URL: https://ecorner.stanford.edu/videos/scaling-operations-and-people-entire-talk/

Claire Hughes Johnson is a corporate officer and advisor for Stripe, a global technology company that builds economic infrastructure for the internet. From 2014 to 2021, Claire served as Stripe's Chief Operating Officer, responsible for scaling the company's worldwide operations to meet the needs of its rapidly growing user base. During her tenure as COO, Stripe grew from less than 200 employees to more than 6,000. She is also the author of Scaling People: Tactics for Management and Company Building. In this presentation, Hughes Johnson shares her experiences as an operator and her advice for building effective systems and teams as a company scales.

Transcript

Announcer Who you are defines how you build. 00:00:06,300 (electronic music) - Welcome everybody to 00:00:09,390 the Entrepreneurial Thought Leaders Seminar at Stanford University. I'm Ravi Belani, a lecturer in the Management Science and Engineering Department at Stanford. And this series, as you know, is brought to you by BASES, the Business Association of Stanford Entrepreneurial Students, and STVP, the Entrepreneurship Center in the School of Engineering at Stanford. Today, in a slight departure from our normal protocol, we have a... I'm gonna be introducing the speaker who's gonna be introducing our VIP speaker who's gonna be speaking on scaling today. And we took the opportunity of Claire's visit to Stanford to bring in one of our department's leading scholars on scaling, Bob Sutton. I think you guys all know Bob, but Bob is a professor in the Management Science and Engineering Department at Stanford and the author of seven books including "Scaling Up Excellence." Bob. - All right, my name's Bob Sutton, as advertised, 00:00:58,110 and I'm here to introduce Claire Hughes Johnson. She's the author of "Scaling People" "Tactics for Management and Company Building." Claire has a remarkable background.

She's on multiple boards. She was at Google for 10 years. I think most pertinent to this book, which I've spent much of the week reading, it's just remarkable, is she was COO at Stripe as it grew from 200 to 7,000 people. That is serious scaling man, and I guess I've written now two books related to scaling. If you're gonna buy one, don't buy mine, buy this one. And I'm not kidding, this book has so many details. She knows how to do it. She's not just an academic who talks about it. And in addition, the thing that amazed me when I saw how dense it was, I said, oh, it's gonna be boring to read, but she can write. It's amazing.

So it's detailed, it's useful, and it's got heart. So I think that's enough. So let's hear the story, Claire. A round of applause for Claire. - Oh, thank you. (audience applauding) Thank you Ravi and Bob, and that is an endorsement from a fellow author, wow. I am the child of an English teacher, so- - Oh good. 00:02:14,610 you sorta lose some of those skills. But I'm just thrilled to be here, as allegedly a thought leader on entrepreneurship. I think mostly when you hear from entrepreneurs, you're talking to people who've taken an idea from zero to one, which is the famous...

And I am very proudly more of a one to two person, or maybe one to three. And when I was talking to the team here about coming and speaking, I heard very emphatically that it would be great to have more operators come and talk about that work.

Because, in fact, it is one thing to get an idea off the ground, a product, get to product market fit. It is another thing to then scale what becomes, hopefully for you, some kind of organization, a company. And those skill sets are actually related but quite different. And what you'll find with operators is most of us are more comfortable behind the scenes, and I am one of them. So this is unusual for me. And, in fact I did write a book, which seems very front the house type thing to do, but it was not my idea. It was John and Patrick Collison, who are the co-founders of Stripe, who encouraged me slash made me write it, because they didn't think there was a tactical, practical, specific and detailed enough how do you do the thing book about scaling, company building, but also management tactics that you really need. I don't care what size company you're at, I hope the management and leadership information is applicable, actually, quite widely.

I don't know why they thought I was the best person. I am not an academic, and I wanna start with that. So really what the book is about is my experience. So what I'm gonna do today is talk a little bit about some of the frames in the book, the key frameworks. I'm gonna show a few visuals from the book, just try to bring them alive. But the challenge here is that a lot of the book is about the detail. So I'll try to end early and be able to answer some questions, but I just wanna caveat with the book has some framework, some of which I definitely stole with pride and some of which I conceived of myself. But it's really more about the examples of how you see that thing happen in practice. So, let me just start through what the book has in it, because then I'm gonna zoom in on a couple sections. So, the first chapter of the book is about my personal operating principles, which I'm gonna get to, because they lay a foundation for what I think is my leadership style.

But I also encourage all of you, anyone who's attempting to lead anything, to come up with your own personal version of your authentic operating principles. I think mine are fairly transferrable, which is why I spend a lotta time sharing them in the book. But they also come from a couple decades of practice and learning. I then go into operating structures, which I'm also gonna talk about today, because a lot of scaled systems is about building replicable structures that can be sort of started at the top. I mean OKRs at Google are a great example of this. Everybody from the CEO and the executive team does OKRs down through any individual in the company, and that's a replicable organizing structure. And I'm gonna talk about some of the ones that I think are really important to create stable foundations for what ultimately can be quite chaotic environments, especially if you're in a high-growth environment. I then spend a lot of time talking about hiring and talent, which I'm not gonna go into, but if you're interested, that's the longest chapter of the book, because if you believe that talent is everything, which it often is in the kinds of companies that people certainly in this area of the world found, then people are everything. And getting the right people into the room and at the table is actually a lot of scaled processes to do that at the level of volume that we're talking about. I then talk about intentional team development.

There's one thing to be a manager and another thing to be a leader and it's not yet another thing to combine those two and build a high-functioning team that can contribute at a level that is above the sum of its parts. And then the next chapter is about one-to-one performance. Being a manager, being a coach, doing performance management if you have to, handling sort of crises that happen with people and how to find your skillset as a manager. And honestly a lot of management is very teachable, but a lot of it also happens behind closed doors. So I try to demystify all that stuff that's going on in one-on-ones and performance reviews and walk through what it might look like and help people sort of get a pattern match enough that they can repeat these things. And then the final chapter is called "You," and it is about you and it's about your own energy. I loved Ben Horowitz's "The Hard Thing About Hard Things," because it was like really being inside what he called the struggle. Being that entrepreneur, you have so much burden on you, so much responsibility, it feels like everything is falling apart, and yet you must persevere. And I think that I had my own, I have my own advice I offer on how I do that, how I manage my own energy, how I compartmentalize when I need to. There's a little sidebar in there about working with founders, because I have worked with a lot of founders, and I continue, I now invest and advise a lot of young companies, and that's a little sidebar in the "You" chapter, but it's mostly about your own career and how I manage mine.

So that's the overview. That's like the cliff notes of what you would find in this fairly long book, which is not meant to be read cover to cover. It's more of a reference guide. Look in the table of contents, find what interests you and go to that. So, let's talk about, before we get into the operating structures, I wanted to start with my principles as I warned you. So, the first one is the most important one, which is build self-awareness to build mutual awareness. A lot of people think that leadership and management is obviously about your team, about your organization, about the work they do. And I would actually argue, no, it has to start with you. Understanding your own work styles, your strengths, your areas for development, really your blind spots. I think we all actually, most of our strengths are like breathing, and then our blind spots are blind spots, because you don't know.

And so how do you find them out? Obviously asking for feedback, but I'll show you all a visual in a few minutes of how I sort of start to map people around me and invite them to map themselves so we can start to relate to one another in our default preferences. 'Cause as humans, like we're animals, we all have default preferences, but yours is different than mine. And the key for you is to figure out, okay, where, do I fall on this? And how do I surround myself with a complementary portfolio of a team who can really push me in the direction that I don't naturally go? So that's the first one. The next one is to say the thing you think you cannot say. I think if there was anything that I've learned in my career, as a leader, yes, but more as a manager, is that we all have a theory in our head and sometimes a thing that, you're all having thinking something in one part of your brain right now that you're not gonna blurt out loud. But if you really thought constructively, how do I get that thing that I'm wondering? And maybe it's a piece of feedback, maybe it's a question about like, is this the right meeting to be having? Why are we talking about this right now? I've come to actually value the many engineers that I've worked with,

because they are more liable to put that thing on the table, and I enjoy that now. It used to kind of make me defensive, and now today I'm like how do you get this stuff on the table? How do you have open and transparent communication about what you're really thinking? Your real idea. And I think the best way to do it is often with a question, but I'm not gonna spend time on that as much today unless we have questions about it. The next one I already mentioned, which is distinguishing between management and leadership. I think the best of us, you will interview, and I have, some leaders, often founders, who will say to you, "I'm not a good manager." Reid Hoffman said to me that one guy once gave him the feedback, "I wouldn't hire you to manage McDonald's." I just hire great managers around me.

And I do think that is one philosophy, which is recognize you're not a great manager. You're the leader. Hire great managers around you, fine. I don't subscribe to that philosophy. I believe that we all grow up with a little more strength in one path or the other. I'm a more natural manager than I am a leader. I think that's true of a lot of operators. Or you grow up as a leader. A lot of founders are... I'm generalizing, and I want you to all realize this is a big generalization and not meant to stereotype people, but grow up as more of a leader.

And if you think about leadership, that's vision. That's the idea. That's setting the bar extremely high. It's about having ambition, and yeah, sometimes reality distortion. Like they're describing a thing where you're like, how are we... I'm the operator. I'm like how are we ever going to get there? And the manager is more knowable. It's like I gotta get from point A to point B. I gotta make a plan, I gotta set goals, I gotta measure, I gotta organize the talent, give them assignments, and get the thing done. You grow up in one or the other.

And then you hit a point in your career where you either learn the other skill and how to integrate it or you don't. And I think the people who don't learn enough of the other skill, cap out in their ability, one, to develop others and to have a high-performing team, but really I think ultimately in their own learning process. The best of me is the me that can lead and set the vision and really push people. Leadership is turning up the heat, but also manage and be empathetic and be on the ground and be setting the right metrics. That integrated person of me is my best self. And I encourage all of you to think about how you integrate, learn those two skills and start to integrate them. And the final one is come back to the operating system. So let's just do a quick deep dive into the self-awareness one, and then we'll go to the operating system, because I am gonna talk about how you come back to it, which is first you have to create it. So this is a figure, and I wanna acknowledge the amazing Stripe design team, and I realize it may or may not be as readable, depending on what format you're viewing this, but it is my cheat sheet, having taken a lot of different work style and personality assessments. So MBTI, which is Myers Briggs DISC insights.

There's the Enneagram, there's the big five, you name it, I've tried it. There's the Hogan, which is like 175 question thing. Anyway, they all boil down, in my opinion, again, to on the vertical axis, are you more task or are you more people oriented? And on the horizontal axis, are you more introverted or extroverted? And this is what I mean by naturally. Your default style. By the way, when I'm Claire leading a sales team, which I have at points in my career, I show up more extremely extroverted than I actually naturally am. And so then I created these little buckets. And again, I'm not wanting to generalize here, but if you think of someone who's very task-oriented, extroverted, they tend to be very directive. We are gonna get this thing done. Here's how we're gonna get this thing done. They don't always bring the people along, because they're really trying to get the thing done.

And then there's the introverted flip of that, which is more the analyzer. I need to see more data. Like show me the data so that I can get the task done. And then there's the collaborator, who are often the unsung heroes, by the way. Especially, operators love the collaborators. They're thinking, okay, I'm gonna get in the weeds of this process, figure out how to get the people on board with it, and actually get the task done through the people. Unfortunately, sometimes they can spend too much time working to get the people on board. And if you're in a crisis you sometimes need to bring in the director to say, hey, hey, we gotta get moving. And then the promoter, which is, again, a natural sort of sales. They tell the story beautifully.

They're wonderful at narrative. They're wonderful at inspiring the group. And so these are my buckets. I wouldn't use this as the only answer on figuring out your work style, but I would advocate that think for a minute, introspect, and say, okay, where do I naturally kind of fall? And I mean I'll talk about myself for a second. I am naturally, one... A lot of these assessments will place you as a little dot on their chart, and the closer you are to the center, the more adaptable you are and the farther out, the more stuck in, I'm really an analyzer. And I tell a story in my book about a team I had where we were doing this exercise where we took an actual decision that we had to make as a team, and we mapped the stages of the decision-making process on the floor. And we all started at stage zero, and then we got information, and then we had to, sort of by the end of the exercise, make a decision. And I had two guys on my team where all the rest of us were on stage five. We had decided and we were making an action plan, and these two were like, "We do not have the data.

"I'm sorry." But I actually valued those two people on my team, because they would not let me rush. I'm more of a pattern match, intuitive, let's go to action person, but where do I fall? I'm pretty adaptable. I'm actually in a kind of a weird mix, I've learned from these assessments, of a collaborator and a director who acts like a promoter. And so I really like to bring people along, and I'm highly empathetic, but I like to get shit done, and people think I'm more extroverted than I am. So they think I'm a promoter, and it's because I've done a lot of roles that have customers involved and sales responsibilities. So I can do it, but I am exhausted by the end of the day, because I'm actually a little bit more introverted than I appear, including right now.

So that's a little self-awareness. Map yourself, think where you are in that, and then think about, well if I were gonna build a team, 'cause in order to actually build a company, you need to build a team. Who else do I need? And you're gonna need something that is not intuitive. Well maybe it is, now that you've heard me, you're gonna need your opposite.

And actually in the interviewing process, we often gravitate to the people most like us. And so if you haven't started to really think through this and develop a rubric of who's the person who... Actually, the best hires I've ever made drove me a little crazy in the interview process. And took me a while to figure out, wow, that's counterintuitive. The people, I was like, yeah, we could go out right now and talk for hours, those aren't the people who complemented me. So anyway, think about where you stand on that. Let me come back now to the operating structures. I'm just gonna introduce this. I'm gonna talk at an abstract level and then we're gonna show some more gnarly specifics. But this part of my book actually starts with the foundation.

So I'm just using a house analogy here, which is what I call a founding document. It's a set of foundational things that any organization needs at a certain point, probably not when you're tiny, and maybe not even till you start to have some product market fit traction, but you are going to need to start to not just infuse your values into the company, just because you're all hanging out in one room together and you're making decisions together and you're starting to build the culture, but actually start to name them. What are our operating principles or our company values? And by the way, they should not be aspirational. Everyone comes out with these lists where you're like, well yes, that would be nice. They have to be relevant, believable, enduring, and deliverable. So when you write your first set of values or operating principles and you hand them around your company, people should be nodding and recognize, yeah, this is how we are. Think about a really hard decision you had to make. What principles did you use to make that decision? That's what should be in that document. And you would need to start to... I mean I'm talking about maybe you're 50 people at this point, maybe even 100.

You're starting to write that down, because you're gonna start onboarding and bringing people in who can't be in a room altogether. They need more formal structures to learn. The other thing I advocate is your long-term goals, which you could call also your strategy, but it's like why do we exist? There's a mission we have often, a vision. Like Microsoft, I wanna put, a long time ago, a computer on every desk in every home. That was a big vision. But you need a vision, you need a mission, but you also sort of need to state how do we know we're winning over the next five years? So one of Stripe's long-term goals, if you think about it doesn't surprise you, but will surprise you when you hear me say it, which is advance the state of the art of developer tools. Stripe is an API, fundamentally, product company, and we care the most about developers as our core audience. And it doesn't feel like, well aren't you a payments or a FinTech or... No, yeah, we build economic infrastructure for the internet. But fundamentally it's about developer tools.

So think about that type of thing. What's your core long-term goal? And those are some of the things you would wanna put in these founding documents. Things that wouldn't necessarily change that often and that you can start to onboard people into so that you have a shared common set of values. Not just why, not just the vision, the mission, but how we work together. And then the next thing is your operating system, which I'm gonna... Which is really... I talked about Google's OKRs. None of this stuff is rocket science. The hard part is actually putting the things in place that are these repeatable ways of operating so that everyone, like if you think about the chaotic environment of a young company, you need stability points at which everyone can touch down and say, oh yes every quarter we do this thing. Some of those are communication practices, some of them are things like business review practices.

A lot of them are goals, they're dashboards, they're metrics. They're the fact that you have an all-hands meeting on X cadence, and it's sort of sacred. These are very operational tactical things, but the power of them is that they exist and that you repeat them and then you make them better. To the point that Ravi made. You're gonna make them better over time, but people, otherwise, are gonna create their own. And you're trying to create a unified vision for what you're operating toward. What are the metrics that matter. And the cadence is what I just described. When do these things happen? And again, I will actually be the first to tell you, there's no secret formula of these are the right ones and this is the right cadence. It's more about you as the leader saying which makes the most sense for how I wanna lead, and then I'm gonna honor it.

Just like you honor your one-on-ones with your direct reports. So let me get into a gory level of detail. I am not gonna read this slide, but this is a combination of all of these things that I would advocate you put in place, which are some of the foundational things like mission and long-term goals, a way to plan, a way to establish what teams do and their metrics, and all the metrics that matter. A sense of ownership, so how do you build accountability mechanisms in? And then how do you communicate progress and goals and vision and priorities? And then under what cadence? And if any of you who've been in a company environment, even a school environment, you know the week kinda feels like this. The month kinda feels like this. The quarter feels like that. That comes from having an operating system. So that's the system. So, I think that what I would say to you, I'm actually gonna skip ahead to this slide, which is when you're building these things, you've probably heard the expression, do the unscalable thing first. And I agree with that.

Do it manually, do a very custom version of this thing. That might be your first hire. It might be the first time you do a plan for next year. Like we're actually gonna set goals for a whole year, which is very unusual if you're young. You should wait to do that until you've really been setting goals for at least the next few months. But you're doing this custom version of this thing, could be your first marketing campaign, your first sales process, the first customer you onboard. All of these things are

gonna be very custom, and you've only ever done it a few times. Then stop yourself and think, hey, wait a minute, are we gonna need to do this a lot? Like is this thing gonna have to happen? Are we gonna have to hire a hundred people to do sales ever? Yes. Are we gonna have to replicate our hiring process potentially thousands of times? Yes. Are we gonna have to onboard new customers millions of times? You hope so, yes.

So you gotta be thinking I'm at a low-frequency custom place. How am I gonna get to a high-frequency scaled place? And the answer is you're gonna build some operating systems, and yes processes but not defensive processes, not things that feel like bureaucracy, things that create structure. Think about it as a... Say I gave you all a bunch of sporting equipment, all different kinds of equipment, and we all went out to the quad here, and it was a big green space, and I said "Play." Some of you might actually try to play and hurt each other, because there's no rules. Like where's the boundaries? How do you score? What is a foul? And so all I'm advocating is creating a set of constraints that honor, by the way, your business model, your product, your strategy, and then living within those constraints. And then the ones that really, the things that have to be repeatable and really good over and over again have to come to that scaled high-frequency place. Which means, by the way, investing in systems, tools, training, and development, yes. But what is real scale? You know what it is? It's not individual heroics. It is that you can repeatedly win, and you can repeatedly win with different teams. Like that's when I know I've done my job is I could walk out of this room and they would just keep going without me, because they can do it, 'cause they have the system.

That is really what I'm advocating for. I think that the other thing that I would say in advocating for thinking about complexity and systems is people probably seen this as not a proprietary image to me, but I think younger companies often don't think about the sort of collaboration complexity as the number of people increase and the number of interfaces then increase, and absent, again, think of going out to the quad with all your sporting equipment and not knowing how to play. If you don't create some structures for within which those (indistinct). What are our priorities for this month? What are the top three things we need to get done? What is our metric of success? What do we want our P&L to look like at the next end of next year? Whatever those are, then those interfaces become much more fraught, because everyone is individually deciding what the most important thing is and advocating for their position. And by the way, they have to advocate in the scenario with six people in 15 different ways to get what they think is the right thing done. You get a lot of interdependency friction. So that to me is sort of the thumbnail of some of the core operating parts of the book and some of my thoughts on why they matter for scale. And then as I said, and you saw the guts of some of the details, like what's the manager role in setting these things? And by the way, the manager role, 'cause I started as a manager, and that's what I care to speak to, is to understand all of these systems. You'll also have compensation systems, hiring practices, and then, by the way, influence and change them if you think they're actually causing your team, your company to head in the wrong direction, but be able to honor them and replicate them down to the lowest node that you can. Because then you're gonna all be running faster.

If everybody's like I'm aligned on this way of operating from top to bottom, just like the OKRs at Google, you're gonna see that you get a lot more velocity, especially as you grow, 'cause you're cutting down all that friction. I think that's the main goals I wanted to share. I I think that the final thing I would say is that I think we all feel operators versus the founders that the grasses are somehow more special on the other side. So I look at the founders I've worked with, and I'm like, how do you... Believe me, I'd start a company if I had the idea. I was like, I just don't work... My brain thinks about how to do the thing, not what the thing is or what the thing should be. And I have so much awe and honor, honor those people and revere them in my life. And I've really most of my career thought that the stuff that I do, the execution, the operating, is pretty obvious. And then the founders come to me, and I sorta worked through a problem they're having.

Like how do you get from A to B? And they're looking at me like, I could not do that. And they're thinking, how do people think that way? And the most beautiful thing about building a team and being part of a really high-functioning team is when you can take that inventory of, wow, doing this thing is like breathing to you, and you're amazing at it, but I can't do this. And that other person shows up, and you really see each other and you invite each other into the moments when you will have the most impact. And that's where you need that self-awareness to build mutual awareness. And that is when the magic happens of really truly great companies that have fabric, by the way, this is fascinating me, there are not that many companies that have existed for more than 100 years. And I find them extremely interesting. And a lot of them have a very, very strong value system, but also a way that they ingrained that system into how they operate, how they do everything day-to-day, that persists beyond the original founding team. And so I would leave you with that, which is find that magic, those complementary people in your life. I've worked with a couple of small businesses, happened to be owned by women right now. They're both extremely creative women, and the teams they've built are clearly built to complement them.

And that makes me wanna be a repeat customer. And so that, I'll close with that, and I'm happy to take some questions. All right. (audience applauding) Audience Member Hi, Claire, thank you 00:28:32,130 very much for coming. - Hi. 00:28:35,190 - I am an MBA one here. 00:28:37,200 So my question is about moving from one company to the other. I have this experience of building a team, creating a culture, creating some operational tactics, and then moving to a different team. And it's like how much you kind of try to... What is working in one company, take it to another one, and how much you have to let kind of grow and blossom on its own.

- Yeah, that is a terrific question. 00:29:02,070 And when I started at Stripe after being at Google for almost 11 years, there was a high degree of suspicion (chuckling) from the employees that were there, which was about 160 at the time, that I

was gonna just try to take Google's practices and just imprint them onto this young company. And that would've been a terrible mistake. Whatever role I was entering at, I really needed to study Stripe, the product, the business model, the founders and the culture they were working to instill, and also just what had already started to develop in terms of practices and culture and be really curious and ask a lot of questions. And I will admit, I was so gun shy that we put in a goals process, and I didn't call it OKRs, because I was like they're gonna think I'm trying to bring Google in the room, and I'm not, I'm really not. But we needed a goals process, because everybody didn't know what everyone else was working on. We were past Dunbar's number They were like, "Well I don't know if I trust "that that team over there is doing the thing "that we need to get done." And I was like, "Why don't we all share? "Why don't we write our goals and share them?" But it is about studying and it is about looking, but I also came in from studying. There are some practices that you don't wanna reinvent from one place to another. I mean that's what, a lot of the book is abstracted versions of practices I think you don't wanna have to reinvent. And I'll never forget a moment when a fairly early employee, kind of frustrated, came up to me and he was like, "Claire, "you are sharing all these ideas.

"I have already had all these ideas, "and I have shared them, and no one is listening to me." And I said, "I hear you. "I think sometimes a company's not ready, "by the way, to hear." And even for me, I shared some ideas, and I was like, oh, put that back on the shelf. We are not ready. But do respect how decisions get made and figure out how do you get in the mix when you see it, but really prioritize the order of operations. Say you have 10 ideas of things that could be improved. You cannot come to the table and say, "Here's 10 ways we need to be better right now." You wanna say what are the ones that really matter right now to advocate for and explain and pilot. Piloting is your friend. Tell everyone, "Let's just try this thing for a few weeks "and see what feedback we get." And so those are just some thoughts off the top of my head. But it is proceed carefully, but don't be intrepid. Ravi Terrific.

00:31:27,480 Audience Member I like following the MBA one. 00:31:29,186 I'll be Stanford professor 40, since I've been here 40 years. (Claire laughing) - I think I'm like operator 20. 00:31:35,927 I don't know. (audience member laughing) Audience Member So, I'm gonna ask a question 00:31:40,230 literally about scaling people, which is your title. So one of the things that I'm quite fascinated that you've done personally, and you've brought people along is is there some people who, and you're the rare person who can go from managing three to 30 to 300 to 3,000 to 30,000 people. So if you were gonna sort of... Well, okay, you're not at Microsoft yet- - Not yet. 00:32:00,390 Audience Member But what are the sort of 00:32:02,790 key two or three skills that you would encourage people to develop along the way? And maybe what they should ignore, that's overrated? - Hmm. 00:32:11,150 I think that the...

I think there's a core set of management skills for my direct team that I've gotten better and better at over time, because I've had a lot of practice and I was definitely not as good 25 years ago. But those don't change, 'cause you have your direct team and they just happen to be... I mean you do have to evolve them for a more senior team. You're doing less. I actually have a section of the book where I talk about when you're starting to manage managers and then manage leaders, it's less about tactically coaching and more about let me help unblock, let me help you figure out the thing you need to do and then help you get unblocked. But I think that the core management skills are just get better, give feedback faster, be more direct, and build the team to be more of a unit. For me, I'm a collaborative leader. I'm like I need everyone around me to be contributing or else I don't think we're very good. I think that the thing that starts to change when you get to real scale of numbers is you have to be incredibly intentional about your communication practices as a leader. People are not as connected to you personally.

There are people who come up to me, even on the street, especially when I'm in California, and say, "I was on your team at Google." And my team was like, say, 2000 people, and I don't know all of them, and I say, "Oh thank you so much for coming up to me." And they say, "I learned so much from you." And I think wow, I'm honored. And also like how did I do that? Because I wasn't with them. They were a few, five layers down in the organization. A lotta these were folks right outta college or business school, and I think it was because I was out speaking and interacting, but using a lot of different formats. I even would record... This was, by the way, before TikTok, now I'm aging myself. But I would record videos and send them to my global team, because they were all in different time zones. We could never gather at the same time. And I was like, it's weird to write these super long emails. Who wants to read that? Why don't I send short video messages? And at the time that was an innovation, but the point is I think that I spoke consistently and authentically and with specifics in such a way that people felt we were in conversation, even when we weren't.

That's the scale difference. - Terrific, next question. 00:34:32,920 We'll go back there. Audience Member Hey, Claire, thanks a lot 00:34:37,200 for coming today. I am a masters student doing electrical engineering, and we have a startup. This summer we're gonna start hiring people, and this is like the first time we're gonna be hiring people, which is interesting, and we notice that there are two types of persona, if we have to classify engineers. One are the hardcore engineering people who just wanna, given a problem, they just wanna dig deep into that. - Yes, yeah. 00:35:04,230 Audience Member And the other one is more creative. 00:35:05,850 They wanna understand the problem and build for that and do things.

So two questions. First one, for an early state startup, who would you recommend we should hire more? Or is there no handbook in that? And the second one is, how do you build a culture that is adaptable for both of these kind of people? - Well you need both, but my answer, 00:35:30,840 I mean all my answers are gonna be about context. So depending on what you have to get done in the near term, like the next year, and congratulations, it may be something you need someone who's

deeply into the problem space and actually building something quite novel and will focus and focus and focus and solve that hard problem. But you also will eventually need that more creative generalist builder. And I think the question is just where are you in your product development, honestly. But yes both, and just the order of that depends on where you're at with the product itself, I would argue. How do you build... I mean this goes back, I love sports analogies, 'cause they're so apt, which is most teams have a collection of individuals that have actually quite different skill sets, but some fundamental things in common. I mean just think about any team you've ever been on. And what those things are in common, the coach, the leader can establish, which is like this is...

I have an expectation of this much sharing of the ball, for example. Or the way we give credit, the way we give opportunity to score, whatever it is, your shared norms that I'm talking about, your foundational stuff you put in place, it's what creates the construct within the, which those two individuals are playing by the same rules on the same team, and then you have opportunities for them each to shine. And there will be, because back to that thing where if they really see each other, I think some of the best performing teams do an inventory of what do we have around a table? What are your special capabilities? What are your awesome skills? What kind of problems are you really great at? And they actually can even assign work to one another, because you've built that self-awareness, and that's the best team. And we're all watching the NBA playoffs, I assume. And there is a person you give the ball to when you need a three-point shot landed, and everyone on the team knows it. And that's the beauty of sports. But you can create that in your own company, too. Carly So my name is Carly. 00:37:30,570 I'm a Stanford grad and now work in the area. So you mentioned under one of the operating principles about the importance of open and transparent communication.

So, one, I would love for you to just unpack that a little more of how to encourage that. And then even more so, how do you feel about kind of the culture in tech? Is it becoming more difficult to do that? Maybe with sensitivity and, yeah, around that? - Yeah, I think that... 00:37:58,830 So transparency actually was... when I first started at Stripe, I thought it was one of the core company values, because if you might have read about this, Stripe had this thing where all the emails in the company were copied to everyone. So everyone could read everyone else's emails. You can find it on the web and read about it, and it was not actually, though, because transparency was the value. The value was, let's optimize global decision making over local optimum. So the more information we share, the more context people have... And also it was also a mutual learning thing, which is on newer employees, and it was a little scary, I'm gonna be honest with you, but would be sending information to customers, to prospects, and engineers would be reading the email and bomb in directly to the employee and say, "Hey you were a little bit wrong "about how the product works." And it didn't always play out beautifully, but it was actually in the interest of let's get all our knowledge as fast as we can transparently on the table. And so I'm not a transparency for transparency's sake, but what I think you're describing is like a sort of how do you make sure you have a culture of an open, honest dialogue.

And what's really interesting to me about the other part of your question, is like, well everyone's sensitive, and we're all gonna get canceled if we say the wrong thing. Actually, the most inclusive environments, the environments in which I think every, people of very different backgrounds thrive are the ones in which you can have the conversation, as long as everyone's participating. So your leadership and management practices, how do I get everyone in this room, one, are the right people in the room to make this decision or to hear this information? And two, how do I get them all included and engaged? And if someone's not saying something, it is a problem. And I think that the actual problem is too often people aren't comfortable saying the thing, and the best teams are the ones that actually can put the hard stuff out there and have a rational... Sometimes those are difficult conversations where you're agreeing to disagree or someone has a worldview that you don't agree with. But if you think about everyone in this room, which team would you rather be a part of? The one where there's energy and ideas flowing in the room, even if they're tough or the one where people don't talk because they're not all comfortable? I think we know the answer to that. And so your job is to how do I set that environment? - How do you do that? 00:40:23,443 Just because- (Claire laughing) How do you ensure that people stay connected and don't cancel in the wake of people expressing the thing that they are feeling that they're scared to? - So, I mean, 00:40:37,320 there's several different layers to that, and the number... So there's a company level layer, which is how do you onboard and set norms and culture and foundations on the way in and set expectations? For example, again, I just refer to my own, like Stripe, as you can imagine, has millions of businesses using our product. Not every business on Stripe is a business that someone who works at Stripe might believe in or might even actively really not like that business. We are gonna tell you in the interview process and on your way in, "You will find some of our customers that you will love "and you'll find some that you really don't love, "and we support all of them.

"And if you have a problem with that, "let's talk about it now." Because we wanna set the expectation that users first, which is our primary most important operating principle, is in fact real. You will have to put a user first that you might not actually agree with. So one is setting expectations and talking about it and anticipating we're gonna have hard conversations. We're gonna have moments where something's in the press and people in the company are like, why do we do business with that? You gotta be ready for that, and you gotta set the tone. And you've gotta also have dialogue. Like we have what was, what is still a weekly meeting, where the founders take questions and people are allowed to put that stuff out there, but let's talk about it internally. That's our other expectation, not externally. And then there's the team version. which the book has a lot about, which is how do you really get people checked into conversations? Again, set expectations about engagement, and then say, "I'm gonna give you all..." I'm gonna go around and have everyone share their idea or everyone I want you to share the the question that you're not asking. Like there's really easy tactics as a manager to get the stuff on the table.

But if you don't employ them you, they will not come naturally to your team. - Terrific, thank you. 00:42:35,040 So currently I'm a masters student in mechanical engineering, and also the founder of my own company, and my dream is to become the biggest user of Stripe integrations. - Great. 00:42:48,953 - And- 00:42:54,660 - Actually it's more so on the operation side of things. 00:42:57,480 So, obviously as an operator in a business, there's always a lot of pandemonium happening. There's always something that goes wrong. And what is one story or one time where you had a massive operational challenge and how did you handle it? - So many. 00:43:18,330 So I think that really good operational work is, by the way, an ideal I'm about to describe, that is not reality. But part of it has to be reality, which is, the expression see around the corner is real, which is like, are we gonna be facing this challenge two years from now that is not hitting us today? And if the answer is yes, I'm 90%, or even 60% sure, we are gonna be facing this challenge.

The really great operator starts building for that, because the problem with the crisis is you're already behind. And it's gonna happen. That's reality. But the best things I've done as an operator is, whether that's hiring the right team for two years from now or buying a software package that we needed internally and implementing it, and people being like "Why do we have to use this thing?" And you're like, "Because trust me, "when we're a thousand people, it's our only source of data." You really wanna... And you have to have conviction, like we are gonna need this thing, and I need time to get it implemented. So then what happens when, hey, you have a reliability issue, maybe there's a security issue. I mean, I will tell you anytime our support team fell down on the job, I heard about it from the founders before, somehow they knew about it before the support team knew about it, I don't know. And I'm getting tweets sent to me and emails sent to me, and I'm like, we failed, we failed. And the key is, again, that it's a little bit of psychological strength, resilience, which is like, okay compartmentalize. 'Cause actually support operations are a great example.

You have to build a system that scales with a bunch of individuals who need knowledge and solving one individual bad support interaction actually doesn't solve the problem. But it will feel like a five alarm fire in your head, and you have to be like, I hear the fire, I hear the fire, I'm still committed to the system that will prevent the fire two years from now. And so I think it's really about... And that's where the important urgent kind of matrix that's very famous, which is what are the things that are incredibly important to do but don't feel urgent? And I think as an operator, making sure you're carving out time, not just for the urgent reactive things. Obviously if it's urgent and important you gotta get it done. But the important not urgent things, 'cause that is what builds for the future. But it's not easy, and a lot of it is psychological resilience, and just really being ruthless about your time. I can only have people screaming about a fire drill for so long in the day. I'm really more interested in what are we doing to solve it, and what are we doing to solve it two years from now? Audience Member I'm a fourth year in psychology 00:45:55,920 and also a (indistinct) coterm masters. I just, based on what you just said I was wondering- - I love all the different 00:46:02,100 things are represented in this room, sorry.

It's beautiful. Audience Member I was wondering when you have the vision 00:46:11,220 or like the two years from now thing that you're trying to- - Yes, that you're 00:46:14,550 building toward. - Implement month early, yeah. 00:46:16,260 And do you have people that aren't on board? And that are distrustful of you or that vision? How do you go about trying to change that kind of mindset or behavior? - That's a good question. 00:46:27,930 It's a lotta pressure for 20 seconds. - Yeah, well that is definitely part of the founder sidebar 00:46:32,850 that I mentioned in the "You" chapter is I made a mistake a few times early at Stripe where I'd say, "Hey, we're gonna need a CMS," a content management system or an LMS. And Patrick and John were like, what? And I was sorta describing a Cadillac thing that we would eventually need when I should have been describing maybe the Toyota Camry or the bicycle. And this is where the pilot thing we talked about at the very beginning is your friend, which is you say, "I see this thing. "Let me describe the pattern "and ideally bring data to the table. "Let me show you some examples of the problem, "and then let me do a projection for you." If we had this many of this type of 10 customer issue or this onboarding issue, then max, say we now have a million customers.

What does that look like? And then here is this tool. And then they're looking at you like, meh... You say, well, what I would like to do as a pilot. I'd like to test this and take a control group. And sort of, you just need data as your friend, but don't let them say no. Walk away. It's like a negotiating thing. Walk away with at least one action that is momentum forward, which is usually a test and a way to gather data. Another great tactic is, let me call 10 other companies. Let me see what they do with this thing, and let's talk to our network.

Let's get involved. Let's learn. And usually smart, rational people, if you're not working with that's a different problem, will be interested in what others have done and especially others that are bigger, but don't give up. And, and we had a, yeah? - We have to 00:48:10,170 wrap it up, Claire. - You do have to wrap it up? 00:48:11,730 We're wrapping up. - We're at time. 00:48:13,493 I apologize, but that'll be a teaser. Get the book. There's a lot more, get the book, get the book, so- - Don't give up. 00:48:23,027 - These are the tactics that we don't talk enough about.

00:48:25,944 (electronic music)..