

# What Happens When Companies Scale?

Research from the Best Small & Medium Workplaces



# Culture is At-Risk But Key to Successful Small & Medium Business Growth

Small businesses have created two-thirds of new U.S. jobs since the 2008 recession. Their success is central to economic progress. At the same time, growth itself represents one of the most consequential challenges young businesses face.

## 2018 Top-ranked Small Workplaces

#1 HUGHES MARINO

## 2018 Top-ranked Medium Workplaces



#2 YNAB.

theTradeDesk

#3 front



#4 organifi.

asana

#5 EDUCE GROUP

westMONROE

“When it comes to revenue growth and innovation, the 2018 Best Small & Medium Workplaces continue to outperform their peers making these companies more competitive and helping them secure their position in the marketplace. What these companies do differently than their peers is that they offer a great workplace for all employees, regardless of role or personal traits.”

Michael C. Bush

CEO of Great Place to Work

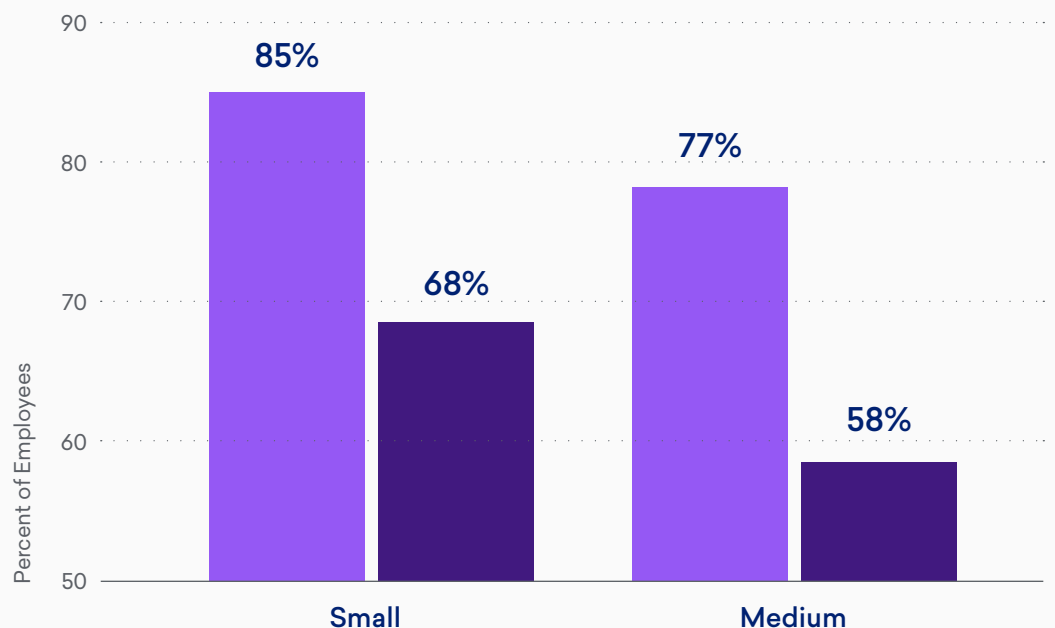
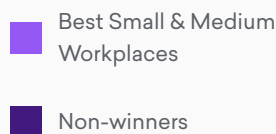
The close-knit nature of smaller organizations fosters hands-on leadership, consistent employee treatment and an innovative environment. Those traits are all vital to continued success, but difficult to scale. So our research for the [Best Small and Medium Workplaces](#) focused on how leaders of growing businesses can maintain a strong culture while growing revenue faster than their peers.

## Meaningful Management

Business expansion can be tough to manage, and it's easy for leaders to overlook the deterioration in a team's work experience that often accompanies growth.

After analyzing surveys from thousands of employees across industries, Great Place to Work found that large companies usually generated lower scores than smaller ones. People at big businesses were less likely to say they look forward to coming to work and more likely to express concerns about politics, fairness and managers' decisions. Even among smaller and mid-sized businesses, employees of mid-sized companies expressed less confidence in their leaders than people at smaller organizations.

## Express a Great Deal of Confidence in Executives



This is why employee trust and a clearly articulated purpose are so important for a business early in its growth. While processes and org charts evolve, company values can remain a constant. Great Place to Work consultants often give fast-growing clients the following advice to preserve the culture that originally attracted employees to their teams:

### Hire with Intention

When business takes off, it's tempting to hire managers quickly. Even if candidates offer much-needed expertise, though, leaders should focus first and foremost on how new leaders will manage their subordinates. Inspirational values expressed by founders quickly become meaningless if they're not apparent in the experiences of front-line employees. Be sure anyone in a supervising role demonstrates the same character and leadership philosophy you want the company to reflect in the future.

### Lift Up Good Work

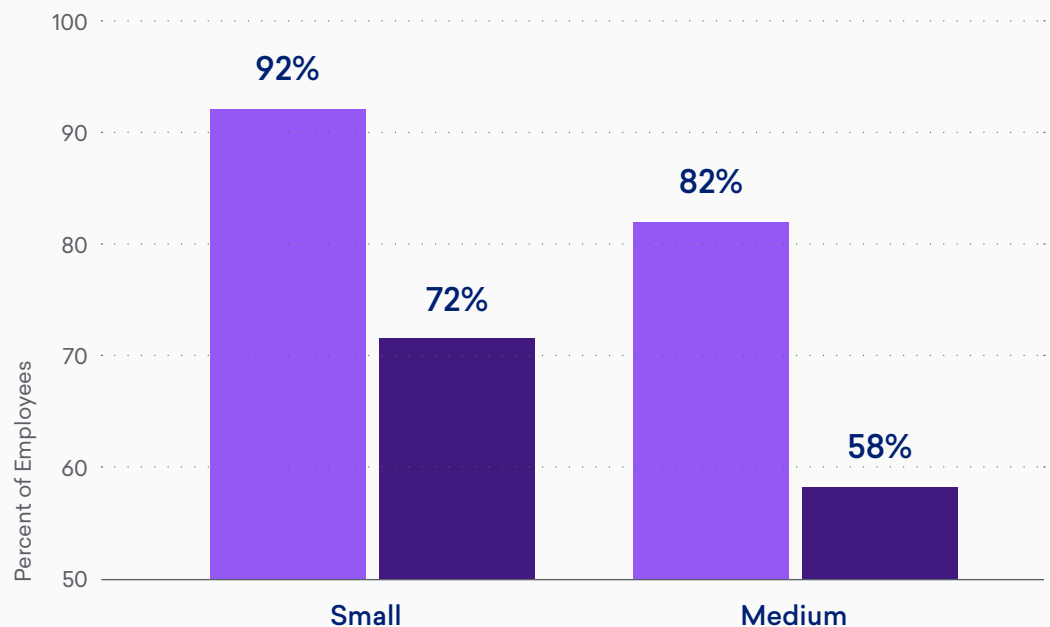
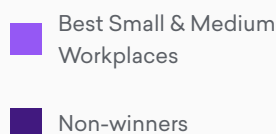
Keeping a small business alive is hard work for all involved. When entrepreneurs begin to reap the benefits of their ventures, team members will naturally want to share in the success they helped create. Our research has found employees care more about the fairness of how profits are distributed when organizations grow larger. In addition to thoughtful compensation decisions, employees also benefit from workplace programs that acknowledge extra effort and show appreciation for team members' daily work.

### Lead By Example

The head of a large company can't personally make the case for her strategy to every employee who will implement it. Instead, most co-workers have to trust the competence and intentions of executives they rarely interact with. This is why leaders must make and explain decisions in terms of their company's core values. Even when those decisions miss the mark, employees will feel they were made in good faith if they're consistent with the culture they've helped build.

Compared to medium sized workplaces, employees in small organizations experience a higher level of leadership effectiveness

## Leadership Effectiveness experienced by employees

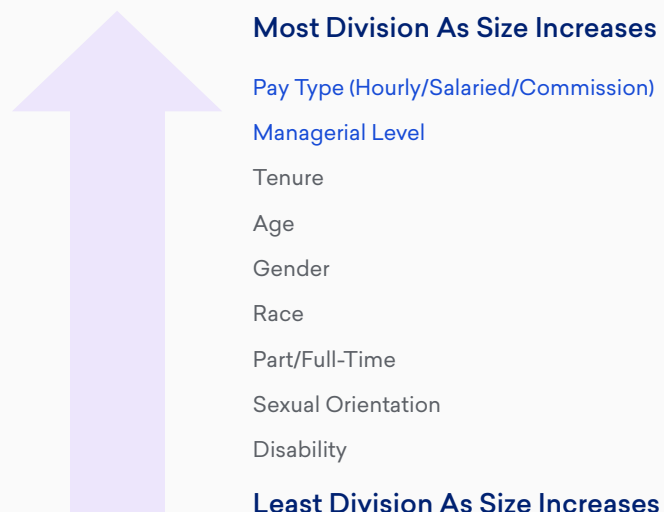


“Everyone here is from different places and cultural backgrounds. It’s an extremely diverse office and we all work well together! People are positive and energized each day.”

—Team Member at MediaAlpha



Adding to the challenges of a growing business, our research found employees tend to report unequal experiences along demographic and job-related lines more frequently at larger companies.



Because gaps in employee experience grow worse with employer size, young companies are in the best position to address them. For example, it’s never too early to audit salary data to identify unexplained pay gaps effecting women or people of color.

Crafting an even playing field from the start also requires a substantial investment in communication. It’s much harder to keep 500 people up-to-date than it is to inform a team that still fits in a single conference room. Executives must lay out their plans, goals and expectations in a timely fashion across the workforce. If they don’t, co-workers will quickly fill in missing information with potentially harmful speculation. This is particularly true when company growth results in less access to decision makers. Consistent, workforce-wide communication also ensures employees don’t find themselves out-of-the loop on career opportunities because they’re in different departments or socialize with different people.

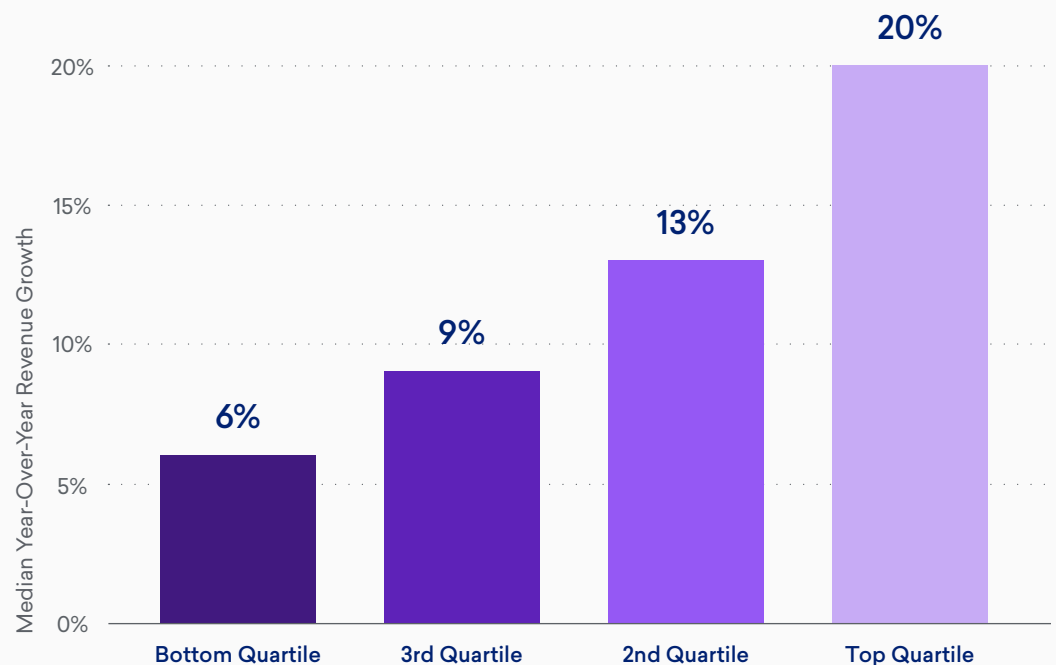
The challenge of creating a great workplace for all employees pays off with more cohesive teams that trust each other and deliver better revenue growth:

Employees' experience of Leadership Effectiveness has consequences beyond motivation or teamwork. Our research has found it also drives business success. Top quartile companies' revenue growth is 3 times higher than the corresponding value of bottom quartile organizations:



## Leadership Effectiveness Impact on Revenue

2018  
Certified Companies  
Ranked by Leadership  
Effectiveness



## Refuel the Innovative Engine

Ingenuity is one of the defining traits of small businesses, and our research bears that out. On an index of workplace traits linked to innovation, computer modeling of employee survey data predicted a 20 percent decrease between a company with 100 employees and one with 100,000. What can an SMB do to keep creativity flowing as headcount begins to grow? We've found people at innovative organizations give them high marks on the following survey statements:

Management has a clear view of where the organization is going.

Management recognizes honest mistakes as part of doing business.

You can count on people to cooperate.

I feel I make a difference here.

I am treated as a full member here, regardless of my position.

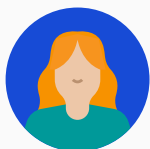
Management shows appreciation for good work and extra effort.

Management involves people in decisions that affect their jobs or work environment.

Management genuinely seeks ideas and suggestions.

People avoid politicking and backstabbing.

Management trusts people to do a good job without watching over their shoulders.



In sum: Innovative workplaces listen closely to employees, allow them to take risks, and foster environments that encourage collaboration among all employees. Over time, SMBs that stay agile and open-minded during growth build a competitive advantage over their peers.

“We embrace mistakes, so much so that we’ve got a regular feature called “Fail, Learn, Cake!” It’s for celebrating the attempt to try something new that didn’t work out, describing what you learned from the experience, and then we all have cake”.

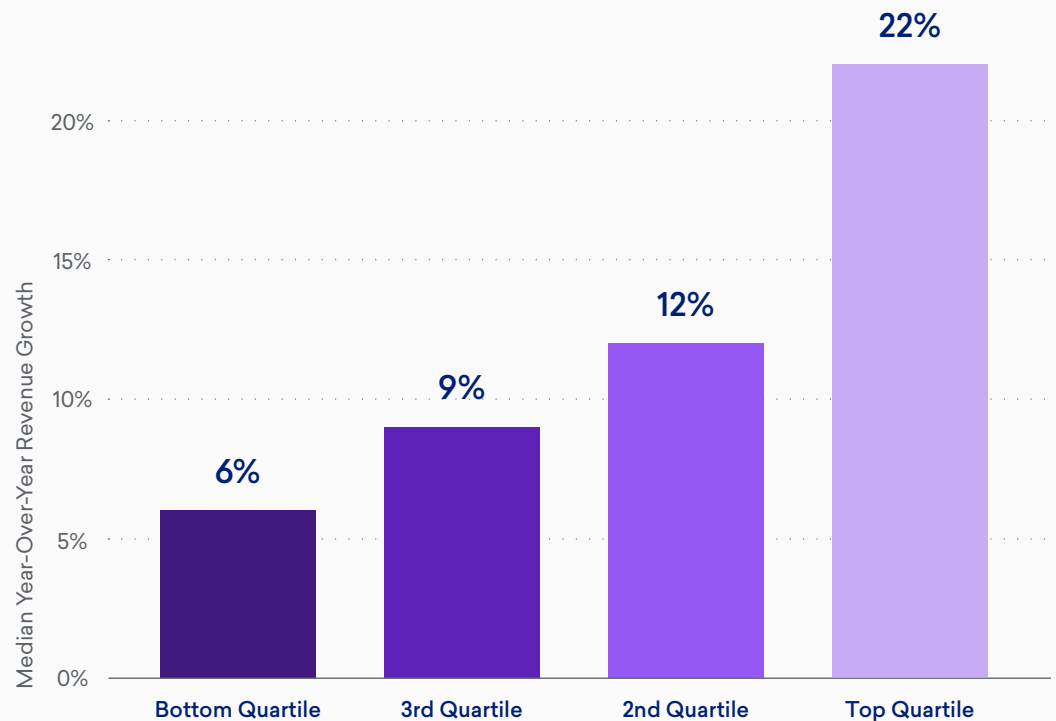
—An Employee at Square Root



Companies achieve nearly 4x the median year-over-year revenue growth when their employees experience top versus bottom quartile innovation behaviors, as measured by the Trust Index®.

## Innovation Impact on Revenue

2018  
Certified Companies Ranked by Innovation Results





## Spotlight: Top Small Workplace

The top small workplace of 2018, Hughes Marino, is an award-winning commercial real estate firm specializing in tenant representation and building purchases. With multiple offices and service lines, they help companies across the nation to lease, buy and build the space they need to do business. 100% of their employees say that they are proud to tell others they work there.

# HUGHES MARINO



Last year's #4 on Best Small and Medium Workplaces in Southern California, Hughes Marino has also earned a spot on the 2018 Best Workplaces for Millennials List.



Hughes Marino's ten Core Values are the heart of their business. These values are the driving force behind the culture and behind every business decision that is made, including who they hire. All team members can recite the Core Values from memory, and they are on the agenda of every team meeting.



Hughes Marino supports more than 100 non-profit and charitable organizations throughout the nation as donors, trusted advisors, and volunteers. Each team member is given 24 hours paid time off every year to volunteer at an organization that inspires them.



At Hughes Marino, appreciation and peer recognition is heavily encouraged. Each year, every team member is given five "WOW" cards to recognize other team members for going above and beyond. Each "WOW" card is worth \$50 and awarded during quarterly team meetings.

“The culture is like none other. Everyone is extremely polite, helpful, outgoing, caring, and has great work ethic. They truly live the core values on a daily bases and we talk about them daily”.

—A Team Member at Hughes Marino

## Spotlight: Top Medium Workplace

INTUITIVE is an aerospace engineering and analysis firm, where 98 percent of employees we surveyed said that management is competent at running the business and that they are proud to tell others they work there. Here are just a few of the ways this leading workplace sets itself apart from competitors:



Last year's #4 on the Medium Best Workplaces List, INTUITIVE has also been recognized as a Best Workplace for Women and for Diversity in 2017 and as a Best Workplace for Millennials in 2018.



Quarterly, INTUITIVE brings in a physical therapist, a nutritionist, a massage therapist, and nurses who set up a clinic for CARE Day. Employees contact HR to make appointments, the company pays for everything, and bloodwork results, etc., are sent to the employee's home address.



INTUITIVE's Chairman, Harold (Hal) Brewer, sits down with new hires to talk face-to-face with them about ethics. They call these meetings "Let's Talk Ethics... with Hal." During these meetings, the Chairman shares specific incidents in company history where the company made the ethical choice, and where he talks about his expectations and the work environment. Employees take great pride in those stories, and the meetings are a mechanism for passing on who they really are.



INTUITIVE puts a lot of focus on developing leaders from within the company. With ELITE Emerging Leaders, an internal leadership program designed by employees, INTUITIVE prepares leaders for their role. ELITE stands for "Excellence, Leadership, Innovation, Technology, and Ethics." An ELITE class is a group of 6 - 8 participants appointed through a structured application process. The program is nine months in length, is implemented in multiple phases, and culminates with a project completion and presentation to the Executives.

"They treat employees like equals. You can find the President, CEO or any VP on the hallways and they will say hi to you and stop to have a conversation. Doesn't matter how busy they are, they ALWAYS find time for their employees. I LOVE working here!"

—An INTUITIVE Employee

The biggest challenges that face a growing business often represent its biggest opportunities, as well. Early leadership decisions—shaped by the organization’s values—can build a lasting culture that inspires employees. SMBs also can take proactive steps to encourage innovation and fairness across the workforce. All of these become harder to accomplish in a large organization, and companies that achieve them during their growth will enjoy superior outcomes in the years ahead.





## Want to become a best workplace?

GET CERTIFIED

### About Us

For 30 years, Great Place to Work® has worked with leading companies from around the world to identify and build high-trust, high-performance workplace cultures. Our research has proven that building great workplaces to work for all isn't just the right thing to do, it's better for business.

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