The Secret to Transformative Scale: Hire Right

When it comes to an organization’s ability to achieve impact, outstanding people make the difference.

By Rob Waldron | May. 22, 2014

The recent article Jeff Bradach and Abe Grindle wrote on achieving transformative scale left out the most important ingredient for success: hiring and retaining great people.

Over the past 15 years, I have scaled three education organizations. The first, a for-profit, afterschool-tutoring company (a division of Kaplan) grew from 10 learning centers to 150 in five years. The second, an early-education nonprofit called Jumpstart, doubled in revenue and tripled the number of children it served. The third is my current organization—a K-12 technology and publishing enterprise called Curriculum Associates—which grew 65 percent last year.

Achieving those high-growth targets may sound impressive, but it wasn’t always pretty. The truth is that I made many mistakes along the way, particularly earlier in my career. What do I know now that I wish I had known earlier?

For one, being an outstanding recruiter is more important, and more difficult, than being an outstanding manager.

Don’t get me wrong—for any pathway to scale that truly transforms society, you need to develop a
defined operating model, clear processes, and great communications plans for your growing organization. All these require outstanding people. And when it comes to an organization’s ability to succeed, no operating lever outperforms making the right hires.

The “people math” of growth proves the point: Let’s say an organization—we’ll call it ScaleEd—currently has 100 staff and is growing at 20 percent per year. This means that ScaleEd has to hire 20 new people this year, assuming it retains all current employees.

However, we know that employees regularly leave even the best organizations. And in scaling organizations, where long hours or high stress can be the norm, turnover can be high. So let’s say turnover is also 20 percent per year—that may seem like a lot, but it’s actually based on a five-year length of stay. For comparison, at Curriculum Associates we have an eight-year length of stay; at the division of Kaplan I led, it was only three. Look at your own statistics. Of the people who leave—including mistake hires, employees who choose stay-at-home parenting, or great people going to business school—there will be attrition you didn’t plan for, and a 20 percent turnover rate is probably not far off.

So, assuming this 20 percent turnover rate, in addition to the 20 percent growth rate described previously, you suddenly need to hire 40 staff members in a single year—20 to replace those who left and 20 to support the growth of the organization. At the end of year one, ScaleEd will have 120 employees, but 40 of them are new. That’s one-third of the organization. Play the people math of scale again, and you will find that at the end of year two, you will have hired 84 people!

That means that more than half of ScaleEd’s staff will be new in the next two years. That’s a stunning change, with a big impact on culture, communication, management, process, and institutional knowledge. If you choose outstanding people, the organization will thrive. If the pressure to fill those seats weakens your resolve to hire the best, your organization will falter. You can hear the blogs about ScaleEd now: “You know, they had a good thing going, but they grew too fast.”

As a result, I personally spend more than 50 percent of my time as CEO on recruiting.

Last year, nearly 500 candidates made it through our screening process to meet me (our 2.5 full-time recruiters and management team screened more than 2,000 people). We made 79 offers, and 71 people accepted. More than 80 percent of those hires were people we approached with a “warm” or sometimes “cold” call first, rather than people who directly applied. We are committed to spending the time to find the best—often through research or references. One trick has been to ask each new person we hire, “Who are the top five people you have ever worked with, in any capacity, during your professional life?” We keep this list and use it as our source for recruiting many
candidates.

To be clear, we still make mistakes and don’t think we are perfect recruiters. But we try harder at recruiting than anyone we know, mostly out of fear for what will happen if we don’t. Our philosophy has always been to hire people, not fill positions, as great people seem to fit in well anywhere.

Curriculum Associates saw phenomenal growth last year, leading the industry. But don’t congratulate me. I don’t really run the organization day to day; I’m too busy recruiting. Truly, our growth had less to do with the strategy I set for the company or anything our top managers executed last year. We sowed the seeds for our success two to four years ago, when we hired right at all levels of the organization. It is our team of great people that is driving our great results, and I don’t expect that to ever change.

A coda for people wondering if this advice applies to the nonprofit sector: It’s exactly the same. The only difference is that, in the for-profit sector, you might feel better about stealing people from the competition.

See more from SSIR x Bridgespan: Achieving Transformative Scale

Rob Waldron is the CEO of Curriculum Associates (@CurriculumAssoc), a privately owned and rapidly growing educational technology and publishing company that, during Waldron’s tenure, has nearly tripled its number of employees and delivered the highest growth rate of any major K–12 publisher. Rob previously served as an operating executive at Berkshire Partners and CEO of Jumpstart for Young Children; before that, spent nine years at Kaplan Education, where he served as the CEO of Score Learning Centers that grew from $2 million to more than $50 million in five years.

Tags
Human Capital, Scaling
If you like this article enough to print it, be sure to subscribe to SSIR!