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EPISODE 19

GUEST: [Kevin Nakao](#), Head of Employee Engagement at [TINYPulse](#)

Joel Capperella: Today I am joined by Kevin Nakao. Kevin is the head of Employee Engagement at TINYpulse. TINYpulse, if you've not heard of them, is definitely a company that you want to check out. They have a very clear mission and they believe that people are the most important asset to any company and that keeping your folks happy is something that we have to make a high priority for. It's really as critical as any other part of the business and they make solutions to help you keep your employees happy.

Kevin's got a very interesting background. He was the founder of Medishare and Musicblitz and those were successfully acquired. He's had success in the mobile area as well with two top 10 iOS and Android apps with over 25 million downloads. Really, I can't tell you how thrilled I am to have him with me today because some of the things that he's doing and saying and that TINYpulse are doing really align well with what we talk about here on Leading Matters.

First things first, Kevin I can't thank you enough for joining me today, so thanks for being here.

Kevin Nakao: Thank you, I really appreciate your time and allowing us to share what we're learning at TINYpulse with your audience and get any feedback as well.

Joel Capperella: Very good. I'm going go ahead and jump right in. I know you did your MBA at Harvard but I found it more interesting when I was looking you up and researching for preparation for our call that you have your undergraduate degree in philosophy. I want to start right there because you're not alone in this area where people have more of a liberally art trained course of study, especially in their undergraduate days. I'm finding that a lot of leaders today are finding that even more valuable than ever before. Do you agree with that first of all and if you do can you expand on why we're finding that to be more valuable in business applications than ever before?

Kevin Nakao: Yeah, absolutely. I believe more strongly than ever that my undergraduate degree in liberal arts training has been much more valuable than my MBA and it's funny because the reason I actually pursued a liberal arts degree was for education in and of itself. I know that sounds kind of like a luxury but for my family, my family history was really important. I was the first person to graduate from college and there was a premium on that. My mother was intellectually curious, she was an avid reader and I think she instilled a lot of that thirst for knowledge within me so when I went to college I really wanted to really focus on that. I knew that I had to get a job at some point but I almost looked at that separately, so I had jobs and internships through college and that was my path to becoming employed and I treated education separately as a goal in and of itself.

What happened is I think studying philosophy really helped me understand how to think, how to learn better, and how to look at situations. It was more by accident than by design so for example, one of the courses you take in

philosophy is logic or rhetoric. When you look at some of the rules of rhetoric they totally apply to things like marketing. For example, one of the rules of rhetoric is to argue and to convince people based on the fact that other people are doing it. You can see that in marketing today; Everybody should do this because everybody else is doing it.

Or there's another rule of rhetoric around authority; You should do this because this expert in employee engagement, Josh Person says this is what you should be doing. There were a lot of practical implications that I still use today and I think on few points as to why it's becoming relevant is because the world is changing so quickly. I mean, you look at a company like Nokia and how quickly and how fast it went from a dominant position to really nothing today. Companies that are achieving greatness are falling much faster, quicker, and because the pace of change is quicker you need to learn to think quicker. That's why I think more generalized training in the liberal arts can be helpful as opposed to really specific training in more practical things.

It's not for everybody. I would say you should pursue the educational vent that you get the most passion about. That's what really matters. Treat your career path separately, thinking of the things you need to do to get that job or have that career that you want. I just think there's a tremendous value in education in and of itself and being passionate about that end.

Joel Capperella: I really like that description. I had Scott Monty, I'm not sure if you know Scott, he was the former digital director at Ford Motor Companies and he thinks very similarly. As a matter of fact, he's very classically trained as well. He's a big fan of Cicero and he injects that into his work and what he's doing. The reason I bring that up is because it seems, especially after you explain that, it seems like you being at TINYpulse, especially with the direction that this category of solution is headed, seems like a really solid fit. Am I reading into that too much or did you arrive there seeing that in what TINYpulse had created was something to really grab a hold on and support. Not to exaggerate it too much, but really make the world a better place by helping us to communicate with our workforce a little bit more clearly.

Kevin Nakao: Yeah, that's very helpful. We study values a lot, how you arrive at them, how you reinforce them and how you take these ideals and apply it in the real world and see the benefits of that application.

Joel Capperella: Let's talk about the solution then itself. The category that you're in, that TINYpulse is in; And it seems to me, again this is me speculating, having been in software for a number of years, but it seems almost like a new frontier of software as a service where HR is applied; Whereas in the late 90's and early thousands, HR was all about the operational capabilities and the tactical necessities of just having a workforce. But now that solution gap seems to be, listen, we know how to tactically manage the details of a workforce. But what about the people themselves and the impact that people have to our ability to

grow our market share, to connect better with our customers and to indeed deliver on what we're trying to do within the marketplace? Do I have that right? I'm curious as to what you think about that?

Kevin Nakao: Yeah, I think we've gone through a very interesting evolution, and starting from the unions, HR was about compliance; Staying within the rules, and what other labor laws there have been; To being about payroll and hiring; And now more recently about employee engagement. I think he's going to be on your show but one of my favorite experts on this topic is Dan Pink. One of the things that Dan has shown the world in a very popular way is the fact that money is not necessarily what motivates and drives people to do their best work. In fact, he's shown that there can be a reverse incentive. I think that meant that HR had to start thinking about engaging employees not just based on the cost of living increases they get in their compensation, but on some of these other factors. I think that's been a huge shift in terms of what HR teams focus on.

Joel Capperella: Do you think as far as practitioners in this space are concerned, do you think that the adoption rate of some of the things that you're doing and indeed some of your competitors and others in the space would really push this solution equation out even further in the next 5 to 10 years?

Kevin Nakao: I do. I think being in HR is a really challenging place to be. It's tough because ... And I have HR people work for me. In many cases, you have all the best intents of doing things that are great for employees but it backfires a lot of times or you may launch programs that aren't successful. It's funny on the product side, on the marketing side, we allow our leaders to fail and we encourage them to do that. That's the only way you innovate and learn. But when you think about it on the HR side, how many people are really giving permission to their HR teams to fail? We don't because we expect HR to be perfect. I think innovation is kind of tough. Some of them may want to innovate but they may not have the support of the organization to do that.

What's happening to really counteract this is now a lot of software services is adopted by this in-user, so if you look at what's happened with Slap or Yammer or Dropbox, those were all software services that were brought in by in-users and grew organically within companies and I've seen the same thing happen with TINYpulse and employee engagement. If the company sets things up right like we have, any employee can kick-start a program at work and that helps out HR because they can prove that it works with a group of people and then it gets adopted throughout the organization. I think the deployment model has changed in HR software from being really top-down decisions to becoming more organic and ground-up.

Joel Capperella: Do you think Kevin in larger organizations that leadership is receptive to this sort of change? Especially where things in the HR realm are concerned and if you look at public companies and the level of compliance that they do need to

certainly care about. Is there a resistance to this sort of adoption from the bottom up?

Kevin Nakao: It's actually help for them. I did it on the other side, I've been the President, CEO of companies and one of the toughest things to do is to launch something that you think employees will enjoy and then have it absolutely fail. When you see programs like TINYpulse start with your employees first, you know you're launching something where the success has been proven. In fact, I work with a lot of companies. One of the things I recommend for them is if you're a large company, don't do an enterprise-wide roll-out. Start with a pilot test. Run it in a couple divisions. Build organic support. Get the rest of your leaders to ask for this rather than tell those leaders to adopt it. We've seen that happen in many cases. A good example is HubSpot in Boston. TINYpulse was first started at their engineering office in Dublin and it just grew organically so that now their whole company is using it. But it just grew department by department.

Joel Capperella: That's interesting, that's a really good example too as far as ... Talking about a satellite office, it doesn't get much more satellite from Boston to Dublin than that, right?

I want to shift gears a little bit and actually talk about how TINYpulse is running it's business as far as culture, value and missions are concerned because I've seen your CEO David speak before and he's obviously very passionate about it. The company's born out of his experiences and what he is hoping to bring into the marketplace, but these ideas of vision and mission and value, they're critical. But then nurturing them and how we measure them on a day to day basis and the metrics we keep and what impacts those and those changes that we make, that's a tall task for a lot of companies sometimes. Especially if they start to grow. I see this happen a lot when companies start to exceed the twenty, thirty, forty, fifty employees and their hierarchies starts to crystallize because out of necessity, they find it difficult to go back and manage those things that they thought at one time were so important to them. I'm curious, especially since TINYpulse has had a pretty good amount of growth in the past several years, how do you guys do this? How do you manage that to stay true to the vision, the missions and the values?

Kevin Nakao: From the very start, one of the ways that we reinforce our values is we publish it on our website. You can see them there and one of the things that we do is every job description that we post is we list those values. Before we hire anybody or interview them for any position that's out there, we ask the candidate to comment on where they've exhibited at least two of those values in a work scenario. If they're still in college they can use an example of an organization they're part of or working with friends but that's the starting point. That's your first impression, so that's where we start with values.

Once you join the company and are onboarding, our studio and founder, David, does a review of our values, the vision and mission and then finally the other

way that we reinforce it is part of TINYpulse has this peer recognition program called cheers for peers. People send cheers every week and we have a meeting every two weeks where we review the TINYpulse feedback and we pick cheers that are given based on the values that we've picked for that week. One of our values is to elect positivity. That may be theme for that week, or the next week it could be lead with solutions and so we'll pick some of the peer recognition things that relate to that value. Having an employees do that, it assigns a leadership team, we assign two employees each week so having employees actually think about what the values are and where there was a great instance of it, really helps reinforce that.

Joel Capperella: I'm glad I asked the question. That's a common question that I ask about as far as bringing culture and value into the town acquisition process and you clearly demonstrate just in your reply there that you certainly do that. My question becomes is how ... Should all organizations take the step as far as we are going to make cultural evaluation or alignment part of our town acquisition process? It seems ... Is it a no brainer? Should we be doing that? And if we should and I don't know to start, where should I start?

Kevin Nakao: Yeah, I think it's been proven that companies that are focused on values higher results, higher long-term performance, the whole notion on and around built to last showed the importance of having that vision so there's tons of benefits. Although when we're moving to a world where you want to empower people to be able to move fast and make decisions, values provide those rules of engagement. If you have a difficult decision and you optimize toward values, I think that is comfort to people in terms of delegating decisions, and it helps better decisions get made. Then the first thing you'd probably think about, "How do I choose my values?"

There's a great exercise that David uses, it's also really the great exercise that one of the Collins authors wrote about, which they called The Mission to Mars. In that mission what you do is you think, "If there's a new outpost for your company in Mars, who from your company would you send and why?" You make that list and then you start to think about why are those people so valuable? A lot of times you'll say, "This person I'd send because their tenacious and their persistent and they never give up; And this person because very thoughtful and they think through things; Or this person's a really good communicator." It's a great way for bringing your values to life and understanding the things that are important to you. I've been at a company where we've done that and were able to figure out our values in pretty much one day and then we spent more time focusing on educating and getting everybody used to those values.

Joel Capperella: That's a really excellent example. That's why I ask where do you start because I think, as a matter of fact I've seen some of David's presentations and he talks about, he doesn't call it this but he talks about an accidental culture. In other words, you're going to have a culture one way or the other. It will be part of

your company and it will represent who you are, and if you don't ... I think he uses the analogy of a garden. If you don't tend to it then the garden gets overgrown and the weeds come in and pretty short, pretty soon you have this accidental culture which you never really wanted on your hands. Is tending the TINYpulse garden beyond just a town acquisition process but actually through the entire employment life cycle for your employees something that you do on an active basis?

Kevin Nakao: Oh yeah, and every three months we have a quarterly review in that David shares his vision, which is pretty important and it's a statement he wrote over three or four years ago that talks about different milestones at different years and where he expects us to be and what things are like. We don't always line up to what was predicted but it's really fun to see that type of vision and how we're doing against that.

Joel Capperella: Now, when we start to try to ... Getting back to the town acquisition process, I'm curious about if a workforce that's too homogeneous is risky? If we start to force everybody into one perspective of what our culture means. Is that a risk, number one? And if it is, how do we avoid that?

Kevin Nakao: I'm so glad you asked that question because there's some really important nuances when you talk about culture and values. I believe that values are aspirational goals that anybody can adhere to no matter their personality type. We have all different types of personality types. Some people are more introverted. Some people are more extroverted. I know a ton of people that are very very positive. They're not necessarily outgoing but they're strong silent types. They believe you can get something done. They're very positive about how they're going to do it. They're just not really vocal about it.

I think one of the things in having a really good culture is to know how different personality types can really express those core values and not everybody's the same. We see this a lot around values like positivity or how people relate. Definitely the nice things about some of the social tools that we're starting to see in the enterprise like Yammer or Slack and what I've noticed is there are a lot of people who may not be so extroverted in public, but you get them on an internet like Slack or Chatter, and they're all over the place. I think that's really important and I think it's important to hire people from different personality types that believe in the basic same principles and values that we do.

Look at America. We all believe in the principle of democracy but we have a ton of different personalities about how we think what the best recipe for that is and the things that we like to do. I think that's important for a company culture too.

Joel Capperella: Is there ever a time where we would take a risk in cultural fit? In other words, let's suppose we had the absolute best person, a guy or gal, at whatever they did and we needed them. It was a gap in our organization. They had the skills

and the talent to do it but maybe they weren't 100 percent aligned with adopting. Maybe they were a really negative person if you look at TINYpulse, but they were going to hit it out of the park on the strategic and the tactical execution. Do you ever take that risk and if so, how do I know when I should take it or even if I'm going to take it how to evaluate whether it's working or not?

Kevin Nakao: I would say if you know for sure you're taking a risk and this person can't live up to your values, you should never ever do it. The reason for that is even with the people that are a great cultural fit, we're not perfect, right? Any organization with ideals, I elect to be positive, I try to lead with solutions, but I may not be able to practice that every day and it's not necessarily by intent but just by what happens in practice so if you start with somebody that doesn't truly believe in those, it just lowers the bar so much on something that's really hard to apply in the first place. I think if you've got a known risk it's not worth it. It really undermines what you're trying to do. If you look at any great movement or mission, the practitioners of that really are an important face of that and so when you do that I think you're really risking your own credibility around those values and how much weight you're putting on those.

Joel Capperella: Wow, that's good. That's interesting too because I know it's a big balancing act again, especially for companies that are trying to get their feet under them as far as purpose and mission goes. Purpose becoming more and more important for who we hire as they try to get their legs under them there. Sometimes they're more willing to force a square peg in a round hole kind of thing.

Let me ask you one more question before we wrap up here, Kevin. It's around the annual review process because we've talked a little bit about the onboarding, we've talked about the town acquisition process, but employees are around for a while, right? One of your value prompts is that you're going to reduce turnover by ... I forget the percentage that you talk about but it's expensive to get people in and to get them trained and to nurture them for the first couple months that they're with us and if they take up and leave after the first six months then we're out a lot of money, right? And they haven't made any positive impact on our organization. How do we ...

And again there's also a lot of frustration around this annual review process, right? Where employees want the feedback, they want to be continuously learning, they want to improve their performance yet we have this archaic annual review process that waits until the end of the year; That gives them maybe stale, static, HR speak feedback. I know that's one of the things you guys are trying to address but just talk to me about that and what you see working, and where the real ahh-ha's have been as far as the daily or the weekly questions that TINYpulse enables.

Kevin Nakao: We first started out just helping companies with feedback. They were doing no employee feedback process or they were doing an annual one and what they

found that it was too much information too late and nobody could do anything about it. Employees felt dissatisfied because they were providing all this feedback and not much was about it. We flipped it on its head and rather asking 50 questions once a year, we ask a question a week. That really helps get you feedback that you can pass on quicker and identify a lot of problems before they become really really big ones. We've helped a number of companies do that.

For the same reason, good companies they measure their key metrics on a daily, weekly, or monthly basis from revenues to cost to expenses. I think you want to do the same thing with employees and provide that. Same thing goes for recognition. It's great that companies do awards at the end of the year but it's also really good to give feedback throughout the year through peer recognition. What's happened too is we've had a lot of our customers say, "This is great. You've helped us with employee engagement in these surveys. Is there anything you can do with our annual review process? Nobody wants to do it. It's not effective. It's too much too late." So we're definitely looking at some areas where we can really help companies resolve the pain that they're feeling around that.

Joel Capperella:

Great. I'm glad to hear that because I think that's definitely an area where companies of all sizes can gain value from doing what you guys do.

I'm going to wrap it up there and we've been speaking again with Kevin Nakao, Kevin is the head of employee engagement at TINYpulse. Again, I would encourage you to check TINYpulse out. It's at tinypulse.com and what they're doing is really elevating the importance and the priority of keeping your employees happy, not in a placard on the wall sort of way but in a genuine life-changing way that makes people thrilled to show up to their workplace and find purpose in what they do.

Kevin, again I said at the beginning I'll say it again; I really like and love what you're doing. Even more thrilled to have you come on and share your insight. Thank you so much for taking your time out to help us understand some of these issues.

Kevin Nakao:

Thank you and

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