Masters of Scale

What’s in it for me? Get inspirational tips from world-famous innovators on scaling up your business.

You’ve got your one-in-a-million idea. Now you just need to find some investors to turn your humble product into a household name. Well, you’re about to learn how the founders of companies like PayPal, Airbnb, Facebook, and Netflix did just that – and it all starts with viewing “no” as an opportunity. These blinks explore real-life success stories that highlight the importance of timing, leadership, culture, and the ability to adapt. Scaling a startup can be one of the most exciting adventures of an entrepreneur’s life, and learning how to make the best of unpredictable situations can lead to immense growth and satisfaction. In these blinks, you’ll learn

why having a crazy idea might mean you’re onto something big; how not having a nine-to-five brings out the best in Netflix employees; and how Twitter sprang from the ashes of a podcast-publishing platform.

Consider every investor's "no" to be an opportunity for insight.

One hundred and forty-eight: that’s the number of times Kathryn Minshew heard the word “no” when she was seeking investors for the online career platform she was trying to get off the ground. But with just one “yes,” Minshew raised $28 million for The Muse, which now employs 200 people and serves 100 million users. The moral of the story? Don’t let a “no” hold you back – at least 99 percent of the time. The key message here is: Consider every investor's "no" to be an opportunity for insight. Sometimes, a “no” clues you into potential fixes. For example, let’s say you’re seeking funding for a chain of kickboxing gyms across Florida. The first investor you approach says, “No, too many old people live here for this to work.” This can tell you several things. Maybe you need to refine your pitch – next time, you’ll include statistics that demonstrate growing interest in gym membership among the 60-plus crowd. Or maybe you should consider a different location. Or maybe you walk away from this investor because you’re not comfortable with their ageist attitude. Regardless, that “no” is an opportunity to get feedback and adjust your approach. Pay attention to who tells you “no.” Is it a loving parent who doesn’t want you to get hurt? Or a spouse who doesn’t want to rock your family’s financial boat? Those refusals have more to do with your relationships than with your idea. It’s also important to ignore the “lazy no,” thrown out by investors unwilling to put in time, research, or imagination. But carefully consider the “honest no” from someone whose opinion and wisdom you respect. The best kind of “no” is the “squirmy no” – a reaction that polarizes a room, splitting it between people who say, “That’s the most ridiculous idea I’ve ever heard!” and those who say, “That’s so crazy it just might work!” This scenario tells you you’re onto something so original that no one even knows what to think about it. While it can be tough to get buy-in with an unconventional idea, it also means you’re probably the first one to try the idea out. And being first to scale something no one has ever seen before is a wonderful and exciting place to be!

Fostering the right company culture is critical to scaling your startup.

So as soon as funding is in place, you can start scaling up – right? Not quite. Instead, make strategic use of that beginning phase when you have a small, loyal – even fanatical – group of users. Find your early superfans and hypercritics, and take time to learn from their passionate feedback. Figure out what your guardrails are, what you'll tolerate, and who to schmooze – including industry bigwigs and government agencies. Once you scale up, it will be tough to dig this deep or change course. Honest, detailed feedback can guide you to the essence of who you really are as a business. And being in touch with that core will help you with your next task: developing your company culture. The key message here is: Fostering the right company culture is critical to scaling your startup. Netflix employees seem to have an enviable gig. They have no set working hours or vacation policy; Netflix assumes that the kind of people they hire don't need nine-to-five restrictions. Vacations are encouraged with the view that creative thinkers will come back even more inspired. The company makes it clear that they're a team – albeit a competitive, driven one. Clearly, this mentality is working for the streaming giant, but that's no accident. The environment and its creative payoffs are a result of a very deliberate process of creating culture – more than 100 slides worth. Netflix's Culture Deck is accessible to anyone on the internet; take a look for yourself! Developing this clarity at the very beginning is crucial. Once a culture has established itself, it's difficult to undo or change. Figure out what your core values are as well as how you'll treat your employees and customers. Write a manifesto if you need to. Then, hire people who buy into the culture you've envisioned, because it will have a ripple effect: when you hire one person, you also get their network. This doesn't mean you should hire a homogenous group, though – it's important to commit to meaningful diversity. Just as a diverse set of people can appreciate the same set of core values, so can your early investors. So choose investors the same way you'd consider cofounders! That's how much of an impact they'll have. When done right, culture can synergize the environment of a growing startup. It can raise morale and feed back into a loop where employees work even harder – which in turn causes the business to do better and attract more customers.

Scaling up too quickly can be risky – but moving too slowly can starve your company.

Designer Tory Burch wanted to launch her retail store in New York City during Fashion Week. She had customers, friends and family, media, and a brand-new collection of exciting clothes. There was just one problem. She had no doors to open. The bright orange door that she had custom-designed hadn't arrived. She had to make a choice. Should she hold off on the opening until everything was perfect, or should she let the hoards in through the empty doorway? Burch picked the second option. The day was an astounding success, indicative of the accolades her brand would go on to garner. The key message here is: Scaling up too quickly can be risky – but moving too slowly can starve your company. Choosing when to launch might be one of the trickiest decisions an entrepreneur has to make. Jump too early, and you may lose potential customers by rolling out an unfinished, unimpressive product that didn't have time to mature into its potential. But wait too long, and momentum stalls – causing potential customers to wander elsewhere and competitors to get ahead of you. Business does not take place in a static environment. Things change every minute. An effective leader monitors these changes to gauge when to be patient and when to strike. The true masters of this game are able to strike so fast that they achieve "escape velocity," leaving competitors in the dust. PayPal founder Peter Thiel's rapid growth technique was to pay his initial customers $10 for referring others. Thiel's tactic worked, but that kind of rapid growth can come at a steep price and with an often messy aftermath. In the flush of first success, you rarely think about the morning after. You may wake up to some fairly big fires – but let them burn. When you're a young and lean company, you can also be nimble. Stalling will only choke your momentum. That being said, not all fires are equal. You'll need to prioritize which ones get your attention: any problem with the core product or company culture should come before, say, that fancy office upgrade. If you scale up and find yourself facing a big problem right away, ask yourself whether the issue could kill your business. If there's a significant possibility that it could, stop and attend to it.

When scaling up, respond to what your customers do rather than say.

You know how your English teacher always said to show, not tell? Well, following that well-worn piece of advice can help give you a leg up in the world of scaling a startup. Mark Zuckerberg created Facebook exclusively for Harvard students. When he announced that he would extend it to Yale, Princeton, and other schools, the initial users expressed their dismay – but it didn't stop them from using, and growing, the service. Though they said they wanted exclusivity, Facebook users were actually more inclined to stay on when the network expanded. The key message here is: When scaling up, respond to what your customers do rather than say. Fashionistas claimed they loved designer Jason Wu after Michelle Obama wore his clothes. However, Jennifer Hyman noticed that her customers weren't gravitating toward Wu's ensembles when choosing designer outfits from her site, Rent the Runway. Turns out, Wu's designs didn't match their daily needs. Hyman took this revelation to Wu, and the two of them ended up collaborating on a very profitable – and more wearable – line for Rent the Runway called "Jason Wu Grey." Hyman didn't stop there. She noticed that her customers would rent an outfit for a cocktail party on Saturday night but hold on to it until Monday morning; they'd wear it again with a blazer to work. This was costing Hyman quite a bit in repair and cleaning costs – but it was also an opportunity. Hyman switched to a subscription service that allowed her customers to rent several outfits at a time and rotate them – and voilà, business grew even more. How can you find out what your customers are doing? Many founders conduct their own focus groups, which lead them to interesting and profitable observations. When Mariam Naficy of bespoke stationery company Minted learned that men today are more involved in the wedding-planning process, she began to incorporate less overtly feminine designs into her offerings. Watching how your customers behave, and reacting to their behaviors, can yield exciting results. But what if you come across a hurdle that seems insurmountable? We'll get into that in the next blink.

If you run into difficulty while scaling

up, pivot to an even better idea.

Ev Williams was working on a podcast-publishing platform called Odeo when he got some bad news: their behemoth competitor, Apple, had the same idea. This signaled the death knell for his product. Knowing that chances of scaling his startup to go head-to-head with Apple were close to nil, Williams went back to the drawing board. He called his team together and held a hackathon – an event that gets participants to brainstorm and develop a novel product or solution in one long sitting. And lo and behold, something new emerged from this session: a group-texting platform that focused on status updates. Hello, Twitter. The key message here is: If you run into difficulty while scaling up, pivot to an even better idea. Being flexible enough to pivot when things become impossible is an excellent life skill in general. In the business of scaling startups, it can breathe new life into failing products. The global coronavirus pandemic was the ultimate motivation for companies of all sizes to learn this skill. Turns out, times of crisis are an opportunity to make a company more adaptable and flexible. Airbnb had to quickly come up with ways to survive when travel was hit hard during the pandemic. Responding to people shifting from office buildings to home offices, the company pivoted into offering long-term stays for people who wanted to relocate and work remotely. Airbnb also added interesting components to stays, like virtual salsa lessons and tours of local attractions – one New Zealand Airbnb came with an option for a virtual tour of a local sheep farm. Sometimes, you'll be working on a solution for a business idea, and that solution becomes its own business idea instead. Snowboarder Tobi Lütke was looking for a way to sell snowboards online – but he couldn't find decent software to get his enterprise off the ground. So Lütke, who'd been tinkering with code since he was young, ended up creating his own platform. That's how Shopify was born. Whether you're switching, swerving, or completely rebooting, an opportunity to pivot can ultimately drive a company forward. But to truly harness that success, or drive any success to its maximum potential, you need a magic ingredient: leadership.

You need good leadership to successfully scale a company.

When Angela Ahrendts went to work for Apple after a stratospheric career as CEO of Burberry, it was a tough transition. Everything was different. She had gone from fashion to technology, England to America – and, suddenly, she was the boss of 70,000 people. Ahrendts knew she needed to communicate her vision to all her new employees. But, as a parent of three teens, she knew that young Apple employees were unlikely to read long emails. So she made a three-minute iPhone video that was natural and real; she didn't even edit out a phone call from her daughter. It was an excellent start. The video was such a hit that she made one every week for four years, regardless of where in the world she happened to be. The key message here is: You need good leadership to successfully scale a company. When your company suddenly scales up, it's almost like you're now at a new, larger company – much like Ahrendts's shift to Apple. Everything changes. To keep employees inspired, it's important to sustain a steady drumbeat of purpose and motivation. To do this well, you need compassion, wisdom, and clarity of vision. This means being willing to listen, learn, and take advice – even from those in positions below you. It also means being able to accept constructive criticism. Sometimes, this can mean encouraging opposing viewpoints. Mailchimp founder Ben Chestnut notes that startups are like pirate ships – but when they scale big, the culture makes a necessary adjustment. It goes from piracy to the Navy, with an influx of rules, accountability, and good behavior. When hiring new staff, Marissa Mayer – Google employee number 20 – didn't hire MBAs with lots of experience. Instead, she'd hire a smart 23-year-old and give them a huge portfolio – like all of Gmail. Just as they were getting comfortable with their division, she'd have them switch into another division and challenge them to learn something new. This bold leadership move didn't just give Mayer a nimble, cross-trained managerial team; it also resulted in a tsunami of new ideas that emerged from the synergy of a bunch of smart people being exposed to multiple ways of doing things. Mayer's leadership yielded tremendous good for Google – and for the world, as many of these employees went forth and started their own companies. In the best of situations, great leadership naturally flows into the final aspect of scaling big: doing good.

The larger your business becomes, the more of an impact you can make on society.

Howard Schultz was seven years old when he came home from school to find his father lying in bed, covered in a cast from hip to ankle. The World War II veteran had been involved in an accident at work and was now immobilized, both physically and financially – he had absolutely no medical coverage, benefits, or protection. Decades later, when Schultz became the owner of a little coffee operation called Starbucks, he made a deliberate decision: he'd build a company that took care of its employees, even before making a real profit. Starbucks became the first company in America to give every employee – even part-time workers – comprehensive health insurance. Sometimes, the job of a company is to be a Trojan horse. In other words, a company can carry an embedded mission forward – and that mission might be about much more than making money. The key message here is: The larger your business becomes, the more of an impact you can make on society. The bigger your business, the more impact you can have. You can shape entire communities and regions, and the good you do can boomerang right back to you. When Schultz was trying to expand in China, he found it difficult to retain workers. He learned that it was partly because of the low status attached to being a barista in the culture. So he organized parents' weekends, flying in parents from remote towns and villages to see the operation and its benefits. Not only did it make for happy families, but the goodwill helped tremendously in terms of curbing worker turnover. Sometimes, scaling up allows you to fill a need in society. Franklin Leonard's job was to read scripts for Leonardo DiCaprio's production company, Appian Way. Frustrated that only a handful moved forward in the process, he put out an anonymous call for good scripts that weren't getting made into movies – and published the list. Leonard lost his job, but his now official "Black List" has helped numerous independent filmmakers see their projects to completion. Scaling up puts successful entrepreneurs in the position to do the kind of good that can be exponential. Robert D. Smith, CEO of Vista Equity Partners, traces his good fortune back to his childhood. At the time, Denver was newly desegregated; its busing system meant he attended a better school across town. In 2019, Smith decided to pay his luck forward. After delivering the commencement speech at Morehouse, a historically Black college, he announced he would pay the student debt of everyone there. Scaling up his business allowed him to effectively scale up the lives of hundreds of graduates.

Final summary

The key message in these blinks is that: Scaling up can be an exciting and adventurous time in a young company’s life, but it can be challenging too. By intentionally creating a positive culture under stellar leadership, a startup can go from promising to a household name. And here’s some more actionable advice: Imagine the eleven-star experience. To brainstorm the absolute best iteration of your product or service, think about what an eleven-star version of it might be – that is, something beyond the best. For example, a hotelier might imagine picking up guests in antique cars or meeting them with a string quartet. Now work backward from that until you find the sweet spot between impossible and better than ever previously imagined.