



GE 244: Why Didier Elzinga Asks New Hires at Culture Amp How He Can Help Them Get Their Next Job [podcast]

Growth Everywhere Podcast Transcript

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Didier Elzinga: If you want people to be truly engaged, you have to help them understand how your organization is helping them grow in their career.

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Okay, everyone. Today we have Didier Elzinga who is the CEO of Culture Amp. Now, Culture Amp is a tool that helps make it easy for you to collect, understand, and act on employee feedback. I'm going to let him explain what that means in a second. Didier, how's it going?

Didier Elzinga: Very well. Lovely to be here.

Eric Siu: Thanks for being here. Why don't you tell us a little bit about who you are and I guess the impetus for starting the company?

Didier Elzinga: Sure. I'll give you the quick version. Previous life, I used to work for Hollywood. I ran a visual effects company. Worked on Harry Potter, Lord of the Rings, Batman, Superman, et cetera, et cetera. And worked my way up from being software engineer to being CEO, and I used to joke that as a CEO you're a glorified psychiatrist. So much of building a successful business comes back to people and culture.

I got to a point where I became good friends with the founders of Atlassian. I watched them build their business, and I decided that their business model was a bit better than my business model, and if I was going to do something big in the world I should probably build a software business rather than a service company. And so I started Culture Amp, and the idea was really, how do we help people to scale people in culture? But specifically, how do we help people bring the data in house? And what drove me was this idea. I looked at marketing and I looked at the transformation that was occurring in companies using

data about their customers to make better companies, and I thought that the tipping point I was watching was that it was that data coming in house. Marketing was not being done to you. Marketing was something you did, and I wanted to help drive the same change other people in the culture sought. Help people use employee feedback like you said at the front.

Eric Siu: Love it. Okay, great. There are other tools out there, so how does Culture Amp differ from the competition?

Didier Elzinga: I mean, this is not new. This has been going on for decades. I think historically the challenge has been that this has been a slow, consultant-led process so we were really one of the first companies to come in and say, "Let's put you in control. Let's give you a platform for capturing employee feedback and understanding and using it." And since that time, it was about five years ago, we now work with over 1,300 companies globally. Everything from 100 people to 100,000 people, and the thing that I think sets us apart from everyone else is when you use our platform to do this, we obviously give you the tools to as you said collect, understand, and act on that data, but the big thing is we give you access to the collective intelligence of all of the people in the network. It's a range of different ways we do that, but it's about how do we democratize this? How do we get this into the hands of more people? And how do we learn from that process and share that learning back with everybody who's trying it?

Eric Siu: Got it. What's a practical example or any case study that you can share just helping someone visualize how Culture Amp works when they log into the thing?

Didier Elzinga: Of course. The initial use case, we talk a lot about employee feedback because we want people to understand it as a bigger thing. The entry point for most people is you're a fast growth tech company. You've just hit Dunbar's number, which is say 150 people, or you're a company that's just IPO'ed and you've got 1,000 people. The challenge is you're looking at your people trying to work out, how do we put the culture that we're trying to build first so that we can deliver the experience we want to our customers? And oftentimes what will happen at that point is they're like, "Alright, we don't have any data, so let's run an engagement survey, or a pulse survey, or a culture survey, or some way of capturing, how do my people feel?" And then you'll use the answers of that survey to make decisions. What should we be focusing on? Do we have to invest more in learning and development? Are people struggling with performance? Is collaboration a thing that's holding us back?

And so what our customers are often doing is they're using our platform to collect information across the whole organization about how people feel and what the experience that they're having is, and then they're using that data to better allocate resources to improve. That's the process that we help companies with, and once they've gone through that initial process of let's run an engagement survey say, then it's about going, "Wow, okay. I've never had this information before. Where else does that information live in my organization?" So team level, individual level, manager level, but the primary use case that most people start with is, "I don't know how my people feel. I need to understand how my people feel so that I can make better decisions."

Eric Siu: Got it. Makes perfect sense. How do you guys make money?

Didier Elzinga: We're a classic SaaS business. Annual subscription. You buy the platform and then you can use the platform to deliver unlimited way of collecting that feedback in different formats in different channels, so it's very standard SaaS model.

Eric Siu: Okay, and the way you guys charge, because I'm looking at the pricing page. \$3,000, \$7,000. I'm guessing it's based on features and number of seats?

Didier Elzinga: Yeah, pretty much the size of the organization. It's an interesting tool in the sense that almost all of our customers are surveying almost all the people in their employee base, and then there's a portion of those people that are using their data depending on how the organization's set up. So we charge by the size of the company.

Eric Siu: Great. Okay, makes sense. What are some numbers you can share around the business today? Whether it's growth numbers, revenue numbers, whatever it is exactly.

Didier Elzinga: We're four offices now. We started in Melbourne. We're Melbourne, San Francisco, New York, London. We're almost 170 people globally, and more than doubling every year and we have about 1,300 customers globally.

Eric Siu: Love it. Okay, great. Again, I'm looking at the site right now. Employee engagement, employee effectiveness, employee experience. So I think employee engagement, people can Google that and find this, or I'm sure you can Google all of these, but employee effectiveness. How is that measured, or what are you doing around that?

Didier Elzinga: Employee effectiveness is really thinking about ... If you think about engagement as being organizational feedback, so it's the organization listening to everybody and saying, "Hey, what's your experience? What can we do about it?" Employee effectiveness is individual feedback, so how do we help individuals in organizations give each other the feedback they need to be better? And that product is really, that part of the tool is really about leaning into the shift that's happened. So people historically have said, "Oh, we do performance reviews so once a year we collect feedback to understand how well we went in the past." The truth of the matter is what you really want to focus on is, what feedback do you need to give to people so they're going to be better in the future? Employee effectiveness is about giving people the tools to collect, understand, and act on the feedback between individuals that helps drive growth into the future.

Eric Siu: Got it. Okay, great. I always like case studies. Are there any case studies of people using Culture Amp and a before and after?

Didier Elzinga: Just broadly speaking or specific to effectiveness?

Eric Siu: Effectiveness. No, let's go broadly speaking. That's better.

Didier Elzinga: Yeah. There are tons. A lot of them, they sort of fall into different camps, so one of the companies. I won't name the company because obviously we look after the confidentiality not only of the people taking the surveys but also some of the companies doing it, although if you look at [inaudible 00:07:38] work with everybody.

Oftentimes companies will come in and they'll have a sense that they have issues. Maybe they've been going along for a long time and they've been growing really quickly and their growth has tapered a bit and they've started losing people, and so people are coming to us saying, "Hey, now we're suddenly losing people and we never lost people before," and so they do a survey and they realize that their engagement scores are actually sitting in the 50%. One particular client I can think of had 50% engagement which means only half of their people were actually engaged in what the company was trying to do, and so just the process of first of all finding that out, then looking at the data and then using that data to kick off projects to actually move the needle. Within six months they were actually able to-

Eric Siu: What's a good engagement score just for people to know? Because yeah, I'm not really sure what 50% means.

Didier Elzinga: Well, if you think about what engagement is, engagement is measuring people proud of the place. Are they intending to stay, and are they willing to go the extra mile? So if somebody is not engaged, what it means is if somebody asked them they're like, "Yeah. I work there, but it's just a paycheck and I wouldn't use their products if I was you." Or they're going, "I'm just waiting til I get my bonus," or, "I'm actively looking for another job," and so engagement is basically measuring your people's emotional commitment to the company.

At an absolute level you want to have as high as possible. It's unlikely that it's going to be 100% because there's always ups and downs, but really great companies have high 70s, into the 80s, even into the low 90% of their workforce highly engaged, and so they're able to harness that and create better outcomes as a business. This particular organization that I'm thinking of was sitting just above 50%. Within six months they were actually able to move that to 70%. They had over 1,000 people. If you think about that, that is 200 people that were basically sitting around thinking, "When am I going to get my next job?" Who are now going, "Actually, this place is starting to go in the right direction. I want to help make this company a success." And so that's a huge impact on both the top line and the bottom line of a company like that.

Eric Siu: Love it. Okay. Using a tool like this, how did it prove the value to the C-suite at the end of the day? So it's like, okay yeah, we've increased our employee engagement from 50 to 70%, but then you have the guys that are in there, maybe a CFO or something saying, "How does it add to our bottom line?" How would you respond to that?

Didier Elzinga: It's the question as old as business itself of course. There are some fairly simple models you can use if you want to try and demonstrate a direct ROI. One of the classic ones is just looking at your retention and attrition. Rule of thumb is it costs you a year and a half of someone's salary to replace them, and that's because you got to go find them. You got to bring them in. You got to train them. There's lost productivity while you're training them. Whether you believe that or some other metric, you can just look at it and go ... A lot of our customers are retail business and some retail businesses can have attrition that's as high as 100%, so they're

turning people over every year. So if they can build a culture where a person who used to stay 12 months now stays 18 months, that's a massive improvement in terms of not having to train those people, not having to go hire to find new ones, et cetera.

So you can do a basic ROI model off that. What we often point to and when you sit down and talk to people about it is it's actually even more fundamental. You would sit down and say ... We like to say brand is a promise to a customer. Culture is how you deliver that promise. And so you actually want to sit down with the company and say, "What is the experience that you're trying to create for your customer, and what is the experience that you need to create for your people to deliver on that promise?" So you can do an ROI model. You can also just use the data to say, "What the data tells us is if we do nothing, this is what is likely to happen. And then you can choose to do nothing if you're happy with that future."

And oftentimes what will happen when you look at the data is you go, "Wow, there's all these people that we think are really great, and they're all leaving. And if we don't like that we have to do something to change that," and I remember sitting in with a specific customer and we were doing this whole thing and the CEO was in the back of the room, and we were showing the data and he was on his phone, and I pointed to something and said, "Oh, what's this group here?" And somebody said, "Oh, that's this new company that we just acquired." The CEO put his head up and he was very proud and he's like, "Yeah, blah blah blah. This is fantastic. This is going to be the foundation of our whole future push in this area." I said, "Well, according to this data none of them are going to be here in two years, and across the board they're not particularly happy with the company."

And you see at that point his whole face went white and he's like, "Why hasn't anybody told me this? This has got to become our first priority. We just paid X million dollars to buy this company, and if they're not happy we have a serious problem." So that's the sort of insight that it can help with organizations and where it really becomes valuable, particularly for people like CFOs, is oftentimes people will have a sense of what the issue is and so they'll feel it broadly. It'll come up in conversations and so on. But nobody can really define it, and so it can be easily either pushed to the side or you can argue about what it is. Once you've got the data you can actually have a conversation about it and you can say, "Well, actually 35% of people feel that way." It's not just the last two people you spoke to. It's actually hard and fast numbers, and then we can say, "Well let's do something," and, "Have we moved the needle? Are we actually able to change the perception of people around something that matters to us and to them?"

Eric Siu: Got it. Yeah, I love it. I think it's super important and I like how it's very quantifiable. The types of people that you're typically selling to, I'm guessing it's probably not the CEOs, right?

Didier Elzinga: It depends on the size of the company. Smaller companies tend to have more involvement from the CEO. Interestingly, I present a bit on stage around creativity and around culture and innovation and all these sorts of things, and when I have a

room of CEOs I'll ask people to rate out of 10 how important people and culture is to the success of their business, and the average rating is 11.

Eric Siu: I'm sorry. Is the rating out of what, 10?

Didier Elzinga: Out of 10. It's a Spinal Tap reference.

Eric Siu: Got it.

Didier Elzinga: My point being that CEOs, I can think of maybe three CEOs I've met in my life who actually truly didn't think that culture mattered. CEOs often actually really care about culture. Now, it's not to say they're not business orientated. It's not to say they don't care about revenue. It's not to say they're sometimes not ruthless, but they also realize at the end of the day they need to create a very specific culture if they're going to be successful.

Eric Siu: 100%. Great. In terms of customer acquisition, what's working for you guys nowadays? How did you go about acquiring let's just say the first, I don't know, 200 customers?

Didier Elzinga: Really early on we tried everything, and a lot of it was we did some inbound so we set up our website and we talked to people, but a lot of it was just getting out, chatting to people, taking any demo we could. And then since the beginning, and it's still a really huge part of what we do, we've invested a lot in the community around the tool. From the beginning our whole mission was to help people bring this data in house and to help people make their company more culture first, and so we said right upfront, we want to create a community and we actually call that community the people geek community. So people that care about people and culture but are bringing a sort of analytic approach to it.

We want to build a community not all of which will be our customers. They're just people that care about putting culture first and making that a reality, and so that process of even though we're based in Australia, we go to San Francisco. We go to New York. We go to London. In the early days we would literally just send out a meetup request and host some drinks in a bar. Anybody that wanted to talk about culture. Anybody who thought they were a people geek. That's really been a big part of our engine, and now last year I think we did 120 events across 23 different cities, and we've just started on the process of next year will be our big Culture First Tour culminating in a big event in San Francisco in the middle of the year.

Eric Siu: How much are these events costing you on average?

Didier Elzinga: Everything from nothing ... I mean in the early days we just pulled every trick in the book to do it on the smell of an oily rag. These days we put a lot more money into them, but they'll be anything from \$50 to several thousand dollars. A large event will run into the hundreds of thousands of dollars. We've probably tried almost every different event format you can imagine.

Eric Siu: What's been the best one for you?

Didier Elzinga: Well the truth of the matter is everything has different audience and works in different ways, so we do webinars. We do master classes where we invite 10, 12 people often into an office with our clients and we talk about a particular topic. What we've actually found is that the best thing is to have a range of different types of events. What we've got much better at over time is you really work out what the playbook is, so if we're going to do a master class now we know exactly how many people we want. We know exactly how many people won't turn up.

There's always a middle point which is good. You don't have enough people, it doesn't work, but if you have too many people then the experience isn't right, so what's the sweet spot where everybody gets the right return? We worked that out for all the different types of events, but broadly speaking the thing that's worked the best is the fact that we're not just doing one thing, so we're hitting different audiences in different ways and oftentimes you're hitting the same person in different event formats based on whatever they're interested in and how they want to consume information.

Eric Siu: It's super interesting. Even though there's a lot of people that are interested in marketing strategies and tactics, I've been telling people what's been most effective is live events, actually connecting with people. Whether it's through a webinar or whether it's through seeing them actually in the flesh, but I think it's one of the strongest things you can do. Especially dinners and all that kind of stuff too, so I think it's cool that it's worked out for you guys.

Didier Elzinga: It is a long tail thing and you have to put a lot of effort into it, and you can spend money but actually the biggest cost is time, and people. And so the reason that it works for us is when we hold an event in a city where we have an office or even elsewhere, most of our staff will turn up and everybody is happy to be there and really truly enjoys meeting the people geeks and interacting in that experience. You can't fake that, and so where I've seen it not work is when companies say, "Oh, we're going to have an event and strategy," and they task some poor person with running the whole thing but nobody in the rest of the company actually cares or wants to be part of it, right? This only works because everybody in our company sees themselves as a people geek and genuinely wants to be part of that community.

Eric Siu: I love it. Okay, so what's one thing that's working well for you in terms of customer acquisition today aside from the events? People want to hear about the latest tactics and all that. Do you have anything?

Didier Elzinga: I think what's been really interesting in the marketing world is to see the increasing sophistication of account-based marketing, and particularly how this multi-touch model works where I probably get 60 to 70 emails a day from somebody who wants to book a meeting with me for 20 minutes next week to hear about my business. I'm not going to answer any of those, so how does somebody find a way of connecting with me on something of value? But then also how do we reinforce

that in a multichannel way so it's not just, who is this company? I've never heard of them before?

So we've spent quite a lot of energy and effort into making sure that if we're interested in talking to a company or a prospect that we are everywhere that we need to be so they know who we are when and if we reach out and we reach out at the right time and what we've found is events are a really great way of bringing people into the funnel or into the community. So rather than reaching out and saying, "Hey, would you like a demo," it can often be more powerful to say, "Hey, would you like to come to this event? I know you're interested in this topic. We've got these people talking about it." And when we've alongside that already done a whole bunch of targeted marketing to make sure that they're seeing us in the places that they need to see us, that can be very powerful but it's a lot of work and there's a lot of effort to make that work.

Eric Siu: Yep. Totally know what you're talking about. I'm looking at two blog posts that you've written, and you had one on ... I guess let's start with this one first. The title's a little more catchy to me right now. Letting Go of Your Best Employees. What was that blog post about?

Didier Elzinga: That was really about leaning into one of the things that came out of our research is that if you want people to be truly engaged, you have to help them understand how your organization is helping them grow in their career. It kind of makes obvious sense, but if I think the place I'm working for is going to make me more valuable and successful into the future, I'm more likely to want to be there to stay, and one of the thing that might feel a little weird but actually makes sense if you think about it is that one of the best ways of doing that is not to pretend that you're going to be together forever and not to say to everybody that you need to keep people forever.

We try and have an open conversation with everybody where I say when people join the company, "I want this to be your dream job or a stepping stone to your dream job, and over your time here it might be both. And let's have that conversation and let's be clear about it so that when you're here you feel fully motivated because you know this is the best place in the world for you right now. And at the point when that is not true anymore, then let's say, 'Cool.' Let's have an open conversation about how do I help you get where you want to go?"

I borrowed this actually from a CEO at another company, Entelo. When people join I actually sit down with them and say, "How do I use my personal network as a CEO to get you your next job?" And people look at you and go, "Aren't we meant to pretend together that we're going to be together forever?" You say, "No. If you're here two years, three years, four years, whatever it is, that's fine. But if I know where you're going I can make sure that we give you the experiences that you need while you're here," and people respond really well to that.

Eric Siu: Yeah, 100%. I do exactly the same thing here. It's interesting. We had one guy. Interned for somewhere else then came to my company, and he went back to that

company and now he's back again, and I asked him, "Why'd you come back?" And he's like, "It's because you guys ..." This is exactly what you're talking about. You foster growth, and you tell them, "Hey, this is a stepping stone. This is not the end all, be all. It's about hitting your dreams," and I think people respect that a lot more and it's clearly working for you guys.

Didier Elzinga: Yeah, and it's part of us. We talk about what we need to do if we're going to be successful, and the very first piece is we actually have to put culture first. We tell all our clients that you need to use our software to help you put culture first. We also have to walk the walk.

Eric Siu: Right. Okay. How about this other blog post right here? The seven-year overnight success.

Didier Elzinga: That's that thing where people always look and go, "Hey, you're blowing up and doing all this amazing stuff." The truth of it is, everybody wants hockey stick growth, but everyone forgets about the long, flat bit at the start. And we've been doubling and growing really quickly for the last few years, but the first couple years, you're trying to build a product. You're trying to find people. This was our third product as we tried different things, went, "Okay, this is working but not working well enough," and so nothing comes easy and you never know ahead whether it's the right thing.

Eric Siu: What's not working well enough? Those three products. Is it like \$100K ARR? \$1 million? How'd you define it?

Didier Elzinga: The first product we had, which was in the performance measurement space, we had customers. What we found though was that there was no repeatable sales cycle and it was a universal problem without a universal solution, and so you find yourself stuck in the 10s of K ARR and you've got this thing. People really like the idea but everyone's like, "Uh, maybe it needs to do this, or maybe it needs to do that," and there's no common buyer and you just keep going round, and at the time it always feels like you're one feature or one thing away, but it never quite cracks. We actually just got to the point where we set ourselves a deadline. If we couldn't get this to accelerate, depending on whether you're B2C or B2B there's all sorts of reference points out there for how fast you should be growing, but you need to be growing. You need to be growing X% per month, and so we just said if we're not going to hit that we're going to try something different.

Then what we found was when we ended up on the product we're on now, it only took a few weeks for us to get our first customer and then staff started going, "Ah, that's what success feels like. That's what this is meant to be." But it is actually really hard when you're in it not to feel like you're just one step away. It's often not until you have hindsight that you can look back and realize actually, it wasn't working and it just took us too long to realize.

Eric Siu: I want to back up a second to what you talked about earlier. Going from a service business to a software business. Because we've had a couple people on the podcast

and we haven't talked about this for a while I guess, so it's good to hear different perspectives. When you switched from a service to a software business, what are some of the transitional ... I guess the tough things that you had to go through? Because one of the things that sticks out to me is what happens to the employee in the service business?

Didier Elzinga: I didn't switch the business. What happened was I worked at a company called Rising Sun Pictures. It's a visual effects company. I worked there for 13 years, and I started as a software engineer right at the bottom. I was employee number six or something, and I ended up as the CEO and I was the CEO for 5. And so I got to that point and I could've stayed as the CEO, but I ended up going back to the founders of the company and saying, "I love this company but I have to push myself, and I think this is the right time."

Part of what helped me realize that it was the right time to step out and try and start something new was watching what Mike and Scott were doing at Atlassian going, "That is an incredible business that they have built and it's an incredible business model too, because it's essentially a monotonic revenue curve." So yeah, I stepped out. That business still runs. They've done amazing work on Gravity and X-Men and all this sort of thing and I still keep in touch with them, but I stepped down on my own to start Culture Amp.

Eric Siu: Thanks for clarifying. Just a couple more questions on my end as we work towards wrapping up. What is one new tool that you've added in the last year that's added a lot of value, like Evernote?

Didier Elzinga: I'm a bit of a tool junkie, so personally or for the organization?

Eric Siu: Let's do both.

Didier Elzinga: At the org level, it's funny. As you get bigger in scale and you have more people and more systems, I tend to hate most of the software we have to use because it's awful, but one thing that we've used that I was quite a skeptic on but I've actually really enjoyed is a thing called Donut which is a tool in Slack that helps you set up a bunch of things, but one of the things that we've used it for is what we call Camper Coffee. And so it's just a channel and anybody who wants to joins the channel, and then it more or less randomly assigns people to each other and the idea is that you have a Camper Coffee. What makes it work, and at the end of it we just say, "Hey, the company will pay for it and you just have to post a picture and say what you talked about."

What's made it work so well is because we've got four offices across so many different time zones, it's been phenomenal for creating relationships. Because it just gives people a reason to have an hour long chat with somebody that they've never seen before and otherwise would know nothing about, and you get these ... I saw one the other day where two new people in the company said, "Oh, we caught up and we talked about riding motorbikes, fixing motorbikes, buying motorbikes, and selling motorbikes. All the important things in life." And it was really cool to see

these two people that have never met suddenly realize they had this shared passion, and so they now got a connection that you can't fake. So that's been a really cool tool for us as a company trying to handle having hundreds of employees spread across the globe.

Personally, probably the thing that I spend the most time tweaking is my own use of ... I use Todoist. I use a modified version of Bullet Journal with my own written documents. Like I have a little notebook, and then I use Todoist as my memory collection for things that I need to keep track, and their filtering tools are pretty cool so I've now got a fairly customized setup for how I track what I'm doing and what's coming up next and what I can do with the time I have so it's sort of a bastard child of GTD and Bullet Journal.

Eric Siu: Love it. What's one must-read book you'd recommend to everyone?

Didier Elzinga: If you're functioning as a founder or executive, the book I always recommend to people is *The Effective Executive* by Peter Drucker, which was written in 1976 I think or '79 but is still incredibly effective.

Eric Siu: You know what's interesting? I've read his other books, and there's a couple. Everything else has kind of made sense, but that one, I don't know. For whatever reason it came off kind of dry to me and I couldn't finish it. I don't know why, but I'll give it another go.

Didier Elzinga: Really? Because that's the really short one. It's like, 70 pages long.

Eric Siu: I mean he's got a lot of short books, but I'll give it another shot just because you recommended it and now it's in my head. Okay, that makes sense. Great. Alright, well Didier, this has been great. What's the best way for people to find you online?

Didier Elzinga: Well with a name like Didier it's not hard to track me down, so just Didier Elzinga. Didier@CultureAmp. Easy to find on LinkedIn. Easy to find on the Culture Amp website. Always happy to chat to people out there trying to make the world a better place.

Eric Siu: Awesome. Thanks so much for doing this.

Didier Elzinga: My pleasure. Thanks Eric.

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