



Stanford eCorner

Hire for Culture Fit or Add?

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Management scholar Adam Grant discusses research showing how firms that hire candidates based on how well they will fit into the company's culture perform differently depending on the stage of the business. Grant, a management professor at the University of Pennsylvania's Wharton School, also presents another question for businesses to consider when hiring: What can this person contribute to the company's culture?



Transcript

- Hiring is huge for driving culture. I think it's actually pretty difficult to dramatically change people's values and their behaviors and the people you hire. What they already bring to the table. Our really critical drivers are what the culture is all about. And, I think that a lot of founders always mess this up. (laughter) So, just a quick gut check in the room. When you look at research on silicon valley founders, you'll see that they tend to have three different blueprints for what they like to hire on. Some say I put skills first. My top priority is, I've got a job description, I wanna know if you can do that stuff. Second say, yeah, it's nice to have people who can do great things today, but it's more important to know, what's the ceiling on your potential.

And they try to hire stars, who have a lot of learning agility, or just raw intelligence. And then the third approach is culture fit. To say, like, yeah, I want skills and I want stars, but to me that's nonstarter if you do not subscribe to our values. So of course, you want all these things, but if you have to choose one, which is most important? Let's get a vote. How many of you would put skills first? No one. Okay! We're gonna have a bunch of incompetent startups. How many of you put stars first? And how many of you, culture fit first? All right, so again, study done right here at Stanford. Led by Jim Barron and Mike Hannon. What they show is, that the firms where founders say culture fit is my top priority, are significantly less likely to fail. Significantly, and I wanted to quantify that, but in the study, we're looking at about two hundred startups in this case, zero percent was the failure rate for the culture fit firms.

And then, not only were they less likely to fail, they were more likely to IPO, too. And it's easy to figure out why. When you have culture fit, everybody subscribes to the same values, they believe in the same mission, and they are uniquely motivated, because there's nowhere else they would possibly want to work. And so they end up doing great things. And they're willing to do whatever it takes to save the company. Except, after they go public, the ones that hire on culture fit grow at the slowest rates, when you track measures like annual market capitalization. So what got you there doesn't get you here, culture fit seems to be good early, but dangerous late. Why? Well, I think over time, culture fit sort of turns early on. You don't worry about its negative effects as much, because you usually have a disruptive idea. And you're trying to do something original and you need to be aligned on that.

But as you grow, now you're dealing with disruption from the outside and the world is changing and you have to be able to adapt, and culture fit is code for hiring a bunch of people who think the same way I do. And it leads to groupthink and weeds out diversity of thought. So, IDEO has a great solution to this. I think you all know them as the world's greatest design firm, when they started tackling this problem, they realized that instead of hiring on culture fit, they should hire on cultural contribution. So instead of asking, what is our culture about, and bringing in people who live those values, they ask what's missing from our culture, and then they try to bring in people who will enrich it, and stretch it. So, they have a lot of great design thinkers, right, many of whom come out of the D school here. And eventually they realize, like, you know, we need more than just design

thinkers. Like one of our challenges is, if we're gonna go build a mouse for Apple, or a new shopping cart in a grocery store, we have to learn about a very very foreign environment very quickly. Who is good at that? And they say, anthropologists, that's what they do for a living. Like, they go into foreign cultures and then they try to make sense of it.

And they start hiring anthropologists and they're like, this is amazing, we should only hire anthropologists. And then they realized they're falling into the same trap again, so they say, all right, well, how do we diversify again? Well, once you understand a new world, you've got to translate that understanding back, to help your designers get it, and also your clients. And they say, that's a storytelling skill. So now they start hiring more screenwriters and journalists. And again, like it's tempting, we only want this kind of person. And the moment you find a skill or a background that you think is uniquely great, that's the moment that you need to think again, about what else is missing from your culture. And that seems to be a great antidote to this culture fit problem.