, and evolve it. This is how they disrupt the market, and how they sustain their success.

To drive growth and success, organisations must think about their culture, proactively and strategically.

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