2001

Internal communications in pre-ipo start-ups: a qualitative study

Sonia Saini
San Jose State University

Follow this and additional works at: https://scholarworks.sjsu.edu/etd_theses

Recommended Citation

Saini, Sonia, "Internal communications in pre-ipo start-ups: a qualitative study" (2001). *Master's Theses*. 2157.

DOI: <https://doi.org/10.31979/etd.kx5r-m2z3>

https://scholarworks.sjsu.edu/etd_theses/2157

This Thesis is brought to you for free and open access by the Master's Theses and Graduate Research at SJSU ScholarWorks. It has been accepted for inclusion in Master's Theses by an authorized administrator of SJSU ScholarWorks. For more information, please contact scholarworks@sjsu.edu.

INFORMATION TO USERS

This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps.

Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.

ProQuest Information and Learning
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA
800-521-0600

UMI[®]

INTERNAL COMMUNICATIONS IN PRE-IPO START-UPS
A QUALITATIVE STUDY

A Thesis
Presented to
The Faculty of School of Journalism and Mass Communications
San Jose State University

In Partial Fulfillment
Of the Requirements for the Degree
Master of Science

By
Sonia Saini
May 2001

UMI Number: 1403990

Copyright 2001 by
Saini, Sonia

All rights reserved.

UMI[®]

UMI Microform 1403990

Copyright 2001 by Bell & Howell Information and Learning Company.

All rights reserved. This microform edition is protected against
unauthorized copying under Title 17, United States Code.

Bell & Howell Information and Learning Company
300 North Zeeb Road
P.O. Box 1346
Ann Arbor, MI 48106-1346

© 2001

Sonia Saini

ALL RIGHTS RESERVED

APPROVED FOR THE SCHOOL OF
JOURNALISM AND MASS COMMUNICATION

A handwritten signature in black ink, appearing to read "Kenneth D. Plowman", written over a horizontal line.

Dr. Kenneth D. Plowman

A handwritten signature in black ink, appearing to read "Kathleen C. Martinelli", written over a horizontal line.

Dr. Kathleen Martinelli

A handwritten signature in black ink, appearing to read "D. Wilcox", written over a horizontal line.

Dr. Dennis Wilcox

APPROVED FOR THE UNIVERSITY

A handwritten signature in black ink, appearing to read "Joseph P. [unclear]", written over a horizontal line.

ABSTRACT

INTERNAL COMMUNICATIONS IN PRE-IPO START-UPS

A QUALITATIVE STUDY

By Sonia Saini

This qualitative study explored how effective internal communications could be established in growing pre-IPO start-ups as they prepare for their IPO. It considered how the six variables, employee communications, organizational structure and culture, public relations and communication models, leadership styles, decision-making approaches, and employee motivation could be used as influencing factors to incorporate effective communications in rapidly growing start-ups. In addition, it evolved an ideal internal communications model to guide entrepreneurs endeavoring to establish their own start-ups.

The method of research was qualitative, in-depth interviewing. Through detailed interviews with individuals from a pre-IPO company, post-IPO company, and public relations consultants, three stages of data analysis were used to increase reliability.

The study found that effective internal communications could be established by working on the six specified variables. However, results also indicated that a seventh variable of HR should be considered to make the internal communications effective in rapidly growing start-ups.

For my delta, my inspiration and sodapop

Table of Contents

I.	Introduction	1
	Purpose of the Study	3
	Value of the Study	5
	Scope	5
	Method and De-Limitations	6
	Assumptions	7
II.	Literature Review	8
	Employee Communications	10
	Organization Structure and Models of Public Relations and Communications	18
	Company Culture	25
	Leadership and Effective Communication	30
	Decision-Making	35
	Conclusion	43
	Ideal Internal Communications Model	45
	Model description	45
	Model Interpretation	46
	Model Conclusion	64
	Model Drawback	65
III.	Methods	66

Qualitative Interviewing	66
In-depth Interviewing	67
Sources of Data	68
Data Collection	72
Pre-IPO Company	72
Post-IPO Company	74
Public Relations Agency	75
Data Recording	76
Data Managing	77
Data Analysis	77
Triangulation	78
Pattern Matching	79
Credibility of Research Findings	80
IV. Findings and Discussion	82
Overview	82
First Stage of Analysis: Intra-Company Comparison	83
Kintana Employees: Interview Responses	83
Employees Communications	83
Organizational Structure and Company Culture	88
Leadership styles	91
Decision-making Approaches	94

Employee Motivation	96
XYZ Communications: Interview Responses	100
Employees Communications	100
Organizational Structure	109
Company Culture	111
Leadership Styles	115
Decision-Making Approaches	117
Employee Motivation	122
Conclusion	128
InMomentum, Inc: Interview Responses	130
Internal Communications	131
Employee Communications	133
Organization Structure	139
Company Culture	141
Leadership Styles	144
Employee Motivation	146
Factors Evaluated	148
Improving Internal Communications	151
Conclusion	153
Second Stage of Analysis: Inter-Company Comparison	155
V. Summary and Conclusions	177

	Overview	177
	Section I: Answers to the Research Questions	178
	Section-II: Revision of the Ideal Communication Model	197
	Contribution to Theory and Practice	214
	Limitations of Research	216
	Directions for Future Research	218
VI.	References	221
VII.	Appendix	229
VIII.	Disclaimer for Pre-IPO and Post-IPO Respondents	230
IX.	Disclaimer for Public Relations Agency Respondents	231
	Questionnaire Protocol: Pre-IPO Company	232
	Questionnaire Protocol: Post-IPO Company	235
	Questionnaire Protocol: Public Relations Agency	238

Chapter I

Introduction

The start-up boom that commenced in the '90's era has become a regular trend today. Many start-ups have been successful in their Initial Public Offering (IPO) and yet Silicon Valley continues to witness the demise of start-up companies whose products are killed primarily due to poor management and poor communications (MacVicar & Throne, 1992).

Although no formal definition of "start-up" has been framed, it is a term generally referred to as a small company, most often with a high-tech focus, that is in the early stages of development creating a product or service, or having a product or service needing manufacturing and/or marketing (MacVicar & Throne, 1992). According to MacVicar and Throne (1992): "There are three general forms of financial exit for the founders of a start-up company: remaining private, merging or being acquired, and an initial public offering (IPO)" (p. 78). An IPO is when a successful start-up converts from private ownership to public, selling shares on the stock market.

The interesting point about start-ups is that these small, rapidly growing companies face conditions and situations far removed from those faced by traditional companies. When changes occur in a business climate, large companies need time to respond. They have layers of decision-makers and procedures to follow. But small companies can change direction quickly, giving them a real competitive edge over the larger companies (MacVicar & Throne, 1992). As such, corporate communications that

takes place within start-ups has a dynamism that is not visible in other companies. The flexibility to respond to change in the company is so important that one has to strive to make it a way of life. It has to be part of company culture.

“Company culture”, defined as the set of values shared by the employees of the company, arising from the philosophy of company management (MacVicar & Throne, 1992), is another unique aspect in the case of start-ups. While every company has a culture of its own, start-ups seem to have a culture that evolves at a faster pace than what is witnessed in larger companies. It is important that management defines and communicates a set of values to employees, no matter how many or how few employees actually exist. When the employees are all headed in the same direction and share a philosophy of flexibility, then the company is able to make decisions quickly and delegate responsibility more effectively.

As identified by D’Aprix (1982) in his practical handbook, employees have three fundamental communication needs.

They want to know where the organization is heading and how it will get there; and most important-what all that means to them. They want to know what the battle plan is, and how hard they have to fight to achieve their goals. (p. 11).

In order to make that happen, internal corporate communications has to be deliberate and dynamic, accommodating procedures and processes to ensure effective flow of communication to the employees. As the start-ups face many insecure vacillating conditions from time to time, constant, clear, and effective communication is mandatory.

Given the brief background, it is important to realize that the environment faced by start-ups is very unique. Just by the unusual way of their inception and growth, start-ups are adding a new style to corporate communication and management.

Purpose of the Study

According to Shatshat (as cited in J. Grunig, 1992), "internal communications activities generally are part of the larger public relations functions of an organization" (p. 534). This study focused on the evolution of internal corporate communication in pre-IPO start-ups as they prepare for their IPO. It endeavored to understand how effective communications could be established in pre-IPO start-ups with a focus on the following theoretical concepts. Also, the researcher attempted to create an internal communications model for pre-IPO start-ups that would help establish effective communication within a rapidly growing start-up.

The literature reviewed for this study includes theories related to:

1. Employee communications: Effective employee communication is a good sound management communication at every single level of the organization, with the emphasis on two-way communication between the leaders and the employees (D'Aprix, 1988).
2. Organizational structure: Organizations can be divided into four categories based on scale (repetitiveness of events that characterize an organization's operations) and task complexity (technical sophistication/knowledge base). They can be traditional or craft organizations (small-scale operations with low complexity), mechanical organizations

(large scale, low-complex structures that employ many people), organic organizations (small-scale, high complexity organizations) and mixed mechanical/organic companies that stand for large scale, high complexity organizations (Hage & Hull, 1981). Models of public relations: The four models of public relations were proposed by identifying two independent variables: direction and purpose (J. Grunig, 1984). While direction describes the extent to which a model is one way or two-way, purpose describes the asymmetrical or symmetrical nature of the model.

3. Company culture: “Organizations arise within overall cultures, and their modes of operation and patterns of communication reflect the norms, values, and underlying assumptions of those cultures” (Conrad, 1994, p. 298).
4. Leadership and Effective Communication: Successful leaders are good communicators who can unite, commit, and motivate employees to cooperate successfully for a common goal (Lacy, Sohn, Sylvie & Wicks, 1999).
5. Decision-Making: At any given time, decision-making involves evaluation of alternatives for meeting an objective on which expectations about a particular course of action depends. It propels the decision-maker to select the best course of action most likely to result in obtaining the objective. (Lacy et al., 1999).
6. Motivation: Motivation can be perceived as the basic process of needs producing drives or motives, which lead to goals being achieved (Lacy et al., 1999). Motivation factors include achievement, recognition, advancement, growth, and responsibility.

Value of the Study

Looking at the present trend of start-ups, it seems inevitable that Silicon Valley will be boasting hundreds of successful start-ups, (with intermittent recession periods) for a long time into the future. This study departs from the previous studies in that so far there is scarce evidence of research on pre-IPO start-ups. The researcher was unable to find any study conducted on this particular subject. It was hoped that the study would provide knowledge about how to incorporate effective internal communications in rapidly growing pre-IPO start-ups. Research in this field provides the readers with an understanding of how the communication process takes place in high-tech start-ups, and helps in distinguishing how the communication process is evolving and changing from the past styles of communication management. The study also highlights how the present day leaders are not only changing their approach with time, but are also evolving a system which might be a part of the future corporate environment. Finally, the communication model the researcher evolved serves as a guiding framework for new entrepreneurs who are seeking to strike out on their own.

Scope

In view of the past theories and studies, the following areas in corporate communications need to be explored: (1) the lack of any research or study focusing on communication in start-ups. With the rampant growth of the start-up industry, it would be crucial to pursue research on this topic; (2) The external communication challenges (like creating a brand image in market space) faced by pre-IPO start-ups are different in nature

from those faced by traditional companies and large established companies. As most of the start-ups have products that are revolutionary in nature, they face the challenge of identifying the right markets, creating the product space and need in the market, and then establishing a brand image for themselves. To understand the changing trends in the field of public relations, it might be conducive to study the external public relations challenges the start-ups pose. (3) It would also be informative to study the kind of communication challenges start-ups are faced with, while endeavoring to go IPO.

Researching these areas would be conducive in forecasting future trends in public relations and communication practices. The era of start-ups is bringing with it a whole new dimension to the corporate world and it is critical for companies to continue with the rapid pace and prepare themselves for future challenges.

Method and De-Limitations

This study did not attempt to get an extensive picture of how internal communications management occurs in Silicon Valley based high-tech start-up companies. Using the methodology of qualitative interviewing, the study was limited to two high-tech companies (one pre-IPO start-up and one post-IPO company) and one public relations agency that has had experience in helping start-ups in their internal communications processes. Given the time constraint (research had to be done within a four-month time frame) and the tight schedules of the interviewees, this study was restricted to interviewing 20 respondents [eight each from the pre-IPO start-up and post-IPO company, and four from the public relations agency]. Although the information

gathered cannot be generalized to all pre-IPO and post-IPO companies, the research endeavored to provide a hypothetical structural framework of the internal communication processes in pre-IPO start-ups.

Assumptions

Following are the assumptions the researcher had made for this study:

1. The term start-up was assumed to stand for companies that were originally built from scratch as opposed to start-ups spun off from large parent companies.
2. It was assumed that the start-up boom would continue for a long time into the future, given a sound economy.
3. It was assumed that the challenges start-ups face in their varying growth stages are different in nature, but similar for all start-ups in the same growth phase.

Chapter II

Literature Review

Technology and quality standards are not the only characteristics of society that have radically changed in the last few decades. The values and goals of the workforce have been changing with the same frequency as technology (Saba, 1993). Those companies that did not maintain an awareness of the shifting values and changing needs of the workforce are finding themselves lagging behind the competition. Rapid variations like globalization and international mix of employees have been influencing the organizations, and are not only affecting individuals at a personal level, but are also controlling the communication management styles within organizations (Saba). In addition to all this, the influx of start-ups in Silicon Valley is adding a whole new dimension to the business world.

This study explored the basic research question: How can effective internal communications be established in growing pre-IPO start-ups as they prepare for their IPO?

Communication in itself is a vast field. There are various aspects that can be explored while studying this discipline. Goldhaber, Dennis, Richetto, and Wiio (1984) were of the opinion that many theorists treated communication in organizations “on the same level with behavioral variables like motivation, leadership, and job satisfaction” (p. 334). According to them: “Organizational communication makes all other variables possible. Without communication there can be no motivation, no leadership, no

productivity, and no organization” (p. 335). J. Grunig (1992), on the other hand, suggested. “variables like motivation, leadership, and productivity affected the ways people communicated in organizations” (p. 548). Researchers have thus tried to isolate the characteristics of communication that makes organizations effective, and the different ways in which communication makes organizations effective, effectiveness being viewed to revolve around vision and direction (Blanchard, 1996).

For this study, the researcher believed that the most influential factors in ensuring effective communication in growing start-ups were the styles of conduct and employee communications adopted by the leaders at various stages of an organization’s life cycle. According to J. Grunig (1992), “excellent programs of employee communications are based on the concepts of strategic management, an integrated communication function, the managerial role, and the two-way symmetrical model of public relations” (p. 536).

Thus, this paper endeavored to understand how effective communication could be established in pre-IPO start-ups with a focus on employee communications, organization structure, models of public relations and communications, company culture, the emerging styles of leadership, their decision-making approaches, and the motivational methods the leaders were practicing in order to retain their resourceful employees.

Corporate communication responsibilities have traditionally been divided into separate disciplines such as, media relations, investor relations, marketing communications, and employee communications (Gronstedt, 1996). The dramatic forces that have been affecting businesses and organizations in recent years, intense global

competition, restructuring, mergers and acquisitions, deregulation, the switch to a service economy, continue to have a huge impact on employees and employee relations (McCatharin, 1989).

Thus, to begin with, it is necessary to study the employee communications practiced in the past to understand how the internal communications trend is changing today.

Employee Communications

A corporation may spread itself over the whole world, and it may employ a hundred thousand men, but the average person will usually form his judgment of it through his contact with one individual. (Davis, 1996).

Organizations exist to accomplish goals that cannot be achieved by one person alone. Large tasks are divided into smaller subtasks whose performance must be coordinated to achieve the overall goals (Fisher, 1981). Employee communications has been the primary method of expressing management's strategic business objectives, expectations, and methods for better market competition. The employees look to management to provide information on investment and retirement opportunities, planning, support, and other options (Smith, 1996). Farace, Monge, and Russell (1977), viewed the communication system of an organization as an increasingly powerful determinant of the organization's overall effectiveness. and believed that it could have a limiting effect on the company growth, performance and survival.

While assuming the employee communications to be more structured and formalized in high-tech, well-established companies, it is interesting to study how it

unfolds in blooming start-ups. Today, communications-based organizations are free of the constraints imposed by physical location and time.

Information is immediately available on a need-to-know basis. More autonomy for individual profit centers is possible without loss of control at the helm. Central management is able to do more strategic planning for the organization as a whole while maintaining high visibility in day-to-day operational performance, ultimately on a near real-time basis. (Skelton, 1986, p. 110).

D'Aprix (1977), a worldwide leader in employee communication and a noted consultant, captured the essence of employee communication in his explanation that "effective employee communication is a total proposition. It is good solid management communication at every single level of the organization, with the emphasis on two-way communication between the manager and the people he or she manages" (p. 19). According to him, any management that failed to understand this point was not going to be able to deal effectively with the problem of intra-organizational communication.

Most public relations authors have ignored the reality that employee communications has not always been given serious attention in the public relations process. Acknowledging this point, D'Aprix (1982) believed that one of the great ironies in the practice of public relations was the tendency to shortchange the employee audience in organizations. Many organizations pay careful attention to public constituencies, but ignore employee audiences on the assumption that the organization always can count on employee loyalty and commitment.

The subject of employee communication really became the focus on the corporate horizon during and immediately after World War II (Redfield, 1958). Dover (1964)

categorized employee communication into three eras of employee communications referring to them as “the era of entertaining employees (press agency) in the 1940s, the era of informing employees (public information) in the 1950s, and the era of persuasion (two-way asymmetrical) in the 1960s” (p.61). However, it was the 1970s that were the breaking period for the top-down management styled communication. D’Aprix (1977) strongly believed in top-down communication because: “If we continually focused on the message that we want to communicate, without regard for how that message is being perceived by the recipients, we can unintentionally create one hell of a problem for everyone” (p. 17).

According to J. Grunig and Hunt (1984), a new era of open (symmetrical) communication developed in the 1970s and the 1980s, while the 1990s witnessed employee communications going through yet another transitional phase. According to Burt (1992), the 21st century high-tech organizations are being driven by “accelerating technological change, staffed by a diverse and a multicultural mix of highly intelligent knowledge workers”(p. 178). These companies are “facing global complexity, a vast kaleidoscope of individual customer needs, and the incessant demands of multiple constituencies” (p. 178). Burt believed that organizations today would simply self-destruct without a common sense of direction. Thus, clear information about where they are going and why it is important to get there, needs to be constantly communicated to the employees.

As the vision of any company resides in the leaders of the company, it is the styles of leadership that give shape and structure to the communication taking place within a company. Hence, studying the styles of leadership in the start-up scenario was important to understand the patterns of employee communication in these rapidly growing companies.

In their decades-long study, Peters and Waterman (as cited in Wilson, 1994) consistently found eight attributes in their excellent companies, all of which, they noted, were based on the importance and contribution of people. According to them, “The first characteristic is a belief that people are the primary assets of an organization, and that relationships with those people are key to a productive environment” (Wilson, 1994, p. 333). Their research revealed that employees were the innovators in the organization, and that leaders should see them as the source of quality, productivity, and new ideas (Wilson, 1994). By considering employees to be their single greatest asset and by giving them responsibility and autonomy, the leaders can get things done. After all, successful companies excel because their people excel. “People excel when they are driven by core organizational values” (Wilson, 1994, p. 333).

According to Thayer (1968), “the autonomy an employee has depends on an organization’s system of constraints, which makes up the structure of an organization” (p. 95-97). Start-ups, being fairly small and in a developing stage, have to constantly work at building their organizational structure, and it is important to understand how this growth

in organizational structure influences the employee communication patterns of the start-ups.

Furthermore, theories in the past have shown an inevitable link between organization structure, communication system, and the organization culture (Grunig, 1992). Bormann (1985) viewed communication as a determined cause of the development of organizational culture. According to him, “culture is the sum total ways of living, organizing, and communing built up in a group of human beings, which is transmitted to newcomers by means of verbal and nonverbal communication” (p.100). A thought echoed by Conrad (1994) who believed that the culture of a company had a profound effect on patterns of communication, conduct, and general norms of the employees. Weick (1979) held the opinion that communication was both created and shaped by culture. These outlooks indicate an influence of the organizational culture on patterns of employee communications. With the organization’s culture constantly evolving in case of start-ups, it is necessary to study how the altering culture influences the existing internal communication practices.

Wright (1995) began his comprehensive survey of senior-level public relations executives with a sample population of 218 members of the Page Society (an organization of senior-level public relations executives). The results of his research suggested that internal and employee communications were of significant importance. The study strongly stated that all internal and employee communication should involve straight-talk and truth telling. Otherwise, employees resorted to attaining a lot of

information through the informal grapevine. The terms “informal system” and “grapevine” are often used interchangeably as if they refer to the same thing” (Daniels & Spiker, 1987, p. 91). While there are many opinions regarding the unfounded rumors passed along the grapevine, people still continue to view it as a fast, penetrating, and accurate communication system (Fisher. 1981). The research also emphasized that employee communication must be two-way and communication would be ineffective unless both sides listened to each other. It also proposed that vision and values should be incorporated into employee communications. This perspective seems to imply that the usage of specific models of public relations and communication (one-way/two-way, asymmetrical/symmetrical) has its own influence on the internal communications pattern. Therefore, the study looks into the models of public relations and communications that the start-up leaders are using in their fast growing companies.

Wright (1995) further suggested that organizations must periodically conduct research to determine if employees were actually receiving the most important internal communications messages targeted to them. One of the pronounced ways of checking the effectiveness of communication is by studying the decision-making approaches reflected by the leaders and the employees of the company. “Effectiveness has to do with focusing the organization’s energy in a particular direction” (Blanchard, 1996. p. 82). Employees exhibit the extent of their understanding about the company vision and direction by the number of well-informed decisions they manage to make in their day-to-day tasks.

Consequently, it is important to study the decision-making approaches of the start-up leaders, while attempting to understand the internal communications of a start-up.

As Wright (1995) viewed it, the key to success in employee relations in the future would involve building relationships (by establishing a trusting and empowering environment) much more than it would involve disseminating information. "Today's organizations require fast and flexible networks of engaged and empowered people, not human robots who contribute cogs like efficiency to organizational machines" (Smith, 1996, p. 204). The corporate public relations function needs to assert itself and become more responsible for all relationships acted out in the employee setting.

At the same time, however, results from the survey conducted by Wright (1995) also suggested strongly that the communications methods used to motivate employees five years earlier were no longer effective today (Fisher, 1981). According to *Wyatt Communicator* (Results of the 1989 Wyatt Communication survey, as cited in J. Grunig, 1992), "the objectives of internal communication are to inform employees about key job-related and business issues and, through that process, gain commitment to their work and the organization" (p.534). Thus, motivating employees seems to be a strong aspect of internal communications, and it is imperative to study how the factors of motivation are undergoing a change, especially in the start-up scenario, and how these changes are being incorporated in the internal communication practices.

Today, heterogeneity in the work place has made it essential for employee communications to move from information conceptions of human interaction to

communication perceptions that are necessary for periods of rapid change (Skelton, 1986). Time has proved that organizations adapt slowly and painfully to technology. It is elementary for the corporate organizations to realize that “communications is a competitive weapon and not merely a cost of doing business, and it logically follows that an organization must learn to adapt to the best available technology, not vice versa” (Skelton, 1986, p. 110). For companies to adapt to the best available technologies, they need to discover the best way of managing the communications resources themselves.

The corporate world thus seems to have witnessed the transition of employee communications from being entertainment in nature, to being informative and then persuasive, and the communication has changed from being top-down to a two-way participatory system. What description best applies for employee communications today? More importantly, how is employee communications practiced in growing pre-IPO start-ups?

Looking at the literature reviewed on employee communications, the prime factors strongly influencing the internal communications processes of start-ups today have been identified as: organization structure, public relations and communication models, company culture, leadership styles, decision-making approaches, and motivational factors. The following sections look into past theories related to each of the above mentioned concepts and the researcher attempts to comprehend how these concepts are influencing the internal communications processes in growing pre-IPO start-ups.

In an exhaustive theory of organization, communication would occupy a central place, because the structure, extensiveness, and scope of the organization are almost entirely determined by the communication techniques. (Fisher, 1981, p. 254).

Organization Structure and Models of Public Relations and Communications

According to systems theory, organizations come to life, mature, and eventually cease to exist, undergoing a life cycle similar to that of humans (J. Grunig, 1992).

Survival of an organization depends on obtaining necessary resources, transforming those resources into products, and releasing those products or services into the greater environment. According to Hall (1987): “ The very establishment of an organization structure is a sign that communications are supposed to follow a particular path” (p. 176). Robbins (1987) echoed similar thoughts and stated that a structure governed “who reported to whom, and the formal coordinating mechanisms and interaction patterns”, that should be followed (p. 4).

Goldhaber et al. (1984) defined organization structure as “the network of relationships and roles existing throughout the organization” (p.44). According to them, organizations needed to be more proactive and needed to allow the communication system to dictate the structure of the organization. Such organizations then coped with potential future overload by designing structures that fit the existing communication patterns. J. Grunig (1992) viewed a communication system as a part of the organization structure that defined the culture of an organizational system.

Hage and Hull (1981) developed four structural typologies of organizations based on two dimensions, namely scale and task complexity. “Scale represents the

repetitiveness of events that characterize an organization's operations rather than a raw number of employees, number of sales dollars, or number of clients" (L. Grunig, 1992, p. 471), while technical sophistication or knowledge base inherent in an operation, represented the complexity factor. Hage and Hull (1981) identified organizations as traditional or craft organizations (small-scale operations with low complexity), mechanical organizations (large scale, low-complex structures that employ many people), organic organizations (small-scale, high complexity organizations), and mixed mechanical/organic companies that stand for large scale, high complexity organizations.

The question is, what is the best form of organization and why? Asked by Weber (1947) about 50 years ago, it is interesting to consider the influencing factors that contribute toward shaping the organization structure. Organizations shape patterns of structure for three main reasons (Robbins, 1987). First, the natural selection model holds that the environment lends itself to only a few organizational forms. Second, organizations search for internal consistency –structural characteristics that work well together to be in equilibrium with their environment. And third, the number of viable configurations are limited to what is in vogue because managers are prone to follow what is trendy, be it participatory management, bureaucracy or matrix management (J. Grunig & L. Grunig, 1989). Identifying technology as another influencing factor, Hall (1977), succinctly stated: "not only is structure affected by the technology employed, but the success or effectiveness of the organization is related to the 'fit' between technology and structure" (p.120).

A fact recently reiterated by Miller (1999), who believed that the advancement in technology was indeed having its effects on organization structure. With technologies allowing communication at great distances and at asynchronous times, it is no longer necessary for people working together to work from the same place. Grantham (as cited in Miller, 1999) put forth four variations of work distribution based on time and place of work. 1) Central office (work accomplished by people in the same time at the same place). 2) Telecommuting (work accomplished at the same time but in different place). 3) Flextime (work done at the same place at different times), and 4) virtual offices (work done at different times at different places using multiple information and computer technologies). These modern concepts further open up new avenues for organizational structures (Miller, 1999).

According to the systems model, the complexity of a group increased with its size, induced greater interdependence in workflow, reduced less programmed tasks, and increased physical spatial barriers (Melcher, 1976). Reduction in commitment, breakdown in communication, and increased conflicts (Melcher, 1976) were also stated as side effects of a growing organization—a fact re-iterated by several studies that reported a decrease in quality of communication (e.g. exchange, pattern, openness) between management and employees, with an increase in organizational size (Jablin, 1987). Informal fact-to-face and telephone contacts are sharply restricted and replaced by more specific means such as formal written memos and reports. In sum, informal spontaneous methods are replaced or supplemented by formal provisions for

communication. The systems theory also stated that the leadership style in growing organizations was bound to shift from being democratic to directive leadership, directive behaviors being emphasized more by one-way communication, with leaders directing employees on what has to be done, how it has to be done, and who is responsible for doing what (Northhouse, 2001).

However, according to Robbins (1987), most studies in this area had been done on large and medium size companies and hence, the impact of numbers of employees on structure was unclear. Size alone was assumed to affect only certain dimensions of structure, namely vertical differentiation, formalization, and decentralization (J. Grunig & L. Grunig, 1989).

Hage (1980) determined vertical structure of an organization by four major variables: complexity, centralization, formalization, and stratification. Academic qualifications of employees, their professionalism, and the specialization of roles within the department were used to measure organization complexity. Centralization in a company represented the degree to which decision-making was concentrated at the top of the hierarchy. Formalization involved the existence of and adherence to written rules and regulations, while stratification represented the extent to which differences between ranks were emphasized.

However, the basic arguments that emerged from the literature on organization size pointed out that growth in size of an organization led to an increase in structural stratification and centralization, and that size was positively related to formalization

(Pfeffer, 1982). Hage (1980) believed that centralization was associated with relatively little communication and that it was emphasized primarily by top-down communication. Conversely, decentralization was seen as “dispersion of information and decision-making throughout an organization” (J. Grunig, 1992, p. 469).

According to Goldhaber et al. (1984), some structures, because of formalization and large organizational sizes, acted as communication blocks, filtering and distorting potentially useful information. On the other hand, they said that more informal structures facilitated excess information to flow across its network paths, leading to information overload. “The major implication of structure, then, is what kind of structure is most suitable for present organizational needs such that important information flows freely without overloading relevant decision-makers” (p. 45). According to J. Grunig (1992), the probability of reducing information overload, having more collaboration in decision-making processes, being able to respond rapidly to new information, instilling motivation, and helping train managers make good decisions, were some of the main advantages of decentralization. Conversely, centralization provided a “comprehensive perspective to decision-making and efficiency” (J. Grunig, 1992, p. 469).

J. Grunig and Hunt (1984) believed that the four variables (complexity, centralization, formalization, and stratification) would help predict the model of public relations that an organization was likely to adopt. According to Burns and Stalker (1961), mechanical organizations were more centralized, formalized, stratified, less complex, and did not allow employee participation in decision-making. Conversely, organic

organizations were decentralized, less formalized, less stratified, more complex, and encouraged employee participation in decision-making. Furthermore, increased communication (horizontal, upward, and crisscross directions) took place more frequently in organic than in mechanical organizations (mostly downwards).

Consequently, the model of public relations chosen by the leaders of a company seemed to affect the nature of communication taking place within an organization (J. Grunig, 1992). Studying these variables in the case of start-ups helped the researcher in building a communication model representative of the rapidly growing start-ups.

Models of Public Relations and Communications:

The four models of public relations that emerged from the past theories were based on two independent variables: direction and purpose (J. Grunig, 1984). While direction described the extent to which a model was one-way or two-way, purpose described the asymmetrical or symmetrical nature of the model. One-way communication model is a monologue, where information is only disseminated. A two-way dialogue communication model involves exchange of information. The third asymmetrical communication model depicts an imbalance that leaves the organization as is, and tries to change the public instead. The purpose of communication in such organizations is to get employees to conduct themselves according to management desires (Dozier et al., 1995). Conversely, the fourth symmetrical communication model represents a balanced and adjusting relationship between the organization and the public (J. Grunig, 1992). In symmetrical communications, the employees are comfortable talking to their

management, and discussions of difference in opinions are encouraged (Dozier et al., 1995). In past studies, most of the research related to these public relations and communication models was done in conjunction with external publics (Grunig, 1992). Applying these models to the internal dynamics of the start-ups is a new approach.

D'Aprix (1988), a veteran consultant on internal communications, projected that organizations would become 'flatter' and more entrepreneurial with time, and that as the organizations were dealing with human complexities, the communication system would have to be designed to accommodate humans. Emanuel and York (1988), also senior consultants, believed that communication should replace authority as a way to manage and that communication should be two-way from management to employees and vice versa. Linking the organizational culture to the organization structure and communication models, J. Grunig (1992), believed that participatory culture fostered organic structures and symmetrical communication, while authoritative cultures cultivated mechanical structures and asymmetrical communication.

As start-ups provide a framework that reflects a rapidly growing cycle, it is important to comprehend how they grow in their various stages of life and why some of them thrive while others vanish. Various organizations are often seen to react suddenly to the shifts in the environment rather than planning ahead for the possibilities (Goldhaber, et al., 1984). The question that requires an answer is, how does the internal organization structure and public relations model evolve in a pre-IPO start-up, and what effect does this growth have on the internal communications system?

Just as organization structure develops and evolves with increases in resources and time, another factor that undergoes changes is the corporate culture. For effective employee communications, it is important for the employees to be well versed with the company values and acceptable behavioral norms. Identified by Ouchi and Wilkins (1985) as “a rational instrument designed by top management to shape the behavior of the employees in purposive ways” (p. 462), company culture also undergoes a series of transformations in different life stages of a company.

Company Culture

“Company culture is the set of values shared by the employees of the company, which arise from the philosophy of the company management” (MacVicar & Throne, 1992, p. 94). Every company has a culture of its own. It is important that management defines and communicates a set of values to employees, no matter how many or how few employees there are. This is imperative because all employees need to move in the same direction when problems arise and conditions change (MacVicar & Throne, 1992). Thus, it is the organizational culture of a company that helps explain why people interpret the communication process of their organization as they do (Conrad, 1990).

“Organizations arise within overall cultures, and their modes of operation and patterns of communication reflect the norms, values, and underlying assumptions of those cultures” (Conrad, 1994, p. 298). According to Ott (1989), the organizational culture perspective was also helpful in determining factors like employee commitment and

loyalty, leadership effectiveness, leadership success, creativity, innovation, and organizational survival strategies.

Looking at the past decades, the definition of how an organization used to be run in the early years of the 19th century was captured succinctly by a German senior manager. He stated: "People think of organizations as a machine, something that can be designed, measured, and controlled" (Handy, 1996, p. 3). Thus, in the early years, organizations seemed as machines with arrays of human resources run more on autocratic, dictatorial styles of management, and employee obedience. Moreover, it was the communication structures of traditional organizations that were their most vulnerable element (Conrad, 1990).

Speaking on the origins of traditional organizations, Conrad (1990) divided the managers into two groups, which he labeled as 'scientific managers' and 'bureaucratic theorists'. According to him, the scientific managers tried to make organizations better from bottom up, by reforming worker's tasks, efficiency, and rewards. The bureaucratic theorists, on the other hand, endeavored to make organizations better from top down, by improving effectiveness of administrative employees. In essence though, both had the same primary concern of improving communications.

These same fundamental approaches also reflected the two basic forms of organizational culture that emerged from the analysis conducted by Dozier, J. Grunig, and L. Grunig (1995). According to them, every organization had attributes of participatory and authoritarian cultures, however, the values of one culture typically

predominated in every organization. While authoritarian cultures are closed to outside ideas, “participatory cultures infuse their employees with shared values, pulling employees together as a team to accomplish a mission. Open to outside ideas, these organizations favor innovation and adaptation over tradition and domination” (p. 17).

Thus, the values and beliefs central to participatory cultures include: feeling a part of a team, working together, fostering interdepartmental coordination, and maintaining team-level responsibility for getting the job done (Dozier et al., 1995). Deetz (1995), focused on the structure within participatory cultures, and stated that: “Participatory (dialogic) workplace democracy based on communication would look quite different from the liberal democracy based on “free” expression and information exchange” (p. 32).

Conversely, authoritarian cultures are more closed cultures that follow rigid, fixed patterns of traditions and rules. This culture consequently stifles the innovation and creativity in organizations. In such cultures, management has the major decision-making authority. Due to rigid structures in the culture, communication is discontinuous, and departments work more like independent units (Dozier et al., 1995). While the traditional authority worked well in stable hierarchical cultures and organizations, it works less well in cultures that are in the process of changing, or of abandoning their traditions (Conrad, 1990)—a reflection that is vividly seen in the rapidly transforming corporate workforce today. The corporate world has been immersed in a transition that involves factors such as the birth of many small companies, a growing number of people getting into business

for themselves, a significant rise in the number of people working at home, and an increase in part-time workers and in a contingent labor force. All these factors have affected the organizational cultures of 21st century companies.

Today, the diversity in terms of ethnicity and cultural mix in the workplace is no longer a factor one can overlook while considering employee communications. In his book titled 21st Century Management, Kestin (1992) talks about the organization culture of the industrial giant Computer Associates (CA). Commenting on the participatory culture of CA, senior vice president Michael J. Picker said, “ Everything we do out here is as a team--the ‘I’s leave. They have to leave, because their sense of survival is personal. its not corporate, not communal” (p.137).

As corporations progress toward the 21st century, the work of human machines has by definition become more creative, incentive driven, and self-motivated (Kestin, 1992). For organizations to survive, a cultural core promoting commitment to learning and change, commitment to employees and all stakeholders, commitment to building a healthy and flexible organization is a must (Schein, 1996). According to the studies done by Dozier et al. (1995), leaders today are working at transforming the organizational culture from an “old-line bureaucracy managed in an autocratic way to an organization that is nimble and fast. The core values of the companies are being changed to position the company in a competitive environment. and is managed in a participatory way” (p. 137).

The question that needs to be answered in the context of this study is, what kind of organizational culture is evolving in rapidly growing start-ups, and how do the changes impact the internal communication practices?

Trends show organizational cultures to be fast diversifying into participatory cultures as opposed to the traditional authoritarian cultures (Dozier et al., 1995). Consequently, the leadership power is rapidly shifting from the top management to the employees at all levels within an organization (Bridges, 1996). The changing logistics and abundance of new opportunities in the market is making it all the more important for the leaders to keep their employees well informed about the changes within the company.

Company culture and organizational structure play key roles in influencing the corporate communications style in an organization. However, also important are the very people who decide what to practice in the company and how to go about communicating with the employees. As Charan (2001) stated: "Leaders create a culture of indecisiveness, and leaders can break it" (p. 76). Thus, it is the approaches taken by leaders that impacts the company environment, sets a trend for employee attitude, and influences the course of actions taken by employees across all levels in the organization. Leaders give shape to a company by their decisions on what processes to implement, and they are among the main reasons for the employees to stick around with a particular start-up as against the competition and fresh opportunities in the market.

Hence, it is mandatory to study the leadership styles in start-up leaders to identify the styles that will be most successful in communicating effectively to the start-up employees.

Leadership and Effective Communication

“Managers who are adept at communicating can unite, commit, and motivate employees to cooperate successfully for a common goal” (Lacy et al., 1999, p. 41). The traditional theory was built on the assumption that leaders were disciplinarians telling employees what to do and when to do it, and reprimanding those who failed to comply with the company procedures (Barge, 1994). As D’Aprix (1977) explained in his book, The Believable Corporation, his first job in the corporate world reflected an autocratic and tyrannical environment. He said, “Its leaders were powerful men who did not hesitate to use their power in subtle and not so subtle ways to control the behavior of the people who were part of the organization” (p. 7). However, the rapid advancement in technology, the increased diversity in the work place, and the cut-throat global competition has increased the demands and complexity of leadership (Bornstein & Smith, 1996).

Past theories on leadership have often focused on “leadership in a vacuum instead of specifying what the leader’s relationship to the organization is at any given time” (Schein, 1996, p. 60). Entrepreneurs who are daring to dream high and create new organizations (founders) face unique challenges from those who run organizations (CEOs) at various stages in the organization’s life cycle. However, even as the nature of

organizations is changing, the challenges of creating, building, maintaining, and evolving organizations to new forms still remain the same (Schein, 1996).

In contrast to Weber's (1947) view of a traditional, legal, and charismatic authority in organizations, what seems most predominant in the emerging high-tech start-ups is the significance of leadership based on 'expert power' (Heskett & Schlesinger, 1996). Leadership position passes back and forth from person to person at different phases of a project depending upon the gamut of knowledge and skill sets required (Bridges, 1996; Handy, 1996). There is no longer a clear line of authority (Beckhard, 1996). Traditional communication hierarchies are being replaced by a team-based organization that can respond swiftly and with greater flexibility to the changing market demands (Eisenberg & Goodall Jr., 1997, Oden, 1997). Thus, present day leadership requires a productive relationship between leaders (managers, directors, etc) and employees, which promotes "working with others", "building trusting relationships", and "opens up communication across boundaries" (Schein, 1996, p. 65).

While all organizations irrespective of their size and structure have some sort of leadership guiding their way, high-tech start-up companies seem to be achieving success by digressing from the traditional styles of leadership and venturing into new territories. The leaders "know what they want, why they want it, and how to communicate what they want to others, in order to gain their cooperation and support" (Bennis, as cited in Melendez, 1996, p. 296). Apart from being visionaries, the leaders display an ability to

empower employees, and encourage people from diverse functions and disciplines, through frequent communications, to find common cause in goals (Kanter, 1996).

According to Farren and Kaye (1996), “the focus of the art of leadership is shifting from being directing and instructing to facilitating and enabling” (p. 178). Thus, according to them, leadership roles include being a “facilitator, appraiser, forecaster, adviser, and enabler”.

A facilitator is a leader who helps people identify their career values, work interests, and marketable skills. An appraiser helps to provide candid feedback to team members regarding their performance and reputation. A forecaster provides information about the organization, the profession and the industry, while an adviser relates potential career goals to the business requirements. And, an enabler helps individuals develop detailed action plan for achieving their career goals. (p. 179-180).

According to Oden (1997), leaders increasingly need to be “innovators and intrapreneuers in addition to being teachers and facilitators” (p.72). At a fundamental level, what emerges as common to all these new leadership roles is the need to have ongoing two-way communication with employees more often and efficiently.

To be a leader in the start-up environment, one has to be prepared for challenges very different than those faced by leaders of a big company. In start-ups, the need to get more work done in shorter span of time, with limited resources, makes it mandatory to “develop processes that ensure ongoing asking, learning, and follow-up” (Goldsmith, 1996, p. 235). Coupled with that, the information overload is so much in this age of information technology (IT) that it is important for the leaders to prioritize and attend to

that data (Goldsmith, 1996). The fundamental challenge in start-ups is not the huge volume of information but rather the organization's ability to process it (J. Grunig, 1992).

According to Schein (1996), "what was good for the young organization—the high energy level and compulsive vision of its founders—becomes a liability as the organization grows" (p. 62). The need to stabilize and become more structured increases. At such a time, the emotional incapability of the leaders/founders to let go, or, having organizational processes preventive in nature, become obstacles for organizational growth. "Being a true leader in such an environment thus requires a completely different approach and skill set" (Farren & Kaye, 1996, p. 178). Schein (1996) suggested qualities of judgment and wisdom to be most critical for leaders in such scenarios. Coupled with that, having a vision and being able to translate that to the employees at every growth stage of the organization, is also a required leadership quality.

Vision plays an important role not only in start-up phase of an organization, but throughout the organization's life cycle. Sooner or later, the time would come when an organization needed redirection, and then the first step should always be a new vision, a wake-up call to everyone involved with the organization that fundamental change was needed and on its way. (Burt, 1992, p. 9).

Investigating further on new leadership personalities, Goleman (2000), through his research, distinguished six styles of leadership that exist in varying forms in the current corporate world. According to him: 1) Coercive leaders are those who demand immediate compliance; 2) Authoritative leaders mobilize people towards a vision; 3) Affiliative leaders create emotional bonds and harmony; 4) Democratic leaders build consensus through participation. 5) Pacesetting leaders expect excellence and self-

direction; and, 6) Coaching leaders develop people for the future (p.80). The question that arises relative to this study is: what kind of leadership styles would be successful in pre-IPO start-up companies, and what kind of internal communication practices should they promote?

One of the most prominent factors that defines the emerging leadership style is, the decision-making approach of leaders. In order to achieve the company's goals and objectives, it is mandatory for the leaders, directors, and managers to be able to make the right decision at the right time. As Bornstein and Smith (1996) pointed out, "the leaders are learning that their organizations need to become flatter, faster, and less hierarchical to allow people the confidence and empowerment to make decisions on their own—in short, to become leaders themselves" (p. 285).

According to Dozier et al. (1995), dominant coalitions also have a huge impact on the decision-making patterns in organizations. Defined as a group of people with the power to set directions and affect structure in organizations, the individuals that comprise the dominant coalition normally include informal alliances who could be low on the organizational chart or missing from it all together. Thus, looking into the decision-making approaches embraced by the leaders of the present day start-ups would help the researcher in understanding the impact of decision-making on the internal communication styles. It would also facilitate the researcher in studying the influence of the changing public relations and communication models on decision-making styles.

Decision-Making

Decision-making at a given time, is an act of evaluating alternatives for meeting an objective on which expectations about a particular course of action depends, and impels the decision maker to select the course of action most likely to result in obtaining the objective. (Harrison, 1987, p. 2).

With new media technology opening new modes of communication, geographical distances or time factors no longer work as impediments to reaching customers all over the world (Bardwick, 1996). In such circumstances, the risk of uncertainties has increased two-fold and decision-making based on more complete information and analysis is becoming increasingly mandatory in order to attain better results (Nadler & Tushman, 1988). As Galbraith (1973) stated: "The greater the task uncertainty, the greater the amount of information that must be processed among decision-makers" (1973, p. 4). With the swift market dynamics, a need to make proactive decisions (made in anticipation of external changes) over reactive decisions (changes made as a result of external changes), is becoming a must (Lacy et al., 1999).

Dynamic market conditions show a change in the approach of leaders toward traditional decision-making styles. Earlier, conventional organizations with bureaucracies displaying a slow process of risk averse decision-making could continue to sustain themselves (Mintzberg, 1979). While such organizations successfully avoided errors of commission, they committed serious errors of omission (Ghemawat, 1991). This approach can be fatal in a hyper competitive environment of budding overnight start-ups, where the window of business opportunity opens but only briefly, and there is seldom room for a follower (D'Aprix, 1988). In today's information era, having centralized

control with authoritarian culture can lead to disconnection between the departments. The traditional decisions based on –“the ways things have been done” (Dozier et al., 1995, p. 139), can ultimately lead to the organization stagnating.

The power of knowledge is fast becoming critical for success (Oden, 1997). A network environment with an emphasis on horizontal communication helps facilitate more information processing, and ultimately leads to better decision-making. The leaders can empower people by transferring the decision-making powers onto the employees in the company (Bornstein & Smith, 1996). By involving employees in the decision-making process, the leaders acknowledge the value of individual contribution through unique talents, skills, and creativity. This approach also helps to build trust and integrity within the organization, which is mandatory in this knowledge era (Oden, 1997).

Today, organizations are becoming more nimble in their decision-making by nurturing a democratic, collaborative, participatory, and empowering environment. “Greater participation and greater emphasis on team work provides a better environment for communication excellence” (Dozier et al., 1995, p. 129). Most decisions are taken after thorough discussions between all people who might be affected in any way. Thus, to ensure effective communication and continuous company progress, the leaders of an organization need to make quality strategic decisions, taking into account the impact of their decisions on various key publics like employees and stakeholders, etc (Dozier et al. 1995).

So, how are start-up leaders working at attaining communication excellence in their rapidly growing organizations? More importantly, what decision-making approaches should the leaders of pre-IPO start-ups be adopting to ensure effective communication in their organizations?

While being a good leader is very crucial, having a good team of workers and understanding them is equally essential. It is vital for the leaders to understand what the team members are doing, and to make a conscious effort to help them in all ways to carry out their role (Heskett & Schlesinger, 1996). Strong linkage between leadership, culture, and performance has to be established in order to retain good resources within the company. The decision-making process can no longer be completely dominated by cost-benefit measures. Behavioral aspects are just as important. In fact, behavioral aspects can often distort cost-benefit standards (Brundick & Summerlin, 1996). These perspectives mandate this study to examine what motivational factors are being effective in retaining quality employees within a company, in this boom period of new opportunities and start-up offers.

Motivation

“Motivation can be perceived as the basic process of needs producing drives or motives, which lead to goals being achieved” (Lacy et al., 1999, p. 54). Motivational factors are those traditionally perceived as important to mental well being, and are related to Maslow’s studies of hierarchical needs (as cited in Seglin, 1998). Maslow structured the needs around physiological needs, safety, social needs, self-esteem, and self-

actualization. According to him, a deprived need dominated an individual's attention, which thus determined behavior. Once a shortcoming was satisfied, progression up the hierarchy occurred, which activated the next higher need until a level of self-actualization was reached. Once self-actualization was reached and satisfied, the individual continues to be motivated by concerns for this highest level (Kettinger, 1991).

Despite controversies, with all its revisions, Maslow's hierarchy has some basis of rationale in it and as Drucker (1996) commented, it highlighted different personnel policies for different people in varying situations for them to be truly effective. With globalization and liberalization opening new doors, a good mix of diverse cultures seem to be emerging in every organization, which makes Maslow's hierarchy of needs worth exploring. The reality today is that employees are going through significant changes in values reflecting a greater importance given to quality of life than to financial rewards.

According to Locke and Lantham (1984), today, the managers and leaders need to make the goals clear and specific through a dialogue with the team members, and should have a regular performance feedback loop. In essence, have a good ongoing communication with the employees at regular intervals. Apart from specifying goals, successful managers also need to give formal or informal recognition for a job well done (Peters & Waterman, 1982). Positive feedback not only provides employees with job satisfaction, but also increases their commitment to work (Larson, 1989).

Moreover, respecting and trusting employees is fast becoming crucial for the success of companies. Incorporating key words like respect, prestige, recognition, and

responsibility into each strategic consideration can lift employee morale immensely (Brundick & Summerlin, 1996). As B. P. Mink, O. G. Mink, and Owen (1993) stated: "Trust is one of the strongest forces affecting the attitudes of group members and their desires to remain in the group. Trust also plays a significant part in their willingness to change and communicate openly" (p. 27).

Another theory applicable to the start-up industries is the two-factor theory put forth by Herzberg et al. (1959). The theory suggested that job satisfaction was a cause of good work performance. "Individual job satisfaction means the inherent satisfaction employees derive from work content itself, while regarding their work to be interesting and challenging" (Dozier et al., 1995, p. 140). Herzberg et al. (1959) identified six sources of job satisfaction (motivator factors) as: achievement, work challenge, recognition, advancement, increased responsibility, and personal growth combined with hygiene factors. In addition, Herzberg identified ten sources of job dissatisfaction as: security, status, relationship with subordinates, personal life, relationship with peers, salary, work conditions, relationship with supervisor, supervision satisfaction, and company policy.

According to Herzberg et al. (1959), to improve job satisfaction, a manager must concentrate on satisfiers (motivators) as a link to better performance. "Organizational job satisfaction increases when employers treat their employees well through competitive salaries, compensation benefits, and work conditions" (Dozier et al., 1995, p. 140). By providing fair opportunities for advancement and personal career growth, and giving

merit to employees based on their diligence and delivery rather than connections, the managers help promote a participatory culture which subsequently helps increase job satisfaction. How relevant these factors are in a start-up scenario, though, remains to be seen. Research indicated that even with unequal power, people with cooperative goals exchanged resources and productively completed tasks, whereas unequal power competition conditions were characterized by suspicions and refusal to exchange resources (Tjosvold, 1995).

Observations made by Peters (1993) regarding the influence of technology on company communications, noted that layers of hierarchy were gradually giving way to cross-functional, cross-divisional team working. "Progressive organizations encourage more employee participation and communication" (Eisenberg & Goodall Jr., 1997, p. 296). Leaders tend to emerge when individuals dominate group interaction, however, the interaction equality that accompanied the usage of technology tends to inhibit such emergence (Miller, 1999). This new high-tech parable upends almost everything known about organizations. Hierarchy is being ignored; functional barriers are routinely being bypassed, and outsiders are consorting in the decision-making process. Constant informal chatter is replacing meetings, traditional presentations, or political posturing; something of significance is happening at a rapid pace. Many issues are begged by these changes, for example, establishing a culture that encourages such free form, free-flowing, ego-free chatter (Peters, 1993). However, all the above points seem to apply more aptly for well-

established companies. What is the approach for employee communications and motivation in case of start-ups?

As start-ups are small companies going for new ventures, there is not much they can offer in terms of job security to their employees. “ They’ve just opened their doors for business, so opportunity, working conditions, business ownership, and benefits are the tools they have to work with” (MacVicar & Throne, 1992, p. 87). Thus, leaders of successful start-ups need to realize that to recruit top people into their company, they not only have to offer an opportunity for contribution and advancement, but also have to treat their employees better than the established companies (MacVicar & Throne).

According to MacVicar and Throne (1992): “Excitement, personal gratification, recognition for their ideas, and making a difference” (p. 5)-- are some of the prime motivating factors for employees in most start-ups. As cash is a precious commodity in any company, especially in rapidly growing start-ups, the employees are compensated with stock options, otherwise known as “sweat equity”, for their sacrifices and diligence (MacVicar & Throne, 1992). “Commitment to the goal is an essential key to any start-up’s success” (p. 5). Along with all the growing pains, an unexpected loss of a key employee can have a major impact on the company’s strategies. Hence, no matter the size of the company, big or small, employee communications is an integral process. “ The small operator with ten employees needs to communicate with his employees just as much as the operator with one thousand or one hundred thousand employees” (Newcomb & Sammons, 1961, p. 5).

Thus, the definition of employee communications seems to have changed along with autocratic attitudes. The audience profile today includes every employee: executives, managers, office workers, and plant personnel. The flow of information is no longer top down, but upward and across departments (O' Connor. 1990). The advent of advanced technology is not only increasing the prevalence of upward communication, but is also leading to greater equality in group interactions (Miller, 1999). According to MacVicar and Throne (1992), many potentially successful companies never got to the adolescent stage because the leaders of the company failed to delegate authority and responsibility to their employees.

Hence, empowering employees today is considered central for organizations to adapt to the turbulent demands of the marketplace (Eisenberg & Goodall Jr., 1997; Kanter, 1996). By creating a more equitable and open work environment, the employees are made to feel happier and motivated to work in organizations. Employee satisfaction can be achieved by focusing on more open communications, fair employee work recognition, and by providing the tools and training to support the staff and the work they need to do. "Employees are any organization's most valuable asset, and whatever strengthens the staff-organization partnership will make for a more effective entity" (Hoeflich, 1999, p. 14). The resulting question, then is, how should start-up high-tech leaders ensure effective communication to continue motivating and sustaining their employees, amid the rampant growth of opportunities in the high-tech industries?

Conclusion

Observations show that the mushrooming of start-ups in the high-tech industries is bringing new styles of communication management along with it. The effectiveness of corporate communication is fast being controlled by the key factors identified as: employee communications, organizational structures, models of public relations and communication, company culture, evolving styles of leadership, decision-making approaches, and the motivational factors practiced within an organization.

While the focus of this study is on the internal communications of pre-IPO start-ups, for comparative purposes, it was imperative to understand the internal communication dynamics of a well-established post-IPO company to get a broader picture. As the selected post-IPO company had recently gone IPO, it served as a good example to understand what communication issues existing in the post-IPO company had their origins in the earlier start-up phase. Moreover, it also helped in comprehending which internal communication processes continue to evolve and are practiced after IPO.

Thus, the key questions that this qualitative research asked were:

1. How is employee communications practiced in growing pre-IPO start-ups?
2. How does the internal organization structure and public relations model evolve in a pre-IPO start-up, and what effect does this growth have on the internal communications system?
3. What kind of organizational culture is evolving in rapidly growing start-ups, and how do the changes impact the internal communication practices?

4. What kind of leadership styles would be successful in pre-IPO start-up companies, and what kind of internal communication practices should they promote?
5. What decision-making approaches should the leaders of pre-IPO start-ups be adopting to ensure effective communication in their organizations?
6. How should start-up high-tech leaders ensure effective communication to continue motivating and sustaining their employees, amid the rampant growth of opportunities in the high-tech industries?

The answers to the aforementioned questions are large steps in revealing the kind of employee communications and company culture that exists in start-ups, and the organizational structures that the leaders are adopting to ensure effective communication. The answers will highlight the leadership styles that are being practiced today, with a focus on their decision-making processes, and the approaches adopted by them towards ensuring employee motivation. Above all, the findings will help the researcher in comprehending when, to what extent, with what resources and purposes, companies direct their internal communications, in order to make them effective.

Thus, the answers combined will provide the researcher with a better understanding of the broad question: How can effective internal communications be established in growing pre-IPO start-ups as they prepare for their IPO?

Ideal Internal Communications Model

Purely based on the reviewed theories, the researcher attempted to build an ideal communication model for start-ups. This model was used to compare the final set of dominant findings that emerged at the end of chapter IV- Findings and Discussion.

Model description

“People who run organizations constantly assess how different parts and components of an organization contribute to the overall mission—how they make an organization effective” (Dozier et al., 1995, p. 122).

Representing the complete internal communication model in the form of a wheel, the researcher assumed the cog of the wheel to represent the basic internal communication foundation i.e. employee communications of the company. The outer rim of the wheel was assumed to stand for the organization structure.

The five spokes of the wheel represented the five components of internal communications considered in this study. Going clockwise, the spokes stood to represent the styles of leadership (spoke-I), organizational culture (spoke-II), internal public relations and communication models (spoke-III) practiced in the organization, decision-making approaches (spoke-IV), and the motivation factors (spoke-V).

Ideal Internal Communication Model

Model Interpretation

The two-way arrow spokes of the wheel signify the contribution of the five variables towards building the organizational structure (rim), and towards the progress of employee communications (the cog of the wheel) in an organization. The researcher has shown arrows pointing uni-directionally on the outer rim of the wheel starting from spoke-I through spoke-V in an attempt to depict the influence of the previous factor/s on the succeeding ones.

The spokes (influencing factors) culminating at the cog of the wheel (employee communications) were assumed to be the prime driving force on which the internal communication practices (the wheel as a whole) functioned.

Internal Communications: An Overview

The main research question this study asked is: how could effective internal communications be established in growing pre-IPO start-ups as they prepare for their IPO?

Internal and employee communications are of significant importance today (Wright, 1995). Without communication, there can be no productivity and no organization (Farace et al., 1977; Goldhaber et al., 1984). As the start-ups are small companies, they can change direction quickly, having a real competitive edge over the larger companies (Eisenberg & Goodall Jr., 1997; MacVicar & Throne, 1992; Oden, 1997). To sustain that edge with the growth of a company, the founders of a start-up need to build a firm communication network.

As most start-ups deal in high technologies, (MacVicar & Throne, 1992) they need to work at adapting the best available technologies, and to discover prime ways of managing the communications resources themselves (Skelton, 1986). By making the company a communications-based organization, a start-up can grow to be free of the constraints imposed by physical location and time. Information can be readily available on a need-to-know basis, autonomy can be prevalent, and the core management will be

able to do future strategic planning while continuing to maintain high visibility in the day-to-day operational performance, on a near real time basis (Skelton, 1986).

Employees have three fundamental communication needs. They want to know the vision of the company, i.e. where the organization is headed, how the founders plan to lead the company to that vision, and most important, what all that means to them. “They want to know what the battle plan is, and how hard they have to fight to achieve their goals” (D’Aprix, 1982, p. 11).

The communication model suggested below is specific to those start-ups that are preparing for an initial public offering (IPO) as their future strategy. An IPO is when a successful start-up converts from private ownership to public, selling shares on the stock market. It is one of the three general forms of financial exit that start-up leaders adopt as future strategy.

How is employee communications practiced in growing pre-IPO start-ups?

Start-ups are small companies, most often with a high-tech focus, that are in their early stages of development creating a product or service, or having a product or service needing manufacturing and/or marketing (MacVicar & Throne, 1992).

Thus, in the beginning, the small start-ups have communication flowing freely in all horizontal, vertical, and crisscross directions (Burns & Stalker, 1961). In the initial stages, start-ups display a combination of two-way and symmetrical communication models, where the employees are comfortable talking to their management, and

discussions of difference in opinions are encouraged (Dozier et al., 1995; J. Grunig, 1992).

However, as the small company begins to grow rapidly in size, changes in communication patterns begin to occur. The earlier informal spontaneous methods of communication get replaced or supplemented by formal provisions for communication (Pfeffer, 1982). Informal fact-to-face and telephone contacts get sharply restricted and replaced by more specific means such as formal written memos and reports. Also, the quality of communication in terms of frequency of exchange, pattern, openness, between management and employees, decreases with an increase in organizational size (Jablin, 1987).

Why do rapidly growing start-ups display these changes in communication patterns? And more importantly, how can these changes be controlled? Thus, in order to maintain an effective internal communications system, there are six crucial factors namely: leadership styles, organizational structure, company culture, models of public relations and communications, decision-making approaches, and motivation factors, that need to be worked upon and monitored, to ensure a smooth and effective flow of information in a rapidly growing start-up.

What kind of leadership styles should exist in pre-IPO start-up companies, and what kind of internal communication practices should they promote?

1. Leaders give shape and direction to the evolution of communication practices:

Start-up leaders are visionaries knowing what they want, why they want it, and how to communicate what they want to others, in order to gain their cooperation and support (Bennis, as cited in Melendez, 1996). The start-up companies begin with a small number of individuals working together towards the same goal. In essence, they are more like a team-based organization that can respond swiftly and with greater flexibility to the changing market demands (Eisenberg & Goodall Jr., 1997; MacVicar & Throne, 1992; Oden, 1997). Leadership position is rotational, based on expertise, knowledge, and experience of an individual (Handy, 1996). By working closely together and building trusting relationships through open communication, the leaders can promote their relationship with the employees (Schein, 1996).

To be a leader in the start-up environment, one has to be prepared for challenges very different from those faced by leaders of a big company. In start-ups, the need to get more work done in a shorter span of time, with limited resources, makes it mandatory to develop processes that ensure ongoing asking, learning, and follow-up (Goldsmith, 1996). Coupled with that, the information overload is so much in this age of information technology (IT) that it is important for the leaders to prioritize and attend to that data (Goldsmith, 1996). The fundamental challenge in start-ups is not the huge volume of information, but rather the organization's ability to process it (J. Grunig, 1992). While the company is small, information sharing and handling communication issues is not difficult. However, as the company begins to grow and expand, various problems begin to arise.

What is initially good for a young organization—the high energy level and compulsive vision of its founders—becomes a liability as the organization grows. The need to stabilize and become more structured increases. At such a time, the emotional incapability of the leaders/founders to let go, or, having organizational processes preventive in nature, become obstacles for organizational growth. Being a true leader in such an environment requires a completely different approach and skill sets (Farren & Kaye, 1996).

Thus, leaders in the start-up environment, to be successful, need to primarily exhibit the quality of being visionaries. Vision plays an important role not only in start-up phase of an organization, but throughout the organization's life cycle. Sooner or later, as the organization grows, a time comes when it needs redirection, and then, the first step will always be a new vision (Burt, 1992). However, having a vision is not enough; the leaders have to be good communicators with an ability to translate that vision to employees at every growth stage of the organization (Schein, 1996).

The leading individuals also need to play the role of innovators, intrapreneurs (Oden, 1997), teachers, and facilitators (Farren & Kaye, 1996). They need to be democratic leaders, building consensus through participation, coaching leaders who help develop people for the future (Goleman, 2000), and have an art of working with others and building trusting relationships (Schein, 1996). As the company grows in size, the leaders need to create a feeling of ownership in their employees and make empowerment (Kanter, 1996) such an integral part of the company culture that the value continues to

grow along with company expansion. The leaders should have the ability to encourage employees from diverse functions and disciplines, through frequent communications, to find common cause in goals (Kanter, 1996). Along with the above mentioned, the leaders need to show sound judgment and wisdom in their future decisions (Schein, 1996). Such leaders would not only build the right company culture and structure, but would also ensure a more multi-directional communication system.

Therefore, for communication to be effective in pre-IPO start-ups gearing for their IPO, the leaders need to work on developing an organization structure that will help facilitate the right company culture. The structure should also help develop effective public relations and communications models that can continue to flourish in the company even after the IPO.

How does the internal organization structure and public relations model evolve in a pre-IPO start-up, and what effect does this growth have on the internal communications system?

2. The structure of the organization forms the basis on which organizational culture grows.

The structure of an organization is basically the network of relationships and roles existing throughout the organization (Goldhaber et al., 1984). A start-up company typically depicts the model of an organic organization (Burns & Stalker, 1961; Hage & Hull, 1981). It is decentralized, information is dispersed, and employees are encouraged to participate in decision-making (J. Grunig, 1992). There are no formalized written

company rules and regulations, just informal structures that facilitate easy and open information to flow across the organization. There are no ranks and hierarchy, so it is less stratified. Moreover, the complexity, i.e. the extent of educated and professional employees doing a variety of tasks, is high in start-ups. There is one central office where people accomplish work in the same time at the same place (Grantham, as cited in Miller, 1999).

As the start-up grows, its structure gets shaped due to certain factors: 1) by the demands of the external environment at that point in time. The advancement in technology does have its effects on organizational structure (Miller, 1999). 2) The necessity to seek an internal consistency having structural characteristics that works in equilibrium with their environment (Robbins, 1987). And 3) the start-up tries to emulate the current prominent popular trends of organizational structure, be it participatory management, bureaucracy, or matrix management (J.Grunig and L. Grunig, 1989). To be successful, organizations need to be more proactive and need to allow the communication system to dictate the structure of the organization (Goldhaber et al., 1984). The leaders need to decide on a structure that would be most suitable for the current organizational needs, and would facilitate free flow of important information without overloading relevant decision-makers (Goldhaber et al., 1984).

As the organization begins to get structured, changes in the company begin to happen due to the continuous increase in the number of employees. The organization shifts from being organic in nature to mechanical in nature. The company becomes less

complex, reducing the employee participation in decision-making. The complexity of the group decreases with its size, induces greater interdependence in workflow, increases programmed tasks, and increases physical spatial barriers (Melcher, 1976). The earlier practice of working from one central office shifts to flextime, where work is done at the same place but at different times. In addition, virtual offices begin to arise, where people begin to do work from different places at different times, using multiple information and computer technologies (Grantham, as cited in Miller, 1999). Reduction in commitment, breakdown in communication, and increased conflicts (Melcher, 1976) begin to show as side effects of a growing organization.

The rapid growth and introduction of formalization act as communication blocks, filtering and distorting potentially useful information. The leadership thus begins to struggle with deciding the extent and content of information to be communicated (Goldhaber et al., 1984). Furthermore, an increase in structural stratification in the form of hierarchy is witnessed (Pfeffer, 1982). Centralization commences, providing a comprehensive perspective to decision-making and efficiency (Grunig, 1992).

Realizing the aforementioned predicted changes along with company growth should help prepare the leaders in handling the issues. The start-up leaders need to work at sustaining a 'flatter' and more entrepreneurial organization. They need to remember that they are dealing with human complexities, and so the communication system should be designed to accommodate humans. To reduce the information overload problem, the leaders need to concentrate on sustaining decentralization in the growing company.

Having more collaboration in decision-making processes would help the company in responding rapidly to new information, would instill motivation, and would help train managers to make good decisions (J. Grunig, 1992). Communication should replace authority as a way to manage, and communication should continue being two-way from management to employees, and vice versa (Emanuel & York, 1988). Furthermore, the leaders need to be cognizant of the fact that the culture of a growing company deeply impacts the patterns of communication, conduct, and norms of employees (Conrad, 1990).

In the proposed model, the rim of the wheel is assumed to grow with the growth in the organization structure.

What kind of organizational culture is evolving in rapidly growing start-ups, and how do the changes impact the internal communication practices?

3. Organizational culture influences the communication patterns to fluctuate between two-way and one-way communication.

The organizational culture of a company helps explain why people interpret the communication process of their organization as they do (Conrad, 1990). The organic structure of a start-up in its initial growing stage fosters a participatory and collaborative culture (J. Grunig, 1992). The culture infuses all employees with shared values, pulling them together as a team to accomplish a mission (Dozier et al., 1995). Everything that is done is done as a team (Kestin, 1992). The employees are more creative, incentive driven, and self-motivated (Kestin, 1992). The employee behavior show the values of

working together, fostering interdepartmental coordination, and maintaining team-level responsibility for getting the job done (Dozier et al., 1995).

Communication at this stage is spontaneous, informal, usually occurring through face-to face interactions or phone calls (Pfeffer, 1982). There is an ongoing two-way dialogue that involves information exchange between various individuals. Open to outside ideas, the start-up culture also favors innovation and adaptation over tradition and domination. Employees feel free to talk to their management; discussion and difference in opinions is encouraged (Dozier et al., 1995). Thus, the early phases of start-up show the traits of both two-way, and symmetrical models of public relations and communications.

However, as the organizational structure begins to get more defined, the culture too seems to undergo a change. The emergence of centralization in the growing company begins to typically shift the emphasis of communication more towards the top-down pattern (Hage, 1980). As the company increasingly becomes mechanical, information begins to flow more in one-way and top-down directions. The communication model also shifts to being more asymmetrical, as employees begin to conduct themselves according to management desires (Dozier et al., 1995), thus showing signs of authoritarian culture.

If this cultural shift is not stopped in its inceptive stages, it could lead to a closed culture following rigid, fixed patterns of tradition and rules. Innovation and creativity would begin to get stifled. Due to rigid structures, communication would become

discontinuous, and departments would begin to work more like independent units (Dozier et al., 1995).

To avoid these problems, the leaders should work at building a core culture that promotes commitment to learning and change, commitment to employees and all stakeholders, and commitment to building a healthy, flexible organization (Schein, 1996). Irrespective of the strength of employees in the company, the founders, who are the default leaders, should define and communicate a set of values incorporating the vision to the employees (Wright, 1995). By clearly understanding the company vision, all the employees can be aligned to head in one direction of vision (MacVicar & Throne, 1992). Having the employees share the same philosophy makes it easier for the employees to be flexible. The company can make decisions quickly and delegate responsibility more effectively; it can also continue sustaining its speed and nimbleness (Dozier et al., 1995; MacVicar & Throne, 1992). Furthermore, by constant clear communication, the leaders can assist the employees in making well-informed decisions in their day-to-day tasks (Blanchard, 1996).

By having a very open, honest, and two-way communication with the employees, the leaders in rapidly growing start-ups can avoid the growth of any informal grapevines (Daniels & Spiker, 1987; D'Aprix, 1982; Fisher, 1981). Thus, it is in the hands of the leaders of a company to navigate the growth of the organizational structure and organizational culture.

Organizational structure (rim) is assumed to have its influence on the spoke representing company culture. Company culture is seen as a contributing factor that builds the next spoke representing the models of public relations and communications. The nature of the public relations and communication models in turn is seen to affect spoke-III, the decision-making approaches of the leaders and the employees.

What decision-making approaches should the leaders of pre-IPO start-ups be adopting to ensure effective communication in their organizations?

4. Change in public relations and communication models, affects the empowered decision-making of employees.

Many potentially successful companies never get to the adolescent stage because the leaders of the company fail to delegate authority and responsibility to their employees (MacVicar & Throne, 1992). Given the dynamic market conditions, the risk of uncertainties, especially in case of small start-ups, increases two-fold. Decision-making based on more complete information and analysis increasingly becomes mandatory in order to attain better results (Nadler & Tushman, 1988). More importantly, a need to make proactive decisions, decisions made in anticipation of external changes, becomes very crucial (Lacy et al., 1999).

The organic start-up nature fostering a strong participatory culture helps promote greater participation and greater emphasis on teamwork (Dozier et al., 1995). The small start-up company is decentralized, with information being dispersed, and employees participating in decision-making (J. Grunig, 1992). The two-way and symmetrical models

of public relations and communication help facilitate exchange of ideas, and most decisions are made after thorough discussions between all people (Dozier et al., 1995). Thus, the employees in a small start-up have a sense of empowerment and responsibility while taking decisions (Burns & Stalker, 1961; Kanter, 1996).

However, as the organizational structure changes, the models of public relations and communication also change, and as a result, the autonomy of an individual also undergoes a change (Thayer, 1968). The shift in nature of a growing start-up towards a mechanical organization alters the public relations and communication models gradually towards becoming one-way and top-down (Burns & Stalker, 1961). Consequently, employee participation reduces in the decision-making process, and the employees slowly begin to feel less empowered. In today's information era, having centralized control with authoritarian culture could lead to disconnection between the departments and employees. Decisions could begin to get made based on traditions—"the ways things have been done" (Dozier et al., 1995, p. 139). All this would be very disastrous in case of small start-ups companies while they are in the process of establishing themselves.

Equipped with this knowledge of how things could materialize in a growing start-up, it is necessary for the leaders to think of preventive measures. It is important for the start-up leaders to realize the value in maintaining flat organizations, which are faster, less hierarchical, and allow people the confidence and empowerment to make decisions on their own—in short, to become leaders themselves (Bornstein and Smith, 1996). With the power of knowledge fast becoming critical for success (Oden, 1997), a networked

environment with an emphasis on horizontal communication would help facilitate more information processing, and would ultimately lead to better decision-making (Oden, 1997; Smith, 1996; Wright, 1995)

Empowering people thus involves transferring decision-making powers onto other employees in the company (Bornstein & Smith, 1996). By involving employees in the decision-making process, the leaders can acknowledge the value of individual contribution through unique talents, skills, and creativity. The leaders can get things done by providing responsibility and autonomy to the employees, and by treating the employees with respect (Wilson, 1994). This approach will help build trust and integrity within the organization, which is mandatory in this knowledge era (Oden, 1997).

To ensure effective communication and continuous company progress, the leaders of an organization need to make quality strategic decisions, taking into account the impact of their decisions on various key publics e.g. employees, stakeholders, etc. (Dozier et al., 1995). The more communicated, connected, and empowered the employees' feel in their decision-making, the more motivated and responsible they feel for delivering quality work.

This leads to spoke-V that represents the motivational factors for employees in a company. The leaders need to think of new effective ways of continuously keeping their employees motivated (Fisher, 1981; Wright, 1995).

How should start-up high-tech leaders ensure effective communication to continue motivating and sustaining their employees, amid the rampant growth of opportunities in the high-tech industries?

5. Change in decisions-making factors influences the empowerment in employees. The motivation factors of personal growth, work challenge, ability to make a contribution to the company's bottom line, high visibility, eventually get replaced by a struggle to maintain job security and visibility in front of management members.

Commitment to the goal is an essential key to any start-ups success (MacVicar & Throne, 1992). Along with all the growing pains, an unexpected loss of a key employee can have a major impact on the small company's strategies (MacVicar & Throne, 1992). Hence, no matter the size of the company, big or small, employee communications and motivation is necessary (Newcomb & Sammons, 1961).

Start-ups being small companies going out for new ventures do not have much to offer in terms of job security to employees. Consequently, to attract a talented group of individuals, the start-up leaders offer an opportunity for contribution and advancement, and also try to treat their employees better than the established companies (MacVicar & Throne, 1992).

The prime motivational factors for employees to join start-ups are: the excited, equitable, and open work environment (Eisenberg & Goodall Jr., 1997), personal gratification, recognition for their ideas, opportunities to make a difference to the company's profits, and stock options (MacVicar & Throne, 1992). In the initial growth

phase, finances for most start-ups are in short supply. Employees are thus compensated with stock options or sweat equity, for their sacrifices and diligence (MacVicar & Throne, 1992). Thus, work challenge, recognition, advancement, increased responsibility, and opportunities of personal growth (Herzberg et al., 1959) continue to attract talented, intelligent people, to small promising start-ups. All these factors help in providing job satisfaction to the employees (Dozier et al., 1995). Individual job satisfaction in start-ups also stems from working with the interesting and challenging cutting edge technology (Dozier et al., 1995).

However, once the rapidly growing start-up gets bigger, although the employers try to treat their employees well through competitive salaries and compensation benefits (Eisenberg & Goodall Jr., 1997), a shift in employee motivation begins to get reflected. With the decrease in employee empowerment (Burns & Stalker, 1961), an atmosphere of unequal power and selective decision-making gradually spreads. This subsequently triggers off a competitive condition showing characteristics of suspicions and refusal to exchange resources (Tjosvold, 1995). In a rapidly growing company struggling to make a niche in the competitive dynamic market place, this kind of employee attitude would be extremely unfavorable, and could be the cause of the company's setback. Furthermore, job dissatisfaction in the form of security, status (job titles), relationship with subordinates, personal life, relationship with peers, salary, work conditions, relationship with supervisor, supervision satisfaction, and company policy can also come into play (Herzberg et al., 1959).

The key to success in employee relations today involves building relationships much more than it involves disseminating information (Wright, 1995). Trust is one of the strongest forces affecting the attitudes of group members and their desires to remain in the group, and it helps employees to be more willing to change and communicate openly (B. P. Mink et al., 1993). Incorporating key words like respect, prestige, recognition, and responsibility into each strategic consideration can help sustain a respectful and trusting environment (Brundick & Summerlin, 1996).

The leaders in the start-up industry need to work at continually providing fair opportunities for advancement and personal career growth. Merit to employees should be given based on their diligence and delivery rather than connections, and the middle level managers should help promote a participatory culture to help increase job satisfaction (Dozier et al., 1995). With the goals of a start-up company changing ever so often, good ongoing communication with the employees at regular intervals should be maintained. The managers and leaders need to make the goals clear and specific through a dialogue to the team members, and should have a regular a performance feedback loop. Apart from specifying goals, the leaders also need to give formal or informal recognition for a job well done (Peters & Waterman, 1982). Job satisfaction and employee commitment to work can be increased through positive feedback (Larson, 1989).

With the influence of technology, company communications can be maintained to facilitate healthy cross-functional and cross-divisional team working (Peters, 1993). Leaders tend to emerge when individuals dominate group interactions, however, by

promoting equal interactions based on expertise and knowledge of employees, leaders can help sustain a focus on team efforts over individual contributions (Miller, 1999); thus, more employee participation and communication can be encouraged (Eisenberg & Goodall Jr., 1997). Information should be encouraged to flow upward and across departments, and should not be allowed to become only one-way, or top-down (Miller, 1999; O' Connor, 1990). The leaders need to remember that employees are any organization's most valuable assets, and whatever strengthens the staff-organization partnership will make for a more effective entity (Hoefflich, 1999).

Model Conclusion

Thus, all the spokes combined in one way or the other will have an influence on the communication systems. Conversely, ineffective communication could lead to upsetting the balance of these six crucial factors. An imbalance in the wheel could cause a slow-down in growth progress, or could lead to the disintegration of the organization itself.

If the cog of the wheel is removed, the wheel disintegrates and can no longer exist. Internal communication keeps employees informed about key job-related and business issues and, through that process, helps gain commitment to their work and the organization (Wyatt communicator, as cited in J. Grunig, 1992). Internal communications system of an organization is an increasingly powerful determinant of the organization's overall effectiveness, and can have a limiting effect on the company growth, performance, and survival (Farace et al., 1977).

Model Drawback

The researcher is aware that the equal sizes of the spokes may be assumed to depict same strengths of the influencing factors, which may not be the case. While the researcher has attempted to place five factors (spoke-I to spoke-V) in the order of linear influence of preceding factors on the succeeding ones, the factors may be interchangeable at various stages of the start-up growth phase.

Chapter III

Methods

Qualitative Interviewing

The researcher used the qualitative interviewing research methodology for this study. The qualitative method allowed the study to be more narrowly focused on a particular event or process, and was concerned with what happened, when, and why (Rubin & Rubin, 1995). The research question that was examined in this study asked about how effective internal communications could be established in a growing pre-IPO start-up. “The ‘how’ and ‘why’ questions are more explanatory in nature” (Yin, 1994, p.6). As the start-up boom was a fairly recent phenomenon, with a rapidly changing growth cycle, it created a need to look into the ongoing processes and the methods the professional leaders in start-up companies were adopting to establish effective internal communication. Qualitative interviewing thus allowed an exploration of the occurrence as it was happening.

Distinguished from quantitative methods, qualitative research does not rest its evidence on the logic of mathematics, principles of numbers, or methods of statistical analysis (Anderson & Meyer, 1988). In quantitative research, the data is reduced to numbers and analyzed using various statistical techniques. Qualitative analysis was more appropriate for the study as the information being sought could not be reduced to numbers.

Qualitative Interviewing: Limitations

There were certain drawbacks of this research strategy. The depth of understanding required to do qualitative interviewing has always made it difficult for researchers to remain value free or neutral toward the issues raised (Bowman, Bowman, & Resch, 1984). Researchers have been led astray into advocacy and efforts to find solutions to problems (Rubin & Rubin, 1995). Part of the philosophy of qualitative interviewing is that “interviewees and interviewers are both individuals, with emotions and interests and biases that affect how research is done” (Rubin & Rubin, 1995, p. 14). While conducting the interviews, the researcher could have unconsciously guided the respondent’s responses in a specific direction. However, being aware of these limitations made it easier for the researcher to consciously avoid such mistakes.

In-depth Interviewing

The method selected for conducting this research was “the qualitative in-depth interviewing”. Typically, “qualitative in-depth interviews are much more like conversations than formal events with predetermined response categories” (Marshall & Rossman, 1995, p. 80). The researcher has a degree of systematization in questioning and works towards comprehending the perceptions and views as revealed by the respondents through their responses (Marshall & Rossman, 1995).

The interviews on identified concepts with a sample of employees from two companies (one pre-IPO and one post-IPO) helped to build a frame-work by combining several narratives, providing comprehension of the changes that were transpiring in the

two companies at that given point. In addition, the responses from the public relations consultants helped in constructing the bigger internal communications picture in start-ups.

Strength and Weakness of In-depth Interviewing

The strength of in-depth interviewing lay in the fact that the researcher could gather a wide variety of information across a larger number of participants and could immediately follow up for clarification where required (Marshall & Rossman, 1995).

Regarding weaknesses, "in-depth interviewing involves personal interaction, and co-operation is essential" (Marshall & Rossman, 1995, p. 81). Respondents were sometimes hesitant and uneasy in disclosing information that the researcher sought to understand. The interviewer was also faced with the challenge of asking the right questions in the right manner in order to get the required responses. The researcher had to be a very avid listener and had to be skillful in interpersonal interaction, question framing, and gentle probing for further exploration of thought process. While probing, the researcher had to ensure that she was not leading the respondent to think in a specific direction.

Sources of Data

As the researcher aimed to create an internal communications model for pre-IPO start-ups, the study included two high-tech companies (one pre-IPO and one post IPO), and one public relations firm that had experience in helping start-ups in their internal communications processes. The pre-IPO company identified for this research was

Kintana Inc., an established start-up, comprising 200-250 employees, and on its way to an IPO. Kintana products are powering business transformation with Technology Chain Automation: a software application that automates the processes to implement new business applications and evolves existing enterprise systems.

*XYZ Communication (*name changed for confidential and privacy issues) was the post-IPO company selected for this research. Founded in 1997, the company went IPO in September 1999. XYZ makes applications that are used for customer service.

The public relations agency identified for the study was InMomentum, a spin off from the Citigate Cunningham agency. InMomentum deals exclusively with internal communications and cultures of organizations of varying sizes, including start-ups.

Company Profiles

The pre-IPO start-up company selected for this study was Kintana Inc., formerly known as Chain Link Technologies, Inc. Started in 1995 by three enterprising individuals, this company has come a substantial way in establishing itself as a niche player in the market.

Kintana is the first company to offer integrated software solutions for automating and accelerating the technology chain for businesses. The software provides end-to-end automation of complex business technology processes, integrates business and technology teams, and facilitates more effective collaboration. The company, thus, helps in significantly reducing the time needed to bring technology-powered offerings to market. Headquartered in Sunnyvale, CA, Kintana also has offices in Chicago, Reading

(UK), Hamburg, and Frankfurt. Of the current 190 clients, Cisco, Sun, GE, and Applied Material are some of the more prominent ones.

At the brink of going IPO, Kintana Inc. served as a good case study for this research. Comprised of about 250 employees, this company stood to represent the section of start-ups that had been successful in their take off and was large enough to reflect a structure and style in its communication management.

The post-IPO company selected for the study was XYZ Communication, which has been in existence since 1997. The company is built on the premise that the Internet changes the way people interact with businesses by: 1) increasing the impact of and focus on the customer's preferences and options; and 2) increasing the speed of business operation. XYZ's suite of customer service solutions covers all channels of customer communication, including live Web, self-service, email, and telephone. The company delivers applications that are complete, ready-to-deploy, and that scale to meet the needs of global enterprises.

Headquartered in Sunnyvale, CA, XYZ Communications maintains offices in six continents including Japan, Asia, Europe, Middle East, and Africa. The company has in excess of 700 employees worldwide. With over 700 customers across the globe, XYZ's customers span a variety of industries including financial services, Internet, manufacturing, media, retail, technology, and telecom. The customer list includes such names as Microsoft, GE Capital, IBM, Hewlett-Packard, and Xerox.

While the focus of this study was on internal communications of pre-IPO start-ups, it was imperative to understand the internal communication dynamics of a well-established post-IPO company to get a broader picture. As the post-IPO company XYZ Communication had recently gone IPO, it served as a good example to understand what communication issues existing in the post-IPO company had their origins in the early start-up phase. Moreover, it also helped the researcher in comprehending which internal communications processes continued to evolve and were practiced after IPO.

However, to get a holistic picture, the researcher interviewed individuals from a strategic firm, InMomentum, Inc., (unit of Citigate Cunningham Public Relations), who had previous experience in helping start-ups with their internal communications processes. InMomentum, Inc. is an organization strategy firm that mobilizes human capital to create economic growth. InMomentum provides tools, methodologies, and scalable strategies that improve a company's bottom line by identifying and measuring best practices inherent to successful New Economy companies. The company's flagship product is its iCulture Index™ assessment tool through which the company analyzes the behaviors of successful Internet companies, establishes relationships between internal company strategies and business success. The firm's top clients include Cisco, eBay, Vignette, and Voyant. The parent company, Cunningham Public Relations, serves clients throughout the entire United States and is staffed by a team of public relations experts operating out of Palo Alto-California, Austin-Texas, and Cambridge- Massachusetts.

The public relations consultants' perspective helped the researcher in establishing if the findings from the studied pre-IPO start-up and post-IPO company were also reflected in other start-ups. Furthermore, it helped to determine the factors the public relations consultants studied while consulting to improve a company's internal communication system. The suggestions on how effective communications could be established in start-ups helped the researcher to rebuild the internal communications model for pre-IPO start-ups.

Data Collection

A total of 20 employees were interviewed for this study. This included 16 respondents from both pre-IPO and post-IPO companies (eight individuals from each high-tech company), and four individuals from the public relations agency.

The selection of the sample population included individuals from the communication, marketing, human resource, and public relations departments of the studied companies. In addition, a few management representatives were also interviewed. The individuals were specifically selected from the aforementioned departments because they were considered to be the best sources of information with regard to this research study.

Pre-IPO Company

Kintana, Inc: Population Sample Overview

The researcher began her data collection by interviewing employees of the pre-IPO company. At the time of the interview, the pre-IPO company Kintana did not have

distinguished communications and public relations departments. The researcher then tried to interview those individuals who might have contributed in building the internal communications system. As endeavors to specifically identify such individuals failed, the researcher selected employees identified as part of the dominant coalition who had been with the company since its inception year (1996-1997). The interviews were conducted in the following manner:

- The first two interviews were conducted with one person from the human resources department (HR), and one employee from the dominant coalition. These served as a preliminary test of interviewee responses to the questions prepared for the interview. Based on the feedback, the questionnaire was revised for the next set of interviewees.
- The follow-up interviews were conducted with two senior employees (seniority based on work experience and number of service years in the given company), from the marketing department.
- The subsequent two interviews accommodated employees identified as part of dominant coalition.
- The last two interviews were with the CEO and the president of the company.

Interviews with these eight individuals helped the researcher in comprehending the internal communications processes in the pre-IPO company Kintana, Inc.

Post-IPO Company

XYZ Communications: Population Sample Overview

In this company, the researcher managed to get interviews from employees belonging to the public relations, marketing, and human resources divisions of the company. There was no separate communications department in the company. The other interviews included responses from people who had been with the company since its inception (1997), and had witnessed the growth of the organization from its a pre-IPO to its current post-IPO stage. Three employees who were identified as part of the dominant coalition were interviewed for this study.

Getting top management representatives to participate in the study proved difficult for the researcher. However, the researcher managed to include representatives from the third tier (directors and managers) of management for the study.

The interviews were conducted in the following sequence:

- The first two interviews were conducted with one person from the public relations department (PR), and one employee from the dominant coalition. These served as a preliminary test of interviewee responses to the questions prepared for the interview. Based on the feedback, the questionnaire was revised for the next set of interviewees.
- The follow-up interviews were conducted with two senior employees (seniority based on work experience and number of service years in the given company), one from the marketing department and one from the HR department.

- The subsequent two interviews accommodated employees identified as part of dominant coalition.
- The last two interviews were with two individuals belonging to the third tier of management (director-manager levels).

Interviews with these eight individuals helped the researcher in building the communication scenario in the post-IPO company.

Public Relations Agency

InMomentum, Inc: Population Sample Overview

The researcher had planned to interview four individuals from a public relations (PR) firm, who had had previous experience in helping start-ups in their internal communications processes. The researcher was successful in interviewing such subjects.

The interviews from the public relations firm included responses from:

- ◆ Consultant P-President and CEO, InMomentum, Inc.
- ◆ Consultant Q- Product Director
- ◆ Consultant R-Product Director
- ◆ Consultant S- Product Director

The researcher conducted the interviews as per the convenience of the consultants' schedule.

This way the research had a sample of informative population representing diverse segments.

Data Recording

Based on the interviewee's consent, the researcher tape-recorded the interviews. This helped the researcher in capturing all the information that an interviewee provided in his or her responses. Each interviewee was assigned a letter of the alphabet to ensure confidentiality. The tapes used for recording did not have any interviewee names written on them. Instead, the tapes had alphabetical letters to indicate the corresponding interviewee's identity. The key for the alphabetical letters was only accessible to the researcher. In addition, the researcher took hand-notes whenever necessary, to record any interesting observations related to an interview.

Drawback

The 'senior' employee in this study was referred to as an employee who had been with a company since its inception or had previous start-up work experience. The researcher was aware that as the start-up concept was fairly new, there could be cases where the senior employees were individuals who had little work experience and might not be considered as the best sources of information. However, it was realized that these employees were the very individuals who had lived through the entire process of building a company from scratch and their input was valuable with regards to that company's growth. Experience, thus, in this case could not be evaluated in terms of years of work training. Change is so dynamic and continuous in start-ups that the senior employees interviewed did provide an extensive gamut of knowledge, even with an overall short-term work experience.

Another drawback associated with this sample was the absence of a communications department in the post-IPO company, and the public relations and communications departments in the pre-IPO start-up. Noting it as part of the study observations, the researcher included individuals identified as part of the dominant coalition, who proved to be good sources of information.

Data Managing

Once the researcher completed an interview, she transcribed the taped interview onto an Excel worksheet on the computer. This helped organize the collected data in a manageable framework. In addition, organizing the data on separate columns of an Excel worksheet facilitated all the responses for a particular question to fall under one column. This made it easier for the researcher to read, compare, and identify dominant patterns for specific concepts. The researcher highlighted the dominant themes in the Excel sheet for easy identification of repeated patterns and further data analysis.

Data Analysis

“Data analysis is the process of bringing order, structure, and meaning to the mass of collected data” (Marshall & Rossman, 1995, p. 111). According to Rubin and Rubin (1995), the ultimate goal of data analysis is to integrate the themes and concepts into a theory that offers accurate, detailed, yet subtle interpretations of the researched topic. Each phase of the data analysis entails 1) data reduction, where the huge volume of collected data is brought into manageable chunks; 2) Interpretation, where the researcher

brings meaning and insight to the words and responses of the participants in the study (Marshall & Rossman, 1995), through the process of triangulation and pattern matching.

Triangulation

Triangulation is “the act of bringing more than one source of data to bear on a single point” (Marshall & Rossman, 1989, p. 146). Data from different sources can be used to collaborate, develop, or interpret the research in question (Rossman & Wilson, 1985). Thus, based on the rationale of using multiple sources of evidence, this approach helped in providing multiple measures of the same phenomenon. The triangulation method lent more credibility and quality to the study when compared to those studies that rely solely on a single source of information (Yin, 1994).

By dividing the population sample into three different units of analysis, the results were triangulated.

1. The first unit of analysis was comprised of data collected from each company separately.
2. The second unit of analysis was comprised of the comparison of data collected from the two companies and the patterns that emerged from the responses of the public relations consultants.
3. The third unit of analysis included the comparison of dominant patterns from the two companies and the public relations agency, with the idealistic internal communications model put forth by the researcher.

Once the data were triangulated, the analysis was performed with the help of Pattern Matching

1. The themes, concepts, stories that emerged from the set of data collected from individuals from various departments (human resources, public relations, marketing, and communications) of the pre-IPO start-up Kintana, were compared. This provided a framework comprised of leading similarities and dissimilarities between the perceptions held by different employees. Concepts, stories, and themes reflect the underlying ideas with which people label their descriptions and understanding of their world (Rubin & Rubin, 1995).
2. The recurring dominant patterns from the findings at Kintana, XYZ Communications, and InMomentum, were then selected and compared, to arrive at the final set of dominant patterns that were reflected in the findings of all the three companies. This entailed checking of different organizations, under different conditions, to see how far what has been learned still held (Rubin & Rubin, 1995).
3. Once the prominent patterns for each company had been separately triangulated and the important patterns had been identified, the findings were cross-examined, compared, and contrasted with the ideal communication model put forth by the researcher.

Such an analysis was credible and dependable, given the time constraint, the tight schedules of the sample population, and the voluminous nature of the data collected.

Triangulation: Limitations

However, as with all methods, there are some drawbacks related to the approach of triangulation. 1) The data collection from multiple sources is inevitably more expensive than if collected only from a single source (Denzin, 1978, reprinted in Yin, 1994). 2) The requirement of mastering multiple data collection techniques raised questions regarding the training and expertise of the investigator. The researcher needed to know how to carry out the data collection technique properly in order to be effective while conducting the research (Yin, 1994).

Credibility of Research Findings

The researcher used the three units of triangulation to build the next chapter on Findings and Discussion. The researcher divided the analysis in three stages based on the three units of analysis.

The first stage of analysis provided detailed in-depth interview responses for each company separately (pre-IPO, post-IPO and public relations firm). This helped in organizing and systematically categorizing the data separately for each company. The detailed excerpts of interviews were so embedded with data derived from the settings that it provided credibility to the study. "Given the detailed excerpts of interviews, within the parameters of that setting, population, and theoretical framework, the research will be valid" (Marshall & Rossman, 1995, p. 143). Thus, the first stage of analysis helped in lending credibility to the study. Furthermore, it also helped the researcher guide the readers in the second stage of analysis.

The second stage of analysis worked on the second unit of triangulation. It compared the dominant patterns that emerged from each source to one another. This helped the researcher in lending transferability to the study. The first stage of analysis allowed the researcher to sort of generalize the findings about a particular sample to the population from which the sample was drawn. In the second stage of analysis, the researcher attempted to build continuity by triangulating the dominant findings from the pre-IPO company, to the dominant themes of the post-IPO company, to the experience of the public relations consultants at various other start-ups. Thus, the researcher attempted to warrant the transferability and applicability of the final dominant findings to other start-ups in general (Marshall & Rossman, 1995).

The third and final stage of analysis (Chapter V- Summary and Conclusion) lent dependability to the study. The researcher compared the final set of dominant patterns with the internal communication model put forth by the researcher at the end of chapter II- the Literature Review. Based on the comparison, the researcher suggested a revised internal communication model for pre-IPO start-ups. By doing so, the researcher attempted to account for the changing conditions in internal communications of rapidly growing start-ups, as well as changes in the design created by increasingly refined understanding of the setting (Marshall & Rossman, 1995), through detailed analysis in stages I and II. The researcher also attempted to answer the research questions as outlined at the end of the literature review chapter. While doing so, the researcher integrated the reviewed literature with the study findings from the three companies.

Chapter IV

Findings and Discussion

Overview

The study employed three different stages of analysis as specified under the triangulation section in chapter III- Methods. This chapter includes the first two stages of analysis. The first stage of analysis was an intra-company comparison, where the data collected from each company was analyzed separately for specific concepts, to determine the dominant patterns and themes emerging from each source.

The second stage of analysis was comprised of inter-company comparison, which compared the dominant patterns that emerged from each company, i.e. Kintana, XYZ Communications, and InMomentum, to each other. Thus, at the end of the second stage of analysis, a final set of dominant findings emerged for each of the studied concepts. Those final sets of dominant patterns were then used to build the next chapter V- Summary and Conclusion.

The final chapter V - Summary and Conclusion, is composed of the third and final stage of analysis. In the final analysis, dominant patterns from the two companies and the public relations firm were compared with the idealistic model put forth by the researcher, to validate the accuracy of the model and the theories in the literature review. By utilizing the findings from the three sources, the reliability of the study was enhanced. In addition, the final analysis includes answers for the questions outlined at the end of chapter II-

Literature Review, the revised internal communications model for pre-IPO start-ups, and also the suggestions for future research.

First Stage of Analysis: Intra-Company Comparison

To help develop the big picture logically, the researcher presented the findings and discussion in a sequence, beginning with the interviews at the pre-IPO company, and ending with the public relations consultant responses. At the end of every concept discussed, the researcher summarized the dominant patterns that emerged for that concept from that source (pre-IPO, Post-IPO, and public relations firm). These summary paragraphs were used to build the second stage of analysis.

The researcher endeavored to put forth a reasonable amount of direct quotes from the interviewees, to give the readers a true representation of the employee impressions. The real names of the interviewees were withheld and substituted with alphabetical letters to ensure the confidentiality of the employees.

Kintana Employees: Interview Responses

Employees Communications

“You can never communicate enough!”—CEO, Kintana, Inc.

To understand the current system of employee communications existing in the company, the researcher asked the sample population of employees to describe the communication process in the company.

Six interviewees echoed the same thoughts as stated by employee E:

Company off-sites is a big way of communicating, also emails, website, word of mouth, and through relationships with employees in the company. Informally, I

can communicate with anyone in the company just because I know who those people are. I think we should have some formal communication. There probably isn't a proper channel of communication, no definite defined path--Employee E.

Two interviewees also mentioned the importance of timely communications, and about the lack of formal mechanisms for inter-departmental communication. Few other interview excerpts highlighted the changes in communication patterns that were beginning to arise in this rapidly growing start-up.

Employee F, who had been with the company since its inception year (August, 1996), and had moved across various departments in the organization, in retrospect, expressed that:

Communication is stretched. We are relying on what got us by in small company, which was email alias phone-calls and small meetings. Individuals and groups aren't involved where they should be. We are a global company now. Communication needs to be done better. It needs to be communicated at a global level, not on the Silicon Valley talk. We have to realize that there are people in Europe and Chicago. At the moment, all communication with remote employees is through emails or phone.

Giving his perspective on the changing communication practices, employee D stated:

We just cannot think of 230 people, we have to think of 2000 people within the next 4 years. Imagine if you had a building of five floors, we don't know what is happening at different floors. Our conference meetings and off-sites have matured a lot over the years. The meetings have become more meaningful. Time is being used to ensure that the correct message is being sent out to everybody in the company.

When asked about the communication challenges the management faced in a rapidly growing company, the CEO of the company expressed:

Communication is intermittent and sporadic. Now the challenge that any company has, and the challenge that I have as an individual, is applying the appropriate filters and communicating the appropriate volumes. If there are not enough filters, there is too much volume, and the receiving audience says “Boring you are droning on and on about nothing.” If I put too many filters on, they are saying, “You are not telling me enough information.” So, the challenge is the application of appropriate filter. But, I am also demanding in return that I get feedback as to some prioritization of what’s the most interesting thing to them.

Acknowledging that the rapid iterations in the messages does cause some confusion for the employees, Kintana CEO, with the recent past experience of heading three successful companies, explained:

We are a young company that is innovative and dynamic. We are experimenting with things and sometimes we are changing right, or sometimes changing left. There may be some people who may go “wow, I thought we would know everything and march straight to our end destination.” Successful companies don’t do that. They innovate and experiment and find their way through that. There may be a little frustration with the rapid message iteration and latent frustration around the fact that the company is getting big and bureaucratic.

Emphasizing the challenges of strategic communication, the company president said:

We are trying to figure out what we can say and cannot say. We don’t know ourselves. We are learning it ourselves. Probably in the past we have said too much, and it hurt us. It’s been a learning experience for the entire company. What’s important is to make the employees feel connected and realize that they are all working for same goals, just from different locations. I am a passionate believer in the fact that this company has about 225 employees and they are all important, and they all need to be informed and participating equal.

Commenting further about the future aspects, the CEO stated that:

One way, which the company is very good at, but which will break over time, is the hallway meetings, walk into my office and talk, and send emails. Using group distribution list in emails is pretty good. The thing that is going to have to get better is the formalization: people meeting with their managers and their team leaders, and probably we have to get some response mechanism on newsletters.

Employee B, a senior employee, giving his perspective on future developments, expressed:

Information sharing is going to get even more critical and we have to work towards ways of doing it more efficiently. Also, as we get more geographically spread out, it is going to get more critical to involve people, make sure that they are informed, they participate, and they own the decisions that get made in their specific areas. I think the challenge would be to minimize the time that it takes, and be able to do it efficiently and effectively.

Thus, the main communication patterns that emerged from the interviewee responses showed:

- ◆ Personal face-to-face interactions, word of mouth, emails, off-site meetings (quarterly meetings), hallway meetings, conference calls, and website as the most common methods of communication used in this start-up
- ◆ Communication as informal, open, and unstructured in the early years of this start-up

Communication Issues

Some of the growing communication concerns that were addressed in the interviewee responses included:

- ◆ Management acknowledging the increasing communication complexities with the rapid company growth. Various responses emphasized the organization's need to start thinking in terms of communicating to a larger corporation
- ◆ Management being aware of the importance of delivering frequent, timely updates, to the employees. However, they seemed to struggle with deciding the content and extent of information to be disseminated in the growing company

- ♦ The lack of proper formal structured channels of communication across the organization
- ♦ The lack of formalized mechanisms for inter-departmental communication
- ♦ The lack of an established global network to facilitate and enhance communication between the various branches and international offices of the company

Suggestions to Improve Communications

All the interviewed Kintana employees suggested methods that were more or less summarized by employee D in his response:

...A formalized regularized communication channel. May be sending out periodic update as our CEO has been doing. That has shown a visible change. The employees understand where we are going, what we have done in past, and what the company is planning in near future. We can build a better communication channel in which we can publish relevant information within our internal web site. Information is not organized in the most efficient manner. We can have a core information newsletter, a CEO's column, etc.

Thus, the combined employee suggestions for improving the internal communication system reflected a need for:

- ♦ Formalizing and putting basic communication processes like newsletters, CEO updates, employee response mechanisms, well organized Intranet (internal website), etc. in place
- ♦ Ensuring that the message being trickled from the management members did not get distorted by the time it reached an average employee

- ◆ Keeping the mobile employees (e.g. sales, consultants, branch-office employees) well informed, and making them feel a sense of involvement and participation despite the distance from the corporate office

Organizational Structure and Company Culture

“There is no task that is beneath a person”—President, Kintana, Inc.

The CEO of the company stated various basic elements of the company culture in his response to the question on company culture:

Respect for individuals, respect for new ideas, disagreements or differing opinions or different ways of looking at things can be tolerated and are expected, and having the basis of conversation around data, logic and ideas, is important. Those are the main culture elements. There is also a concept of teams, that groups of people will be more effective than any one individual. Empowering teams is an important part of it and empowered teams imply grass root decision-making. For grass root decision-making to be effective you have to have the vision, you have to have the values, and you have to have data about where you are and what you are doing. Those are the important parts of our culture. Company culture also has elements of openness that is really about trying to comprehend different ideas and different perspectives and come to a good, if not better solution because of the data.

Acknowledging the other cultural aspects that worked as growth inhibitors, the CEO stated:

The company is very cognizant of the fact that it doesn't feel the way it used to feel. Sometimes the old ways did feel better, so, despite this openness and embracing of new ideas, still many people may want to revert to old ways of doing things. Talk to this person, talk to that person, have this hallway conversation, have that hallway conversation. The way that worked with 50 or 75 people which was informal, doesn't work when we have 100 or 200 people. We require a more formal communication method. One other restraining value is informality. Informality is a perceived cultural value and it doesn't necessary scale into a larger organization. Bureaucratic we shouldn't get to, but we do need to have some formalization, otherwise communication doesn't work.

Viewing from another angle, the president of the company said that:

At the very high level, the culture is open and aggressive. Open just means forget about the titles and just talk. If some one gets hung up on titles either way, when they are communicating, or if they are being communicated to, to me, we have to just fight that. Not accepted. There is also a concept of do whatever it takes to get it done, and that there is no task that is beneath a person. Another is, make decisions quickly. If you screw up, acknowledge it, and fix it quickly as well. That's on the internal.

Externally, it's just embracing the customer. Don't have buffers. All groups should be interactive with the customer. Within all groups, underlying culture is-- let's not have barriers between the departments.

While the terminology occasionally differed among employees and the management representatives, the basic concept of ideas expressed by the sample population were very much the same. The interviewees believed that the organizational structure, when compared to other start-ups their size, was still relatively flat. The culture was open in terms of suggesting and accepting new ideas.

With regards to the employee profile in this start-up, responses revealed that in the early growth stage, the employees were mostly young hardworking individuals, who were very flexible and adaptive to the rapid changes within the growing start-up. The interviewees expressed that employee behavior in the company showed traits of being internally competitive, aggressive, yet collaborative in nature. People were very approachable and there were no bureaucratic procedures to access the management members. All interviewees confirmed that the company depended on an internal referral system to hire new employees.

Commenting on the change in culture over a period of rapid company growth, employee F, who had been with the company for four years, expressed that:

It has undergone change. The culture is very stressed because of the rapid growth. When we were less than 100 people, we were extremely fast paced, had lots of fun, it was open communication, and a flat organization. Now we have grown to 200 people with another 20 in Europe, and have many out-of-office employees, and the culture is stressed. We have been forced to implement hierarchy in some departments.

Emphasizing on the importance of organization and structure, employee D, who had been with the company for three years, stated:

It will explode in terms of numbers; and if we do not have a formal way of ensuring that everybody understands the same vision, and what, and how we are trying to achieve, there is a risk of bringing in certain unwanted things like bureaucracy. Speed is our advantage, and we can keep that to a large extent by not bringing in bureaucracy, but what I call as communication channel building. Lots of new ideas have come just when people were sitting over a sandwich and that is something that we should nurture even in future.

Expressing her opinion on the recent formation of the new management team, the key HR person:

I think that company culture has changed in that things are more categorized and more territorial. Also hiring these new management members on board, they all have different backgrounds; they carry with them their own soft ideas and baggage. When they come in, they try their own style; it works with some people, and it doesn't work with some people.

While the CEO succinctly drove the fundamental point home:

I am not a guy who believes in hierarchy. Success for modern companies does not come from working in a hierarchical form of management organization but by actually working in a hyper- informative collaborative environment. Collaboration is another element of high-tech culture. This means that everybody has information about where we are and what we are doing. Hierarchy is important only for some organizational aspect, but many times hierarchy can get in the way.

The responses on the organizational structure of Kintana showed that:

- ◆ The organization seemed to have grown from a flat unorganized structure to a minimal layered hierarchy
- ◆ The hierarchy seemed indicative of an organized framework of the company rather than a bureaucratic authoritarian structure
- ◆ The company was still in the process of streamlining procedures and departments

With regards to the company culture, responses reflected a participatory familial culture to be a very defining characteristic feature of the start-up. People seemed to love the relaxed and informal work environment and the values that were reflected in it. In a compendium, the values were identified as:

- ◆ Do what it takes to get the job done attitude
- ◆ Open company in terms of flow of information and open to ideas
- ◆ Be honest, trustful, and respectful of your colleagues
- ◆ People values: talented, hard working, aggressive, dedicated, responsible, collaborative, friendly, excited, and enthusiastic group of people across the organization
- ◆ High work demand and expectation of high work quality
- ◆ Open door policy, approachable management, no red tape

Leadership styles

“You are not a leader until you prove it”—Employee F, Kintana.

“Titles mean less in high-tech than they used to. You can’t assume that titles brings you respect”—President, Kintana.

In order to understand the leadership qualities perceived as important in a start-up, the respondents were asked to identify leadership personalities in the company and to highlight their leadership qualities.

Employee F:

This company today has more of our president than anyone. He still has the hunger in his belly to make us better and bigger. He is still pushing and working. A leader should be willing to ask for help, and people have to be willing to follow leaders. Leaders also display expertise in their area.

Employee B:

For instance, our CEO, he has communicated to the entire company what he plans to do; he has set very aggressive deadlines and has been able to meet them at different stages too. He has done that very effectively. Our president has been delivering different versions of the product, has shown extremely good leadership. By and large they have been very open and communicative, they are accessible, open to input, and they communicate their thoughts also very openly.

Employee A and employee C echoed that the leaders should have a “can-do attitude” and should lead by example. According to them, leaders need to be charismatic, energetic, should possess an aura of authority, and should display creativity. Employee C added that reaching employees on a personal level was also important for the start-up leaders today.

Elaborating on few other leadership traits, employee D said:

...Leadership is having the capacity to identify the opportunity, having the right team to execute and improve on the visionary idea, and being able to build that team and ensuring that they are delivering what they are expected to.

While the management representative, giving his standpoint believed that:

...Sometimes leadership is situational. That means leadership being shared, or leadership passing in a meeting, or in a team from time to time. Because, in a

high-tech world, you should know that you can't know everything and that you are going to have people who are experts in areas and they should know more than you. So collaboration, forming and reforming teams, communicating data, and motivating people.

...Other requirements include having core skill sets, domain expertise. More important, you can't be a leader unless you have followers. So you need to have knowledge, visions, cultural values that are understood and accepted by the following community. Leaders need to also display an aura of intelligence, charisma, or authority, or some or all of the above. In order to lead, you have to be comfortable with who you are. You should also have risk-taking abilities.

The president of the company said:

You have to be really responsive to change all the time. Today, one has to be an engaging leader. It takes more effort now than it did in the past. It requires a lot of people management. A leader has to be able to continuously earn respect. You have to earn it by having better skills, being a better manager, setting a better example, being a great communicator, and having much more open communication and more expectation of communication than it used to be.

In summary, the responses unanimously reflected that:

- ◆ Leaders in high-tech start-ups need to be visionaries, dexterous in their field of knowledge
- ◆ Leadership has to be earned by proving one's worth. Leaders need to display high energy, passion, determination, and ability to convince others to follow their dream
- ◆ Leaders need to be able to build a team, empower it, and lead it with sound business maturity
- ◆ Leaders should be personable, charismatic, respectful, good communicators as well as good listeners, with an ability to inspire and motivate their employees. Having a collaborative and participatory approach also seemed to be a requisite to qualify as a successful start-up leader

- ◆ The leaders also needed to be nimble and flexible in their responses to market dynamics

Decision-making Approaches

The researcher asked questions on decision-making approaches to understand how empowered the employees considered themselves in the company. Also, the researcher tried to analyze how the change in organizational structure and culture influenced the styles of decision-making in a start-up.

According to the CEO,

Decision-making is a combination of logic and data collection. You collect enough data, use logic, and frankly apply it to models or templates that allowed you to make the best decisions in the past. Sometimes you may have all the data in front of you or in your head and you can make a decision based on it, and sometimes you have to consult many others before you reach a decision. The higher you go in an organization, the greater the buy-in decision you need, in a shorter and shorter amount of time. So you need to rely on experience, you need to use intuition, and you need to use model.

The company's president stated:

Decision-making? Just make them. One can't be too paralyzed by them. Think it out, think of the end result; look at other cases. Consult others? Absolutely. It depends on what the decisions are but yeah! You got to get opinions and insight--how it might impact. I don't consult on everything. I am much more into making my own decision, maybe get a buy-in on it.

As to how the employees should be making their decisions, the management representative expressed:

First of all they need to make decisions. It's kind of a balance. They should be confident enough, they should have the big picture aspect. They need to look at issues from other people's shoes and make the decision and stand by them; understand the logic behind the decision, what they feel the consequences of the

decision will be, and what the trade-offs are. They need to know them. They can judge later if it was a good decision.

Responses from employee D, employee A, and employee C reflected that they made their decisions based on information available, prioritization of tasks according to their importance, and from their own knowledge and experience. Consulting others while making decisions seemed to be an approach adopted by almost all the interviewees. Employee A emphasized that the need for approval from higher management depended on the magnitude of the decision. According to her, decisions involving money and manpower qualified for management approval. On the whole, responses from the three employees A, D and C showed them to exhibit reasonable empowerment in the company.

Employee E also expressed a similar response reflective of the above approaches:

All my decisions are based on experiences I gained from my past clients and current situation requirements. I consult people on my team. Sometimes I get peoples' approval but no defined line. The VP needs to sign all that stuff now. I don't expect my team members to seek my approval before they make their decisions. They have full right to make their decisions; I may disagree with them.

Reminiscing about the changes in decision-making along with the company growth since 1997, employee B from the marketing department:

It's definitely an evolution. It was a small company and we had a few people involved in one area of work and it was possible to share information very quickly and make some quick decisions and keep moving. As the company grows, there are more people involved in similar activities or activities that are related, so information sharing becomes more critical. Right now, we have so many areas that it becomes necessary to coordinate the whole process in which people get involved from different angles, and then we have to evolve towards making a decision. It takes longer time but I think decisions that get made are better.

The prominent styles of decision-making at Kintana, resonated:

- ♦ A macro managerial approach where employees were empowered to own their decisions and were expected to be nimble in executing them
- ♦ A collaborative, information sharing, and 'consulting other people' approach of employees in their decision-making
- ♦ An approach of basing decisions on past experience, information gathering, and by utilizing one's own knowledge bank
- ♦ A need to get approval (sign-off) from management representative in certain cases

Employee Motivation

"We want people who will help build a bigger company and have an impact on the industry"—President, Kintana.

Commenting on what motivates employees in start-ups today, the president said:

The question is: what would make them stay here? The fact that they know they are working for a great company, that the future financial success is dependent upon them; to get psychological satisfaction out of working and feel that they are productive and part of something that many of them have seen from the little embryo stage, to its adolescent, to the big company stage.

...They want a part of it. They will stay as long as it is the company they recognize and as long as they have a part in keeping it that way—President, Kintana.

The CEO further elaborated:

... You have to have a culture that makes people feel good about themselves, and that rewards them psychologically, has peer-group recognition, and involves belonging. Self-actualization is that you know you are making a difference. We need to provide opportunities for employees to grow through training, through education, and through additional responsibility; we need to create an environment where people feel as if they are part of a winning team.

In addition to the above perspective, during the interview, the CEO also expressed that employees needed to realize that it was more important to have their jobs change every half-year as opposed to their titles. According to him, "... Your job better change every six months, because if your job doesn't change you are not growing, and you are going to fall out of that job".

Employee E (among the first 15 employees) and employee A (among the first 35 employees), saw their motivation in the excitement of being part of a growing organization, the work challenge: liking what they were doing, and work satisfaction: their desire to continue doing the work they were performing. As for employee C, respect and recognition by peers, visibility of work contribution, and the ability to add value to the company growth were the strong motivating factors. Ruminating about the hard toil and time everyone had put in building the company, he also saw monetary returns as a welcomed reward.

Employee C, who was among the first few to join the company said:

It's like a family. If we do well we get monetary reward. Everyone has put in so much time. I am motivated by being recognized by people who I respect. Motivated by adding value, visibility, and appreciation from peers.

Employee F:

I have a lot of stocks vested. I have had the chance to make the greatest impact here. Besides, we have very smart people at Kintana who are leaders in their own fields. I think of the opportunities after the IPO. We will have the cash; we will buy other companies and lead others.

Employee D, who has been with the company for more than 3 years, said:

It's not only what we have achieved; it's what our whole organization is capable of. It's amazing even to think what we are capable of. Whether we will deliver it or not that's a different issue, but just the idea, the notion that--yes, this is what we can be--motivates me, and is the inspiration.

Voicing her views about the approaching IPO, employee A, among the first 35 individuals to join the company:

The IPO is just a step, just a milestone, but it is not the end of the rope. I think the real work begins after the IPO. There will be more challenges, different challenges, and I think the opportunity to learn how a public company is run, given that the price of stock is going to be really good. What I think will motivate people to stay is, of course, the culture, what they work on, and what it means to them. But the other thing is also the IPO pricing, because it will not make any sense to stay with a company if it is not going to be a winner.

On questioning the management representatives about how the company plans to motivate employees, post-IPO, this is what they expressed:

CEO:

I just don't think that IPO should be the most motivating part of working here. If a person does, I forecast that they will have a very brief high and then a very long jail sentence. We have to motivate people by including them, by being inclusive to them in what we are doing in our business. We need to include them in our vision, in our plans, and also include them in the execution of the plans. We can achieve success by empowering them to be able to do things and by seeing the results of their work and, yes, we have to compensate them. But that is just one aspect of it. As Maslow's hierarchy of needs states, if you pay somebody twice as much, it doesn't mean they are going to be twice as much motivated.

President:

...I believe if we keep doing what we have done in the past then employees will continue to be here. If people see that growth, and if we are continuously aggressive, then they will see tons of impact. Also, what matters is what is vested and unvested; that does keep people engaged financially in it. We try to weed out

people in the interview process. We want people who will help build a bigger company and have an impact on the industry.

In summary, the employee responses reflected the following as the prime motivating factors:

- ◆ Company vision and the stable future prospects for company growth
- ◆ Work challenge: love the technology, love the work
- ◆ Work environment /Start-up culture: excellent company and culture. Respectful and trusting environment, love working here, positive attitude
- ◆ Belief in the leaders and the company products
- ◆ The promising IPO
- ◆ Stock options
- ◆ Opportunities for learning new things and enhancing career growth
- ◆ Work recognition: being recognized and rewarded by the leaders on a job well done
- ◆ Feeling of being valued and listened to: visibility of contribution/feeling of making an impact in the company
- ◆ Work empowerment: freedom to make decisions (not being micro managed)
- ◆ Liking one's boss
- ◆ Loyalty to cofounders

Overall, the findings from the pre-IPO start-up helped the researcher in comprehending how things were in that start-up, at that particular growth stage. It also helped in understanding what possible communication changes the management and the employees were anticipating in the future, after the IPO.

XYZ Communications: Interview Responses

Employees Communications

Due to the huge volume of data collected from the post-IPO company, the researcher subdivided the employee communication section into three parts:

1. Methods of Communication: Pre-IPO and Post-IPO scenario
2. The Current Communication Issues
3. Suggestions to Improve Communications

Methods of Communication: Pre-IPO and Post-IPO Scenario:

The researcher asked the interviewees to contrast the communication processes in their company, pre-IPO and post-IPO scenarios.

So, earlier, whenever you wanted a question answered, you just walked over to that person and just talked to them to get your question answered. You didn't need do that on phone or email. So, that probably was the main number one communication method. Then you have phone, and then email. Now, probably email is first, phone is second, and then meeting the person is third—Employee K.

Employee K and employee I identified emails, Intranet, voicemails, phone calls, and face-to-face interactions as prominent methods of communication at XYZ. Both individuals extolled the usage of emails, as it allowed individuals to absorb the communicated information at their own pace, and also helped store the correspondence for future reference and records.

According to employee G, the key HR person, also one of the first few employees to have joined the company:

The company has relied a lot on emails. That's how the founders seem to really communicate a lot of information. Initially, we were in two rooms, then we spread

out to a floor, then we ended up going two floors. At that point of time we used instant messenger for a while. At one time, we used to go outside, 35 people, and have a dialogue. We have now started renting facilities since the last all-hands meetings, which we have every quarter. There is continued clamor throughout the entire company of not having enough information, both across departments as well as from top down. It's never been the strength of the founders. For branch offices, I think that they don't have enough upper management members swinging by just to communicate personally, as far as information is concerned. It is obvious that employees in branch offices aren't picking up certain pieces of information, and they don't know who to go to.

Employee H, from the marketing department, said:

Communicating to branch office employees has always been a challenge. It has to be a combination of email and then a conference call. Emails are good for delivering a message. Sometimes when you are sending emails, the information isn't delivered properly. And probably we all have the problem of the last minute communication. You get things done, but you fail to let everyone know about that. But to really communicate, for example, right now, we are really trying to be able to communicate more with our international divisions. It has become easy because we have our VP from here going and heading our Europe department. So he knows what is going on here, and would be able to communicate the messages more effectively there.

In summary, the common methods of communications used in this company emerged to be:

- ◆ Pre-IPO: face-to-face personal communication, emails, and phones

Post-IPO:

- ◆ More of emails, phones calls, conference calls, Intranet, and fewer face-to-face meetings
- ◆ Management members flying out occasionally to various other branch offices and international offices to disseminate information

Current Communication Issues:

...And really what people don't realize is that communication at any level, even at personal level, takes effort; you have to make sure that you don't assume that people know what you are working on --Employee H.

We had our president actually say this at one of our all-hands, that: "Process impedes the progress of the company. It prevents them from getting their job done quickly" and that "process just slows people down", you know, "creates rules that are not necessary". But, what you find out later as the company grows bigger and bigger, is that you have just had those dotted lines. Because you had nothing in the beginning, and you are trying to put processes in place now, you can't do that, when everyone has always been trained not to have any process...--Employee N.

To understand what communication problems the company was facing post-IPO, and the possible reasons behind them, the respondents were asked to describe the current communication system of their company.

Almost all interviewees acknowledged that internal communications in the company had always been weak. According to three interviewees, the company initially reflected a "family model" where employees used to get together to discuss issues. As no efforts were put in the beginning to establish an organized communication system, the company continued to grow without any communication infrastructure.

According to the interviewees, although isolated attempts were being made at facilitating cross-departmental communication, huge communication gaps still existed between various departments. Employee N believed the crux of the problem rested in senior managers working on different sets of expectations, and in their failure to recruit the right set of new employees for the expanding company.

Providing yet another reason for the breakdown in communication, Employee L:

...The breakdown also occurs for another reason. People who have been here for a longer time leave, and new people come in. The new employees are not so well versed with the product. They kind of start assuming things. Also, the earlier people start assuming that we would still do the same things that we used to do before the IPO. And that gives very little room for the new people to grow.

The responses also highlighted that the creativity and personal productivity that employees had displayed in the initial stages of the start-up, had steadily declined with the company growth.

Employee K, who has been with the company for two years, believed:

Somehow I feel the communication process was better when the company was a pre-IPO. It's primarily because of that closed feeling. There were very few people and you could actually quickly turn to the person you want. Some ways, it has been sort of an advantage that I got in early, so I can still use those channels of communication. Although, if I look at other people who come in now, I feel that they are probably at a significant disadvantage in terms of getting resources, getting questions answered, or turning to the right people. I feel we haven't done a good enough job in terms of developing communication channels or just that interface between departments or different people, so that you have an idea who to turn to when you need something answered.

EMP M, one of the veteran employees (first five employees) believed that:

Communication after IPO becomes slow and takes time. It's hard to communicate now. They don't do a very good job here. It is a challenge that we face. When we were pre-IPO, we used to communicate face-to-face. Now, you say to your manager, and then you need to talk to other groups and set a time. There are more structures, and things get delayed depending on other group involved. The process is slower and people are not proactive all the time. Earlier, people use to work very fast and for long--like 18 hrs, and we all had a goal to achieve. We would come out of the office only after we were done. Now, I don't think it happens anymore. We have added hierarchy and people don't have the responsibility. If you get the problem, you move it to someone else saying—It's not my job.

Employee J, a member of the management team, said:

Whenever something needs to be communicated to the staff at large, it is generally adhoc. There are other things that the company has done, quarterly all-hands meetings. ... Then you have a whole barrage of communication that comes from multiple departments. A lot of it is through emails. You get email message from different departments. There is scatter shot. There is no two-way communication.

... We have weekly departmental meetings for the managers of different groups. I am sure different groups within departments have their own ways of communicating between themselves.

Interestingly, responses from two different employees gave a blaring example of how things were really being viewed through different lenses.

Employee L viewed it as:

Internally it's pretty much the same, informal, send emails to anyone; get emails back from anyone. I don't think there is a set rule that you can ask this question only to this person at such and such time. I don't think that exists even now...

In contrast, a senior employee who had seen the company through its various growth stages said:

... There is a need to narrowly tailor their emails. Too often people don't take the time to think "ok, how can I find out, who can I go to" versus, just a shot in the dark and hoping someone would respond.

... What drives some of those frustrations is that people are still moving very fast. They don't have that bandwidth to take the time and slow down, to provide as much information as the other person would want to have. So, accountability, it's not my problem, who to go to escalate things, particularly when it goes to cross departments.

Thus, the interviews highlighted a few communication issues that employees believed the company was facing and had been facing since it was a pre-IPO.

- ◆ The founders had never been too good at communicating to the employees even when the company was small

- ◆ There was no communication infrastructure built early, and as the company grew, things only got worse
- ◆ Communication channels between departments, between new employees and old employees, between management and employees were weak, and not yet organized
- ◆ Difference in goals at the senior management level was leading to group conflicts, miscommunication, and wrong setting of expectations
- ◆ Recruitment of new people was causing issues of group dynamics and teamwork
- ◆ The old employees and new employees were not communicating enough, and failing to develop the necessary rapport and the feeling of belonging to one company
- ◆ The older employees were still working on the network they had formed in the early years of the company. The new employees were feeling lost and were facing problems with finding answers and a clear direction. Coupled with that, due to the fast moving pace, employees were not stopping to think about how much information to disseminate to others
- ◆ A functional hierarchy gradually developed along with the company growth. The hierarchy consequently slowed and complicated the communication process
- ◆ The need to coordinate with various groups for the same issues, delayed decision-making, and ultimately prolonged the completion of tasks
- ◆ Ownership and accountability issues were arising with no one being proactive about taking responsibility

- ◆ There was an identified gap between functional people and the people who were executing the job
- ◆ The management was attempting to implement an organized communication system, but was still struggling with the challenge

Suggestions to Improve Communications:

I kind of take a pedagogical view to communication, to a certain degree. Maybe you are a visual person, maybe somebody else has to write it to understand it, maybe somebody else has got to hear it and think it through himself. So, we all have different ways of approaching information--Employee J.

Having identified some of the communication issues in the company, the researcher asked the interviewees to suggest ways of improving the communication within the company.

Employee I, from the public relations department believed:

We need someone in charge of corporate communications and internal communications. Someone who takes on the role, who looks at the whole company, how information is being distributed, when is it being disseminated? What's the format? Who does it? Etc. Recently, we have our new director of public relations who joined a month and half ago. I think she will be looking into internal communications aspects.

According to employee G, it was mandatory that people remained open to accepting ideas and suggestions by other individuals. He believed that employees needed to work together as a team and not view it from an individualistic approach. In addition, he said that it was important for people to accept responsibility and not hide behind the frequently used phrase: "it's your problem not mine."

From another perspective, employee K emphasized the usage of emails as an important step towards storing information and capturing it for future reference. While employee H believed that "...the top-down needs to be communicated on a regular basis...." Furthermore, she believed it was important for the management to focus on developing more integration among various departments, in order to improve the current communication system.

Employee J, giving a management perspective:

From my perspective, the best way to get out information is to send an email. Call, if it is very important and let them know; or take telephone calls, have them call you directly about it. Email alone doesn't do it. It's not personal. People want to know there is a person on the other side of this communication, and so you do that, by getting in front, make yourself available for telephone calls, put it on internal web-site...

...We have information overload. I can go away from my inbox and have 50 emails sitting there by the time I get back. ...To better organize this information, one email that contains all the relevant information for the day, should be sent like a little flyer email. That would be really great, rather than getting scattered shots all through out the day, little bits of information. So, organizing in little administrative matters, and managing that whole barrage of correspondence and information is important.

Employee M, who has been with the company since its inception in 1997, said:

We don't need to have so many managers. We need to give more responsibility to people so that people feel they own something. We should have group leaders for small groups and let them work. We don't need to have hierarchy with so many managers, and I think it should be different for different departments. I think different departments should be structured differently to gain the maximum productivity. I can give quality of work if I feel I own it. I don't want to do something for which someone else will get the credit.

Thus, the suggestions put forth by the interviewees in a compendium included:

- ◆ Put someone in charge exclusively for corporate communications, to monitor the frequency, nature, and structure of information being communicated in the company
- ◆ Use communication methods according to the importance of the content, using emails, telephone calls, and face-to face, as the urgency increased
- ◆ Record communication on paper or any electronic form, so as to have it as a solid referable material, and as a knowledge bank accessible to other employees
- ◆ Have one streamlined daily update email that encompassed all the relevant data from various departments
- ◆ Have regular top-down communication to make employees feel a part of the company and to make them aware of how the company was progressing
- ◆ Have the management open in accepting new ideas and suggestions for improvement put forth by the employees
- ◆ Have the management incorporate a personal touch while communicating to the employees
- ◆ Structure the departments differently so as to get the maximum productivity from each department. Eliminate hierarchy in departments that can work better as groups and teams
- ◆ Encourage everybody to continue working as a team as opposed to focusing on individual contributions

- ◆ Give employees a feeling of work ownership and acknowledge the right contributors while giving credit for a job well done.

It was interesting to note that the responses on employee communication had touched factors related to leadership styles, organizational structure, company culture, and motivational factors.

Organizational Structure

The researcher asked the interviewed XYZ employees to explain how the organizational structure had evolved in their company.

Employee H, an employee who joined the company just after its inception in 1997:

The organization was relatively flat. We had founders, and then people who reported to them. Probably the last couples of years we built an enormous hierarchical structure, and so we really didn't have teams. We just had a set of people report up, may be seven or eight different layers, with a company that comprised of only 300 people. So, for example, could be last year, before we became IPO, I was a manager. I had one person report to me, who was assistant manager. I reported to the director, and he reported to the VP, and then the VP reported to the CEO or president. So, for a very small department, it was very very vertical. Now that we are a little bigger, we are really trying to develop more teams and still have some hierarchy, not have it flat, but definitely having more than one person reporting to one person.

Reminiscing about how the organizational structure had changed over time, three interviewees stated that initially the pre-IPO structure was relatively flat and “pretty loosely defined”. There was no hierarchy defining any reporting structure and there were no distinct roles and tasks allocated to employees. Employees had to be very adaptive and flexible in attitude and had the freedom to approach and discuss any issue freely with the

company founders. However, according to the three individuals, as the company expanded, a clear-cut hierarchy was gradually put in place. Furthermore, as employee H said, the company grew at such a rapid pace after the IPO, that there was no time to put any processes in place. The company shifted into a reactive mode of incorporating procedures and systems as the need arose. Emphasizing the reasons for requiring a solid internal communication system, employee H stated that "...There have been enough changes, through the growth, acquisition, the stock tumbling, and trying to get processes in place. So, there is a focus and a need on that."

Employee J, explaining the logic behind having a hierarchy, answered from the management perspective:

...As to why the layers were created. since I created the layers, I should be able to answer that! There is a kind of promotional element, incentive element, and sort of the title. Then, maybe, you also want to earn those responsibilities that come with it. You have got specific responsibility that needs to be pushed to individuals in a team as opposed to aggregate responsibility; it would be difficult and time consuming to create that structure.

...There is vast territory of stuff to do and you colonize a certain section of it; explore it; and give process around it, and then push that down to a group and continue to do that. So, the first thing was one group that had all processes, and then, the processes and volume of activities got large enough and sophisticated enough, that it made sense to organize more than one team.

Employee N:

Now, there is a lot more structure. Before, I could talk to my CEO pretty easily, even had lunch with him a couple of times. But now, it would be impossible to do that. I mean, you could still go talk to them, their doors are always open, but because of the layers that were put in place between you and them, you would be stepping over your manager. I think there are already ranks established, and it wouldn't be proper to step over those people in the ranks to bypass your management.

Overall, regarding the organizational structure, few interesting aspects were revealed:

- ◆ The organization structure was initially flat and unorganized
- ◆ The founders were easily accessible to all employees and communication was easy
- ◆ The roles and task were very loosely defined, consequently, flexibility and adaptability was high

After IPO, the changes that occurred were that:

- ◆ An initial functional hierarchy grew gradually into a clear-cut vertical hierarchy. The reasons given for having created so many layers was to have the work and responsibility delegated more specifically to people, increasing accountability and ownership, and also to provide a growth incentive for the employees
- ◆ A clear line of communication was formed between employees and management
- ◆ A reduction in accessibility to leadership was witnessed
- ◆ Processes and structures were put in place as and when the need arose. The changes seemed to be part of adaptability to manage the company growth in terms of employee addition and job sophistication

Company Culture

Employee G:

It has changed over time. Everyone knew each other in the beginning. Everybody worked very hard. There was a lot of “hello” and “hi!” in the hallways; more informality, bringing in dinners when people worked late; someone would order it and send out an email. It would help supplement incomes. It was all open, conversations reflected more about where the company was potentially going.

...Now, you have to be a little more formal, for example you have to reserve a conference room. There have not been a whole lot of frills. It's been an austere sensory work place in a lot of ways. It begins back to the founders who sort of send out a "no frills" message. We didn't have any beer bashes.

...Post-IPO, there was lot of excitement that was going on, a lot of energy, people working very long hours because stock continued to go up. We went out on \$12 and between September 1999 and March 2000, the stock went up to \$74. People were feeling really good about it. They were seeing themselves as millionaires. They were doing whatever it takes to move it along. ...It's been quiet since the lay off last week. It's been sort of de-motivating.

In an attempt to understand how the culture changed and evolved in a small pre-IPO that finally goes IPO, the researcher asked the employees to give their views on the cultural changes.

Describing the change in culture while transitioning from a pre-IPO to an IPO, all the eight interviewees said that things were absolutely unorganized, sporadic, and chaotic in the initial stages of the start-up. The culture was informal, energetic, filled with fun and excitement. As employee N put it, "it was like a bee-hive...everyone was running around and there was so much energy...." Four employees specifically emphasized the "familial" atmosphere and "camaraderie" that existed in the inceptive years of the company. According to employee K, the general amicable attitude and easy accessibility among all employees built a "close-knit" feeling among them. Most responses reflected employees being very flexible, adaptable, and doing a lot of "multi-tasking".

After IPO, all interviewees spoke about the long working hours turning into fixed regular hours, for a majority of employees. The eight interviewees believed that the momentum and excitement steadily declined after the IPO. Most of the responses also

highlighted the culture getting diffused and employees feeling disconnected with each other and the management.

Employee K, explaining his perspective on why the culture changed in a rapidly growing start-up:

...The culture changes primarily because you have people coming in whom you don't know: don't know what their jobs are, what they are doing. Its kind of a strange feeling, where you have all these new people coming in, and you have no idea who these people are. So, from that close-knit community where you know everybody and anybody, and what exactly they are doing at that moment, and who to turn to when you have a problem or whom to turn to when you have questions-- to a company where there are little bit more systems in place, little more levels between you and the person who you need to get to.

... I think communication is challenging. Trying to get visibility is challenging. Trying to get real insight in terms of what you are trying to achieve and then go out there and do it without shifting every two months or so, that's challenging.

Employee G, giving a detailed account of the post-IPO changes in the company:

...Going post-IPO, we were hiring people who were focused more towards post-IPO cultures and not working as hard, more of them having families, more of not burning the midnight oil, so there has been some tension around that. The pre-IPO people and the post-IPO people not coming together. We started to see some cultural issues in the sense that there were people who had not worked for pre-IPOs and were having difficulty with some of the unstructuredness. Where are the processes? Where are the employee handbooks? Other big cultural change and milestone happened when we acquired other companies.

Employee H, who was among the first 10 employees to join the company:

...I don't recall the numbers but when we made our 1st acquisition and had integrated another company although it was small, at that time, I think it dramatically shifted. Before, people were hired, and all the people that were involved in that group would interview each other; so you sort of come to mutual agreements that, yes, you like that person and you can work with that person. In that way people got bought into the organization; you knew what you were getting. But, when you have to integrate a company into the organization, then you are dealing with personalities that don't necessary match. There is a lot more

tension at that point. You are dealing with different management people that need to be bought into the organization.

Employee J, giving his outlook on the changes, said:

... We were all in one building. Now, we are all over, UK, Japan, Australia; they can't even get together on the same conference call as us. It is almost impossible to find a time to get hold of any UK staff personnel or a person in Australia. So, you end up developing relationships that are now usually focused around who you are sitting, or who you are interacting with on a regular basis.

... The IPO and the post-IPO saw no let up in terms of the efforts in accelerating the company, in terms of product development, and sales activities. We rode the high tide of technology stocks up until the point in March, at which the market turned.

From the above excerpts, the pre-IPO and post-IPO cultural changes were identified as:

- ◆ Pre-IPO scenario, the culture seemed to strongly be imbued with participatory and collaborative characteristics
- ◆ It seemed to be a familial culture with a close-knit community of individuals working toward a common goal
- ◆ People seemed to love the fun-filled, informal work environment charged with high energy and excitement
- ◆ The cultural values included employees working very long hours, doing a lot of multi-tasking, being flexible, and adaptable to changes. It seemed to be a group of intelligent, friendly, energetic, and enthusiastic individuals. The focus was on doing whatever it takes to get a job done
- ◆ The company seemed to be in a hyper-growth stage with a chaotic and unorganized structure

- ◆ The culture seemed to promote economy and frugality in expenditures

Post-IPO, the employees noted a lot of changes in the company culture:

- ◆ The collaborative and participatory nature of the culture seemed to have diminished and almost shrunk to limited groups
- ◆ The shift in culture showed employees to become more disconnected, uncertain, and suspicious
- ◆ The working hours appeared to have become more fixed for majority of the employees, and the energy level and morale of the employees seemed to be incumbent on the stock market fluctuations
- ◆ The initial IPO excitement appeared to gradually fade and things were returning to normal
- ◆ The fast pace that had once existed in the smaller pre-IPO seemed to slow down due to formalized systems and processes
- ◆ The culture appeared to become more diffused, and, the employees no longer seemed to follow the same cultural values
- ◆ The management seemed to continue disseminating the message of “work hard” and “be frugal in expenditures”

Leadership Styles

The researcher questioned the interviewees on leadership, to deduce what leadership qualities the employees in this post-IPO believed as important in today's start-up industry.

Employee K stated the leaders had to be:

For one, you have to be visionary enough to see some time into the future. Secondly, you have to be able to translate that vision into an execution plan pretty strongly. You should be able to effectively communicate that to your team and getting their feedback and putting a set of measurement as to saying--yes we are getting to that goal. If that goal is shifting, how we are going to change that measurement; being able to effectively take criticism in that perspective, and not focus on cortical aspects but more on the direction of what you are trying to achieve. They should have very clearly defined guidelines of this is what we are trying to achieve; this is what the focus is, if we are missing it, why we are missing it. And in some ways, letting people fail, but not penalizing them for it.

Six other interviewees reflected thoughts that were identical with those of employee K. Employee G, employee H, employee I, employee L, employee M, and employee N believed that start-up leaders needed to be visionaries having the capacity to articulate the vision to the rest of the team. Almost all interviewees believed that the leaders should know how to make sound proactive decisions, and should be able to delegate work effectively. Employee G added the traits of being good communicators, having charisma, trustworthiness, and credibility to the list of leadership qualities. Employee I suggested that the leaders should display a capability of building good teams, and should be able to galvanize the people to “believe in the vision and move very quickly”.

Employee J, from his own experience in a leadership position:

A tremendous amount of flexibility, a willingness to adapt, being able to chart a course to see through the fog and to know, even if I can't see the future, I know there has to be a plan out there that I am going to head towards. Kind of like a compass, being able to have that compass; knowing without being able to see the next step, that if I start going in this direction, I am going to end up at a point where I need to be, without being able to see exactly how I am going to get there. Having a kind of vision. Also, being prepared for those kind of challenges.

Thus, the dominant patterns reflected a leader as:

- ◆ An individual who had a vision and was a good communicator with the capacity to articulate and instill the vision in the entire company. A leader was required to have a sound business plan to back the vision
- ◆ An individual who displayed intelligence, expertise, analytical skills, experience, charisma, credibility, trustworthiness, and risk-taking capacity
- ◆ An individual who was a macro-manager and knew how to empower employees at all levels
- ◆ An individual who was proactive, flexible, adaptive to changes, and was prepared to handle challenges with strategic proactive decision-making

Decision-Making Approaches

...Empowerment is not without struggle. You got to convince people that your idea is a good idea. Yes, there is great deal of autonomy. I feel empowered--
Employee J

To study how empowered the employees considered themselves in the post-IPO company, the researcher questioned the interviewees about how they made their daily work-related decisions. Furthermore, the researcher asked the respondents to contrast their decision-making approaches before the IPO, and after the IPO.

Daily Work-related Decisions:

Employee H. from the marketing department:

In fact, part of the problem was people weren't empowered to do their jobs, even to the VP level. The CEO and president were more likely to want to seize control of what's happening in the company. Usually in an organization you hire a VP, and basically you delegate them, you kind of keep in the loop, but you base it on

their recommendations; and that certainly has not happened in this organization, which I think slows down the process.

...So, my decision is, seeking out what everybody else wants, and being able to articulate that and giving my own recommendations. So it's very collaborative. ... Oh yeah! The bigger the decisions or budgetary decisions, the more approval you need. The person I report to, he is definitely very collaborative. So basically he accepts the recommendations. That's an ideal relationship.

Most of the other interviewees said that they made their decisions after gathering information and consulting a couple of other people. All acknowledged that approval was required in certain decisions that involved big budgets, huge manpower, and any sort of restructuring within departments. In general, the employees believed themselves to be relatively empowered to make work-related decisions. Attempting to explain the current limited empowerment in the company, employee K:

... Yes, I think I need approval, partly because we are going through a re-organization. Things are thrown up in the air and your responsibilities are not clearly defined. So, you are trying to do everything and anything, and since there is no sort of clear objective in mind, you have to keep referring back to your boss to say, well this is what I am doing. I think there is some sort of leadership missing there.

Employee J, who was identified as a management member (third tier),

Prioritization, we have a calendar of activities that we follow. We have a fairly rigid structure that we operate within. Every quarter, I have initiative outside that calendar wall. The thinking part is easy, that's the fun part; getting approval to do stuff and actually carrying them out, that's the challenge.

... There are a couple of other people who I will go to and say, hey how about this? Here is my issue, what do you think about it? Sometimes yeah, if I want to reorganize my department, I need to get approval.

Employee M, from the business solutions group:

If it is anything related to my field, technical, I make the decisions myself. I let the manager know for formality. If it is affecting the customer, then I go and talk to my boss, give my solution, and ask him what he has to say. The company is

big, and if I have to make any decisions, it can affect another group. I have to let them know before that I am doing this change.

Thus, the decision-making trends signaled that:

- ◆ The top management of this post-IPO company seemed to be involved in micro-managing the company. The desire of the CEO and president to be involved in every aspect of the company also indicated less empowerment of employees
- ◆ The various responses, however, displayed that the lower managerial levels were empowering their department members
- ◆ The employees needed to seek approval in decisions that impacted other departments or external customers and those that involved financial issues
- ◆ The employees realized the need to coordinate and inform other groups about decisions made internally in various departments
- ◆ The employees on the whole seemed to have a collaborative, and a consulting approach within their own departments

Contrast between Pre-IPO versus Post-IPO Decision-Making:

To observe the changes, if any, in the decision-making approaches in a post-IPO company, the researcher asked the interviewees to contrast the decision-making approaches in the two time zones, pre-IPO versus post-IPO.

Employee I, who was working in a start-up environment for the first time:

I need to get approval from the VP of my department. Earlier, I would get buy-in of the CEO and the president a lot more, as they were more intimately involved. Now, I don't get to interact with them as much. Now, I have my interactions with the department VP. I do feel empowered more now because I feel more confident having experienced markets in the US. This was my first start-up job, first

technical job. For me, the whole experience has been very new. Now, I am a lot more assertive. I have seen mistakes in the past. When you are new, you talk to yourself and are not confident about pushing your ideas. You don't have much credibility in pushing your agenda.

Three employees from the sample population voiced similar train of thoughts.

Pre-IPO, the employees described decision-making process to be faster, involving very few people. According to them, post-IPO, the decisions took longer to be made and there were more people involved in the decision-making process. In addition, they believed that the hierarchy in the expanding company slowed down the progress in implementing a decision. All interviewees emphasized that the repercussions in decision-making were more in a post-IPO than in a pre-IPO start-up. However, the three respondents also admitted that the past experience of having faced various situations equipped them to make more confident decisions post-IPO. Employee H in her response highlighted the increase in financial accountability within the company after its IPO.

Emphasizing the effects of hierarchy and formalization on decision-making, post-IPO, employee M voiced:

...Now it takes time. I have to send an email to my boss, fill a form, and get his signature. So, it is a slower process and filled with more formality. And then, I have to send it to the purchase department. They will place an order and it takes weeks of time for all this. Pre-IPO, it would take an hour. My decisions have been the same before and after. I think one has to think if one is right or wrong. If you are making a decision that will affect the rest of the company, you need to consider the impacts, otherwise you can't survive.

Employee J, highlighted the impact of decision-making in the finance department:

After IPO, we are a public company. So we have a lot of additional reporting requirement and scrutiny of our financial records. My scratch level certainly went up post-IPO. A mistake in accounting or revenue in pre-IPO means nothing, no

significance. But, if you screw up your revenue recognition as a public company, you can basically watch most of the value of your stock disintegrate in about a day; you get sued by shareholders, and that kind of stuff. Decision-making becomes much more easy in the sense, you quickly are able to discern what issues are clearly not ones that you want to make by yourself, and which ones you are still comfortable making.

Employee N, giving her perspective on decision-making, said:

Before, I guess I was more involved with the company. I was a team lead right from before we went IPO, until after. We were getting a lot of customers and it was very important for me that, you know, we would become like the next Microsoft and we would all be millionaires. But, as that dream started to fade, I just realize, that now when I make decisions, I involve myself more, and my happiness more, whereas before, it was how to achieve success for the company. I think pre-IPO it didn't have a lot more risk involved. It would seem like we had more room to play with, it brought out more creativity, and it allowed you to expand on different methods and ways in which we could do it. Now, I think it is more conservative. You need to consider the time lines and how it can affect the resources within the company, because the resources are limited now.

The dominant patterns of decision-making pre-IPO and post-IPO produced some interesting observations: Pre-IPO,

- ◆ The decision-making seemed to be quicker, less risky, impacting fewer people
- ◆ The number of individuals involved in decision-making was very small, and there was less financial accountability demanded from the employees
- ◆ The employees appeared to be involved at a more personal level in their decision-making, sacrificing their own needs to meet those of the company's

Post-IPO,

- ◆ The magnitude of the decision-making seemed to have increased immensely
- ◆ The impact of the decision-making also seemed to include a wider range of audiences with more severe repercussions

- ◆ With expanded hierarchy and layers in place, more people seemed to be involved in decision-making as compared to before, however, fewer people seemed to be granted decision-making authority
- ◆ As a result, the decision-making seemed to have slowed down and more budgetary constraints appeared to have entered the process
- ◆ The employees seemed to seek approval from their immediate bosses. However, employees who had been with the company for a longer period of time did express a feeling of confidence and empowerment as compared to before
- ◆ Furthermore, post-IPO, there was an indication of employees being more detached in their decision-making, prioritizing their personal happiness before that of the company demands
- ◆ Post-IPO, while making decisions, people seemed to be more conservative, time conscious, and careful with utilizing the resources

Employee Motivation

Touching an important aspect of employee motivation in today's industry, employee J stated:

Stock price is relevant. ...Probably more than anything else, an average employee is looking at his own portfolio and saying--gosh I really hope this would be doing better than it currently is. How do we change somebody's opinion of that? How do we make them feel better about not having value, than they otherwise would feel? It is a confusing thing. You need to build people's confidence and the ability in the company to execute, to add value, and I think that our CEO and president do a good job. Practically speaking, you need to give people incentive in a fair underwater by 20-30-40 dollars, you got to do something about it. So you have to take a hit. It's terrible to do it to your investing shareholders, but you have to. You have to grant more stock to people. People need to know that the leaders of the

company are confident of their general outlook. Market being down doesn't provide that confidence. You got to give a vision, you got to sell somebody continuously of the idea of what the company can potentially achieve.

In order to understand what factors are viewed as motivational for employees in a start-up, the researcher questioned the interviewees about motivation. The two perspectives that were studied included:

- ◆ Employee Motivation to Join the Company
- ◆ Current Employee Motivation

Motivation to Join the Company:

Employee K:

One was the start-up culture. Second, was the technology aspect of it. I think the biggest drive toward it was the fact that I wanted the freedom and opportunity to experience a wide range of things. Being in a challenging environment where you are not boxed into a particular role for a few starting years, and then being given an opportunity to grow beyond that, the fact that you could actually get a broad range of experience, which you would probably not see in a bigger company.

Three other employees expressed much of the same opinion. The interviewees believed the start-up culture, the work environment, and the technology to be strong motivators. Stock options were also high on their list of incentives. Employee I was also very impressed by the past record of successful companies that the start-up leaders had to their credit.

While employee M expressed:

I wanted to work for a start-up. I wanted to see everything from the start. You own part of the core. Otherwise, you won't know the importance of what you do. You see everything, how it is happening; and if I want to start my own company, I will know how to go about it. Also, I liked the CEO.

Employee H:

What I liked about the president is that I liked the vision. I liked the fact that they could think ahead of the game. And I think, I work really well with people who are visionaries, because I can sort of set very realistic expectations to a visionary's goals. So that really attracted me. Also, I was attracted by the fact that they really could think in those long terms and not react to trends. They came up with this, because there was a definite need for the product. In their previous company, they experienced that need, and it was a very stable idea and a vision that could really come to completion.

Employee J:

Greater advancement. ...I had a terrific opportunity to build the team. When I joined, we just had one other person with me. Now, we have 18 people in my department. That is pretty cool, to be able to put in place a group of people that have little bit of your philosophy and little bit of your sense of priority and organizing ideas and what not. Having ownership is important for me. Having that level of autonomy that a small company can give you. Being less encumbered by layers and layers of bureaucracy, being empowered; I like smaller companies because of that. I certainly didn't join for money; it wasn't great starting salary. I was looking for some upside with the stock, so that was part of it. It took me about two hours to commute each way, so it certainly wasn't convenience!

The reasons the interviewees gave for initially joining XYZ, in its early start-up phase, can be summarized as:

- ◆ The vision and the future growth opportunities of expanding in huge markets
- ◆ The technology they were dealing in
- ◆ The stock options
- ◆ The fun, dynamic, and informal start-up culture
- ◆ The lack of hierarchy and structures
- ◆ The opportunity to be exposed and to experience a variety of tasks
- ◆ The feeling of autonomy and empowerment in a small company

- ♦ Liking one's bosses
- ♦ The credibility of the leaders from their past history of founding successful companies

Current Employee Motivation:

Employee H, who has recently been promoted to a director position, said:

I think motivationally, one issue with this company is, we don't have a corporate culture. It is like work harder, work faster, work more. Work is not a company culture. So, I think that it remains to be seen what the company does. The issue is that our founders are very internally motivated and they expect their employees to be internally motivated as well. However, most people are not, they are externally motivated. So, there is that gap that has to be addressed.

Employee J, another member of the management team, explaining the onus of motivation on the leaders:

First and foremost, we need to understand individuals. Managers need to do that, be familiar enough with their staff to know what's important to you and if promotion is important for you, then I need to put a structure in place to move you on, when you do good. If stability is what you want, then I need to create to the best of my ability a structure that allows you to do the same thing, next month, next quarter...

...So retention, yeah it's about compensation, it is about stock options, it is about salary. You have to be competitive. But, it's also about having a work environment and having a body of work that's meaningful.

Employee M, giving a new perspective on the start-up motivational aspect said:

I love to work for start-ups. You really see something from the very beginning, from a baby to a man. It adds a lot to my career, and also, I learn how it is to face hard times and how we got the finances.

...Post-IPO, I don't like to work here any more. You get a salary and say you got stocks at \$X, at the price you joined, and now there is less probability that the stock will go up.

Employee L, who had been with the company since October 1999, admitted:

...The original people, before the IPO, most of them have left. So new people have come in now, and, their intentions or values or whatever they perceive from the company has changed. They are looking more for stability and more money. Before, there was an incentive of options and stocks; now, that incentive isn't valid anymore because the options don't have enough value.

Employee K, giving his impression:

Currently, I don't think the company does a very good job on that front. I think the one thing that is suffering right now is that human element of being able to really reach out to people as people, as opposed to just people working towards something.

Employee H, echoing similar thoughts:

...Just be able to talk to people on a more personal level, because all the communication has been delivered in a corporate speech. So, it helps if people can make that personal connection.

...One of the problems of communication has been that there has not been enough appreciation expressed to the employees. Any sort of corporate message in all-hands meetings, the overall message is not motivational, it's de-motivational. You know, work harder, save the paper clips, save money, and that's always been the tone. Even when we were a start-up, there were conversations that we got to work harder. They were more upset that people are working only five days and people don't want to hear that. That doesn't motivate people. They want a "thanks". They want a pat on the back. And that's something that really needs to come across, especially when you don't have daily contact with somebody. So, I think that sort of shift in the lines of communication, where you create a community, where you create people to work together.

Employee G, looking at the human resource perspective:

...Founders continue to try and put forth that people need to work hard and they will be rewarded. From the bottom up the people say they have heard this before, "where is the proof of the pudding"? That's where they are trying to meet. It's really hard to say.

...With the economy going down and with the lay-off, people are valuing their jobs more than what they have in the past. A lot of employees are quite young; many of them don't know about lay-offs. We need to look at the overall compensation. What is the trade off? There is a greater realization of the whole

market being hit, not just our company. We could issue more stock and lessen the vesting time. But then, you can't just keep issuing stock. Part of it again is, do you believe in the vision of the company?

Conclusively, the interviewee responses highlighted few motivational and de-motivational factors.

- ◆ Compensation, salary, stock options, good work-environment, training programs, educational reimbursement programs, and work-satisfaction emerged as the prime motivating factors
- ◆ Also, the recent market recession pushed job stability and monetary benefits to be higher on the list of motivating factors for start-up employees

Factors that were perceived as de-motivational included the following points:

- ◆ The founders had never done a very good job of consciously motivating employees. Internally motivated themselves, the president and the CEO seemed to expect the same from their employees and did not feel the need and importance of externally communicating and motivating employees
- ◆ The management failed to visibly invest in employees
- ◆ The corporate culture lacked a healthy approach. The culture seemed to display elements of distrust and suspicion
- ◆ The employee recognition by the management was insufficient and lacking at times
- ◆ The management lacked a personal touch while communicating to the employees at large

Conclusion

While concluding the interviews, the researcher asked the employees to highlight the communication aspects that they believed were unique to the start-up environment.

Most of the responses reiterated a lot of what was said earlier in the interviews. Informal work environment; free, open, and honest communication; the communal feeling of “working together for a common goal”; the ability to have influence in decision-making; the visibility of contribution; lack of hierarchy; easy accessibility to all other employees and to the leadership, etc. According to the interviewees, all these factors were very unique to the start-up environment.

Employee K:

I think in many ways it is part of that, a learning experience, adjusting to the fact that we are no longer in start-up mode; and you are really trying to grow like a bigger company. So, there is definitely an adjustment in terms of how you communicate out there. I think if you start with a set of clearly defined methods of communication, it can scale up to a very big company. But, if you have very loosely defined methods of communication prior, then it just adds that much more confusion out there.

Employee L:

...I guess people know each other more personally and that kind of changes the communication level. You would feel more comfortable asking a direct question to a person you know than a person you don't know. So it's easier.

Employee H:

I think, one is that first year, because it is smaller, and you are there because you know everybody else and you act with everybody else; you have high influence in the group, and you can sit with everybody in the group. Everyone is pretty much on the same level. When you talk to each other, it is very honest communication. When you become a post-IPO, there is a lot of politics that is going on. You have a lot of different personalities and you have to be careful about what you say, how

you say, and if people's egos are getting crushed. There's no ego in an early start-up company.

Employee N:

...I have heard that in many companies, that processes impede progress. I think processes should be implemented in the early beginning. Think about it; it's like a group of people all over the world, no one knows each other. But they all have this protocol that keeps up the standard that has to be followed, in order for you to deliver something that will be useful for everybody. I think that is what makes one share their work.

Employee M:

We can improve how we deliver quality work. Get productivity from every employee. If you get more managers in the company that just doesn't work. The management feels that having managers in place helps to increase employee productivity. But that doesn't help. What you need is to have direct contact with others in the group.

The important factors that emerged from the above responses reiterated the following aspects:

- ◆ Start-ups have a small number of people that work as a familial close-knit group.
However, this close-knit feeling breaks after a certain increase in employee number
- ◆ Although the culture is initially very participatory, collaborative, honest, and flexible, often with the company growth, the culture growth is not sustained
- ◆ Due to the close proximity, communication is easy, informal, and honest. Everybody is so tuned into each other's thoughts that chances of misunderstanding are almost non-existent. There are no ego problems in a small start-up. However, as the company grows, multiple personalities come into the company and egos begin to emerge. All

this often leads to the misinterpretation of information and further communication problems

- ◆ The smallness in number also allows everybody to be synchronized in the same direction and enables quick decision-making. A lot of trial and error is witnessed in the initial start-up decision-making. Although, once a company goes IPO, decision-making becomes a lengthier process, with few people having the decision-making authority
- ◆ There is high visibility of contribution and a chance to make an impact in company's growth. The high visibility steadily declines with the growth of the company
- ◆ There is no hierarchy or bureaucracy, and accessibility to people is very open and easy. However, as a functional hierarchy begins to develop, access and openness begins to reduce

Overall, all the interviewees emphasized the need for a structured communication process, early in the start-up phase.

Thus, the responses from the post-IPO employees gave the researcher a broader perspective of how the internal communication dynamics could change in a company after it its IPO.

InMomentum, Inc: Interview Responses

Section outline:

The researcher believed that the vast experience of the consultants with various start-ups gave the consultants a deeper understanding and expertise in the field of internal

communications. Hence, their responses were believed to be the best sources of information to verify the findings from the other two high-tech companies.

Thus, this section includes responses on:

- ◆ Internal Communication:
 - Employee communications
 - How communication issues can be avoided?
- ◆ Organizational Structure
- ◆ Company Culture
- ◆ Leadership styles
- ◆ Employee Motivation
- ◆ Factors that are evaluated by the consultants to judge how effective the communication system is at a start-up, before they begin their consulting services
- ◆ How the consultants go about helping the start-ups improve their internal communication systems
- ◆ Finally, the researcher ends this section with the consultants' advice on how start-up leaders can ensure effective communication in their rapidly growing start-ups

PR Consultants: Interview Responses:

Internal Communications

The communication system of an organization is an increasingly powerful determinant of the organization's overall effectiveness, and it may have a limiting effect on the ability of an organization to grow, to perform efficiently, or to survive. (Farace et al., 1977, p. 7).

To understand the meaning of the term internal communications in the start-up industry today, the researcher questioned the public relations consultants about what the term internal communications meant to them.

Consultant Q, who brings 10 years of professional experience in international business relations and organizational effectiveness, said:

I view internal communication as a multi-channel process that connects management with employees by helping them get messages out, employees to management by creating feedback and input loops, and employees to employees with cross functional collaboration and communication. It involves sending messages (speaking) as much as receiving them (listening), and then using that information towards the decision-making process.

Consultant P, with more than 15 years of experience in research and consulting, stated:

It basically to me involves connecting employees with each other, with the leadership team, i.e. higher levels of management; so there is both horizontal and vertical communication. And in our work, it also involves connecting employees with other key stakeholders, be it customers, vendors, partners, or market influencers. So, internal communication involves all the connections that need to occur within the organization in order for the business strategy to be executed.

Basing it on her nine years of experience in designing and deploying human resource programs, consultant S said:

First of all, what immediately comes to mind is it's a two-way road of messaging. So the employees are getting information and are being able to react to that information. Secondly, it is a vehicle for galvanizing energy around business strategy, making sure that everybody is on the same page and pointing in the same direction, creating efficiencies. And thirdly, tying and connecting employees to mission critical work; making them understand how, what they are doing, is connected to the greater good.

Consultant R, who has developed strategic and customer-centric human resource systems for start-ups, expressed:

When functioning effectively, internal communications creates a bi-directional communication pattern (i.e., feedback loop) that helps all employees understand how their individual jobs and tasks contribute to the organization's mission. Internal communications can take many forms such as email, voicemail, in-person meetings, symbolic artifacts, and video/audio archives.

Thus, what emerged predominantly from the above responses was that:

- ◆ Companies needed to view internal communications as a multi-channel network that connected all the key participants of an organization to each other, both horizontally and vertically
- ◆ The two-way and symmetrical public relations and communication models should be an integral part of internal communications
- ◆ Internal communication was a mechanism for the leaders and management to communicate the vision and strategy to help the employees align their day-to-day tasks with that of the company vision and goals

Employee Communications

...Usually there is no internal communication plan or consciousness around that range of activities to be done. I think often times we see they have little practices that work well when you have 10-20 people around a table, but that they need help when it gets beyond that--Consultant P.

To understand the employee communication challenges faced by various start-ups today, the researcher asked the consultants to speak about their experiences at different start-ups.

Remembering how it was in one start-up, consultant R said:

It was scattered, unplanned. They were very reactive, and the communication content was not really put in a form that a daily employee could understand. The company seemed to be future oriented and did not look into the day-to-day problems.

Speaking about another start-up that is doing well today, consultant Q replied:

Communications was very informal in the beginning. It is more strategic now. The management has created positions to focus on internal communications, but they are not yet using their Intranet efficiently. Although communication is relatively good and participatory, communication still needs to loop back to key messages. They have annual meetings, quarterly meetings, department and division heads meet regularly. Basically you can walk in and talk to any person you want; they are working at making such a culture. They are trying to accommodate things like flexible, open office hours; breakfast with so and so, or brown bag meetings. They are committed to keep that look and feel of the company. It takes foresight to do it.

From her experiences with six start-ups, consultant P narrated a few instances to highlight the communication issues existing in start-ups:

I think the biggest challenge is how the senior teams who use to be able to have the full company around a conference room every Friday afternoon, to kind of review the bidding for the week; the internal communication challenge is how to do that, and connect with a much larger organization. You have got to keep the communication stream open.

...The CEOs have generally faced that challenge of feeling like their vision isn't being communicated as clearly and as directly because they can't touch the people directly. The biggest challenge is the hand off that has to occur between the founding team or the CEO about the vision and values, and the next generation management that comes in. When that is treated carefully, you can see a lot of scalability that comes from that.

...Where we have seen really off the card companies is when you ask employees and they say—"yeah the CEO has the vision, but my boss doesn't get it; my boss doesn't know the vision, or my boss doesn't has the ability to inspire me".

Reminiscing about one particular start-up, consultant P spoke about the CEO's desire to control everything. "He wanted to be the source of vision; the source of

decision-making, the point person.” According to her, as the company grew, it could clearly been seen that the next generation of management failed miserably in articulating the vision, as the vision had continued to reside only in the CEO and not in them. “The management members did not have decision-making authority and therefore every decision had to be played up to the CEO, and it took too long. They are definitely one of the companies suffering through the downturns, and may not be able to make it for long.”

According to the consultants,

- ◆ In the initial start-up phase, communication appeared open, unorganized, unplanned, and informal
- ◆ Face-to-face or personal communication emerged to be the common method of communication among start-up employees

Post-IPO, with the company growth explosion:

- ◆ The personal communication seemed to get reduced and replaced by other means like emails, phone calls, conference calls, etc
- ◆ It appeared that the open communication that existed earlier became erratic and discreet, with more information being withheld from the employees

Communication Issues:

Commenting on some of the communication issues, the consultants explained that:

- ◆ Most start-ups leaders did nothing tangible to establish a systematic communication process early in the growth phase

- ◆ Founders often failed to foresee the complexity in communicating to a growing number of employees
- ◆ Many start-up leaders become so focused on dealing with future issues, that they fail to look into the present day-to-day problems, or, vice-versa
- ◆ As a start-up expands, most founders primarily focus on building a new management team. However, very often, the transition of authority and responsibility to the new management team is not monitored and handled properly
- ◆ The insufficiencies in communication with the new management often leads to gaps between the management and the next level of senior directors and managers
- ◆ During major company changes, the messages being communicated to the employees are often not structured appropriately, resulting in failure of the employees to comprehend the situation correctly
- ◆ In some cases, the leadership fail to effectively communicate the changing company vision to the employees
- ◆ All these factors contribute toward the employees feeling disconnected with the company and management
- ◆ The employees begin to lose focus and fail to work toward the same goals and vision
- ◆ As a result of poor focus by the leaders on internal communications, the functionary departments continue to develop independently, and subsequently grow into vertical structures, creating further vacuum in the organizational communication

Having looked into some of the communication problems in rapidly growing start-ups, the researcher probed the consultants about how these communication issues could be avoided.

Suggestions to Improve Employee Communications:

...The companies that seem to do best, are the ones that start with the basic value around the importance of communication. In addition, it is the unknown weapon of how to grow in this market space. The more you share, the more you listen, the more you learn, the faster you can react to the market place—Consultant P.

Consultant Q, who focuses on delivering communication and leadership training programs in organizations, said:

Internal communication is a difficult thing to put priority on, but it is essential to do so at an early stage. Employees are part of an organization because they like it the way it is, if not, they will leave. The leaders need to think about how to keep the good things as they expand the company. They should work at building a firm foundation; build a good infrastructure that will allow the communication to grow the way it needs to get its success. By infrastructure, I mean technology, having means to communicate, having a mindset of knowing what is the appropriate to communicate. For people who are absent for meetings, you can use Intranet to know what went on in meetings, and it is a way to share information.

...As the company grows it would save the CEO's time if he or she has scheduled time to visit with employees, or for all-hands meetings, or web-casts. To think, this is how as a CEO you can get more time, and get across what you want to get across, by manipulating this system you have put in place. So much information is lost if it isn't organized.

Consultant P, a specialist in helping companies align their internal cultures with their business vision, echoed similar thoughts:

Good habits start early. So if you aren't taking time to communicate when you are 10 people, it's just going to get more difficult when you are 100, and 10 times more difficult when you are 200.

...So companies that have good communication when they start off small, tend to, I think, get faster to that IPO stage; and then, tend to do better once they have IPOed, because they are already constant at sharing information about their

performances and at holding themselves accountable for communication that ultimately they can use for shareholders.

Outlining how things begin to get in a rapidly growing start-up, consultant R, with her industrial organizational research and consulting service skills, voiced her views on the same subject:

People often get into reactive mode, trying to solve current issues. The focus is sporadic. It's more like they are trying to solve a problem or patching a negative event. That is what our company helped in. We made them focus on things that aren't going to change, like company values, what they mean, how they are going to translate into behavior, how the silos that form can be broken down, etc.

Thus, what could help the rapidly growing start-ups in establishing a sound communication system is:

- ◆ Having a focused importance on internal communications in the beginning
- ◆ Building a firm foundation for the growth of a well-organized communication system based on advanced usage of technology (e.g. Intranet, voicemails, emails, webcasts, etc.) to connect all the employees
- ◆ Having a well-structured communication system that keeps the key stakeholders of a company well connected, and also contributes toward storing important information in an organized manner
- ◆ Having a sound internal communication network that helps the company as a whole, to react faster to the market dynamics
- ◆ Having the leaders frequently communicate planned strategic information to the employees

- ◆ Ensuring proper feedback loops to keep the two-way, symmetrical communication ongoing
- ◆ Sustaining and nurturing the early start-up culture, and ensuring to communicate it to the employees both old and new
- ◆ Accommodating flexible, open office hours, and providing accessibility, although limited, with the management and founders through breakfast and brown bag meetings, to help the management stay connected with the rest of the company

Organization Structure

There isn't as much role differentiation between people. So frankly, everyone is in sales, everyone is in HR; everyone is in facility buying pens from office depot on the weekend or something. I do think that that makes start-ups much more aware of making sure that they are communicating key things and core messages within the company. The larger companies don't think about that—Consultant P.

When questioned about the organizational growth of start-ups, the consultants had many interesting aspects to highlight. Following are a few excerpts from the interviewee responses.

Consultant S, who has worked with clients across the US and the UK, aligning organizational systems with business and technology strategies, expressed:

In the U.K. start-up that we helped, there wasn't any organizational structure; there were only two people, the founders. But, the founders had a vision for the company that was the same as a hand, where the palm would be the operating piece of it. Palm would be where the efficiencies were created, where technology was based so they could capture a lot of data from the different fingers, which would be the individual businesses. So, their structure was a hand structure, palm and fingers.

Consultant Q, who has worked with clients ranging from start-ups to large organizations, described in detail about the attitude of a start-up leadership toward organizational structure:

...For the start-up company we helped, they wanted it to be very non-hierarchical, non-bureaucratic organization; where people could work with innovation, and a sense of freedom to discover new things. ...Now they are striving to be flat and non-hierarchical; the organizational structure is not very rigid or exclusionary. It is a functionary hierarchy, which probably helps maintain a sense of structure... ...The organization structure is now broken into sub divisions: like engineering is now distinguished into three different product lines. Someone in the marketing department has been assigned the job of internal communication, or sometimes even in HR department. Basically, wherever there is a wriggle room and someone can take on the job.

Commenting on the growing phase of a start-up company at a given point in time, consultant R:

The key organization grew little bit more solid and little less spasmodic. They had begun the process of putting more formal mechanisms in place. For instance, people had job descriptions, which they did not have before.

Consultant P in her response further elaborated about how the growing start-ups often experienced a sudden increase in the number of employees over a short period of time. According to her, this increase in employees led to complexities in coordinating different functional areas and in sustaining the company culture. She said that most high-tech start-ups had well developed engineering and technical departments and the other departments like human resources, finance etc. were only developed when the need arose.

Thus, according to the combined responses of the four public relations consultants, the growth in start-ups is very rapid and happens in a limited span of time.

Therefore,

- ◆ Handling the changes in organizational structure and culture, communication processes, and growing functional areas becomes a big challenge even in a company of 300 employees
- ◆ From a non-hierarchical, non-bureaucratic structure, the company structure begins to show a functional hierarchy and perhaps signs of bureaucracy
- ◆ As the start-up company progresses in its growth, employee roles begin to get more defined, and specific job tasks get delegated to people within each developing functional group
- ◆ Engineering and product departments seem to be the first functional areas to be developed in the high-tech start-ups, while the other disciplines get added on, as the need arises
- ◆ Often as a start-up grows, a focus seems to be placed on building a solid management team
- ◆ With the inclusion of various new personalities, and different functional areas, the culture seems to become more diffused, causing the employees to feel more disconnected with each other and the management

Company Culture

Culture is the way things get done within the company. So, the accepted behaviors, what you do, and what you don't do. So it is how people experience it, much like internal branding, where culture is the internal brand of the company. When you ask an employee to describe the culture, they often say it's warm and fuzzy, or fun, or hard driven, or conservative, and that 's the kind of brand attributes you can look at the culture with. I think, below that resides the core

system, the engine of the culture that drives how the experiences occur; and that comes from the communication system, from the leadership system, the HR system, the rewards mechanism, and all those kind of things that drive how people experience it--Consultant P.

To understand how the company culture changes and evolves in a rapidly growing start-up, the consultants were asked to share their past start-up experiences with the researcher.

The responses by Consultant R, and consultant S were very similar. According to them, the initial start-up culture displayed a very fast moving, energized, and enthusiastic work environment. They believed that most of the start-up employees displayed a high level of intelligence and competitiveness.

Consultant Q, who has worked with four start-ups so far said:

Company culture tells the people what the company is all about. In one company I found the culture to be very personality driven, loyal to employers, high torch environment, employees talk about wanting and enjoying access to leadership. There was admiration and respect for their colleagues--a familial atmosphere. ...From my experience I have seen start-ups grow from 70 to 200 employees in a span of 3-4 months. In this one start-up, with time, I could feel a stronger difference of opinions, management still wrestling with talent issues and recruitment. Today, the management is split more distinctly into two bodies--the c-level-CEOs, COO, president, VPs, and the senior management members. There is definitely a distinction of authority, although from the managers to the VPs, all are pretty empowered. All these traits seemed to be inculcated in the CEO's vision.

Consultant P, who has worked with about half-a-dozen start-ups replied:

... True start-ups are generally lot less organized and a lot less structured. *ABC (name changed for privacy) and *BOT displayed more proto-typical start-up cultures. Fast lives, aggressively driven, very much the intuitive type of decision-making going on, much more unstructured. Everyone is wearing many different hats, so roles are not really very well defined, and therefore, I think, the need for re-enforcement for everyone to be communicating because there isn't a real

structure in place to guide it. In fact, everyone has got their hands in everything, and somebody has to accept the communication challenges that go along with that, making sure that everyone is operating on the same set of expectations and same set of facts.

Elaborating on the changes that enter a growing start-up, consultant P talked about how the “tight” and “cohesive team” of employees working toward the same vision, slowly disintegrates. According to her, the addition of new different personalities and different functional types into the company makes the company culture more complex and diffused. “...And I think, that’s part of the core challenge of managing the start-up and managing the communication attached to that.”

...So, from the founding culture perspective, I do think it is more raw intuition and reaction, as opposed to planned, thoughtful, organized, structured thing. ... You assume when you are small that you can take a lot for granted, and that everyone is starting with the same set of assumptions. But then you start hiring additional technical people, and you have marketing people coming into the company, product people coming into the company, and it becomes, I think, much more challenging to keep focus and to keep everyone sort of directed onto the same set of values and same direction. Many start-ups start off very loose, meaning anything goes, and they don’t spend a lot of time planning or defining direction. It is much more shooting from the hip, much more reacting to the market forces—Consultant P.

In summary, the unanimous responses of the public relations consultants’ about start-up culture showed it to be:

- ◆ A dynamic, fast, fun-filled work environment, reflecting enthusiasm and high energy
- ◆ Informal, unorganized, participatory, and collaborative
- ◆ Flexible, nimble, displaying intuitive decision-making, undefined roles, and highly adaptable employees doing a lot of multi-tasking

- ◆ Intelligent, aggressive, hardworking, and enthusiastic start-up employees that also share a mutual respect and admiration for everyone else in the company
- ◆ Easy accessibility to leadership

As the company grows, some of the changes that were mentioned included:

- ◆ The culture getting more diffused and complex
- ◆ A stronger difference of opinions beginning to get reflected among the employees
- ◆ A distinction of authority emerging in the organization
- ◆ A loss of focus on the company vision resulting in people failing to work towards the same set of goals

Leadership Styles

...If the leaders believe in their own hype, they are going to lose employees. They have to ground their styles and their communication with clear focus on reality, a willingness to make tough decisions, a willingness to tell it like it is. And often times, people are in one mode or the other. People are either particularly good like the Steve Jobs of the world who can hype anyone and anything, but who can't sort of ground themselves in reality, or you see these manager types who are so grounded in the reality that they can't inspire. So, I think, those two dimensions should really drive and should be what the CEO aspire to be doing. I think below that, is creating a strong leadership team around you that have the same attributes. So hiring good talent is definitely a part of that picture around start-up leadership-Consultant P.

By questioning about the leadership styles and decision-making approaches the consultants had witnessed in various start-ups, the researcher attempted to comprehend what leadership qualities were emerging as prerequisites in the start-up environment.

Talking about one particular start-up, consultant R:

The leaders were individuals who were very energetic, very very brilliant, comfortable with what they were, and casual in their approach. The CEO and COO were very inspiring. They knew how to mobilize people.

Extolling the leaders in another start-up, consultant Q said that:

I found them to be most effective leaders, very motivational, inspirational, and credible people. They were honest with their employees, keeping them abreast with all the things happening in the company, be it good or bad. They took responsibility for the right and wrong that was happening in the company. All worked with a sense of urgency and involved others in their process. There was good communication with employees and not only were they good at delivering messages, but were also good listeners. They would gather information and do something about it.

Laughing aloud while answering the question on leadership in start-ups today,

Consultant P said:

There are pretty maniacal; they are driven; they are passionate. What we see are leaders who have a clear vision and have an ability to articulate that vision in a way that draws people to them.

...In the not so good start-ups, I think that becomes challenging, in either they go too far and try to be a one-man-band where they do everything and no one can do anything as good as them. Or, on the other side, I guess we have had a team with a couple of start-ups where the leaders weren't leaders but were managers and tried to manage, but didn't place importance on vision or inspiration. I think it needs to be sort of a balance of both, inspiration on one end and organizational management on the other. The best start-ups leaders are the one who fall in between. They have ability to leverage and work with people, but they also have this pure vision and future. They are dreamers and optimists, you know.

Further expressing her views on successful leaders in start-ups today, consultant P emphasized two basic leadership qualities:

...One is having the clear ability to inspire to a vision of the future. So having the vision of the future and being able to communicate it in a way that people can understand, see, and know how they are going to be changing the world. And then, credibility is the second.

Consultant S, from her recent experience with a spin-off start-up, stated:

Leaders were incredibly great. They had a strong, good, sound, business management skills, very strong integrity, and they understood their work inside out. Most of the times you see people focus on being successful, and less on business management skills.

According to the public relations consultants, individuals emerging to be successful leaders in a start-up environment today seem to be:

- ◆ Visionaries with an indefatigable passion and energy to attain their visions
- ◆ Capable of communicating and articulating the vision to the rest of the team, and demonstrating an ability to inspire and motivate people to follow their dream
- ◆ Individuals who have a solid knowledge bank with an expertise in some domain, be it technical or business management
- ◆ Individuals who have an ability to hire talent and build a good strong team
- ◆ Individuals who exhibit integrity, honesty, credibility, charisma, collaborative attitude, responsibility, and are effective as two-way communicators.

On decision-making, the trends reflected the leaders displaying a democratic, collaborative, macro-managerial style that entrusted and empowered employees by giving them freedom to make decisions.

Employee Motivation

Consultant Q:

Most of them are passionate about work. They believe in their leaders and you can see that everything is not about money anymore.

Highlighting the most common reasons for people working for a start-up,

Consultant P explained:

In some cases, it is clearly the vision of the company. The employees felt that this was going to be a company that changed the world, that it was introducing a new technology that made a big difference to peoples' lives. In some cases, it would be the compelling nature of the leadership team. The founders were perceived to have an incredible reputation and they were known for their successes. And so I think, people followed them because they were magnetic characters and to some degree the vision of the company was almost secondary, but it was more a chance to work with this person.

... There is also a pattern I guess about going from broke and trying to make it big, and may be pick the one that was going to be a winner. I would like to generalize and say those were the companies that were least successful last year.

Commenting on the leadership of one specific start-up company, consultant P said that the CEO merely had a stock option program. "It was like playing future's market."

According to her, the employees were purely working in that company to make big money off their options. The CEO had failed to develop an infrastructure or to build an organization. Consequently, with market recession, "their stock dropped and people fled out the doors like crazy because there wasn't anything really there to keep them. I would be naive to think that that wasn't a motivation pattern, if you will, that some start-ups use and continue to use to draw people."

Consultant R, reflecting the motivational factors for employees in one start-up, said:

A chance to be identified with, putting effort in a really solid, cutting-edge technology product, fun environment, brilliant educational environment. Financially solid too, the company had pretty secure, incredible funding.

Consultant S:

In the UK start-up, it was only a year and half and the Internet was just really launching very very targeted recruitment plan. In another start-up, the employee proposition attracted the employees. Why would you want to work there? The company values were aligned with own personal values of employees.

According to the public relations consultants, most individuals were motivated to join start-ups because of:

- ◆ The strong belief of employees in the vision and the leaders of a company
- ◆ The fun, dynamic, and informal start-up culture
- ◆ The stock options
- ◆ The work challenge, visibility in the small company, and the ability to contribute to the cutting-edge technology
- ◆ The company values being aligned with the employees' own set of personal values
- ◆ The monetary gains, although it emerged low on the list of motivational factors

Factors Evaluated

...Organizations should use a communication system that uses hyperactive listening facilities for information exchanges, which involves listening consistently to inside and outside people--Consultant S.

As the consultants had specifically helped start-ups in streamlining their internal communication processes, the researcher inquired about the factors that were evaluated by the consultants before commencing work. The basic factors suggested by consultant Q and consultant S, were primarily reflected in the responses put forth by consultant P and consultant R.

Consultant P:

Well, we typically do employee survey. We test the culture as part of our diagnostics going in, so we look at a dimension called network connectivity--how connected internally and externally the culture is--as one core part of a culture. Then, we look at the leadership team and capabilities there. We look at innovation processes and how well a company translates ideas into products, and products into the market place. Talent magnetism: how well the company attracts people; and then, we also look at how customer centric they are. So, before working with a company, we typically try to characterize the culture on those five dimensions and then see, relatively speaking, which ones need spurring up and which ones are doing fine, and use that as a way to track over time where the culture is, if the culture is moving ahead or stagnating.

Stating further about how the consultants went about conducting a company analysis, consultant R:

We focused on daily driven problems. We performed a diagnostic to understand the issues around internal communications, around leadership, around HR. Then we audited the cases that had happened in the company. Then, after a time period, we again do a re-test to reset priorities, modifying diagnostics to include particular questions.

Fundamentally, the consultants gathered data by conducting an employee survey and also interviewing management members and other key individuals in the company. The questions asked by the consultants helped the researcher in identifying factors that the consultants evaluated before attempting to improve a company's internal communication system. Thus, it is important for this study to note some of the key questions that were mentioned in the responses.

- ◆ What are the methods of communication used within an organization?
- ◆ What information is communicated in the company?
- ◆ How often does communication happen in the company?

- ◆ Is the communication taking place at the right time?
- ◆ Is the communication useful to the employees?
- ◆ How are the employees receiving the messages communicated to them?
- ◆ What are the current communication issues the company is facing?
- ◆ Are the processes in the company bureaucratic?
- ◆ How inspiring is the company vision for the employees? How much of the company vision do the employees understand?
- ◆ What are the leadership styles and capabilities?
- ◆ How often and by what methods do the leaders communicate to the rest of the company?
- ◆ How innovative are the leaders in translating ideas generated within the company into marketable products?
- ◆ How successful are the leaders in attracting talented employees to join the company?
- ◆ What kind of company values, culture, are the leaders promoting?
- ◆ How customer-oriented is the company?
- ◆ How consistent are the internal and external messages?
- ◆ How consistently are the leaders of a company listening to the inside (employees) and outside (customers, stakeholders etc.) people?

The questions clearly give an indication that the consultants believed internal communications to be deeply intertwined with the organizational structure, leadership styles, employee communication practices, and the human resource department of a

company (recruitment and ability to attract new talent). The questions also emphasized a connection between internal and external communications of an organization.

Improving Internal Communications

I think the role of internal communication seems to lack a concept of home. Like sometimes it's in HR, sometimes it's in marketing communications. And it strikes me that it is rarely integrated with external public relations and communication, as it should be—Consultant P.

The researcher questioned the consultants' about their methods in helping start-ups improve their internal communication processes. The responses of consultant P and consultant S were mirrored in the answers given by consultant Q and consultant R.

Consultant Q, explaining with reference to one start-up:

We helped them articulate their core values. It was a matter of bringing the material together for the leadership and making it meaningful for the employees. We harnessed and utilized lateral communication, worked with a sub-committee comprising of leaders and employees on internal communication. Worked at making leaders accessible to employees, getting company values to employees, ideas and input from employees as to what would make them feel comfortable. Worked with sub-committee of employees and facilitated meetings over a couple of months. We also developed an internal communications plan (ICP) for the company. ...It took us about three months to make a one year plan, focus being on the first three-six months.

Consultant R, recalling for her experience at another start-up:

We have done some work on Intranets, taking a look to make sure that their Intranets are communicating consistent messages. Worked with c-level people making sure that they are speaking the same language the others are saying, this is the value we want and they are actually living it. We helped the executive level communicate at events, annual meetings to monthly meeting, and helped them establish an agenda around consistent communication. We also made posters and recommendations to improve their messaging.

Thus, the consultants helped the start-up in the following ways:

- ◆ Worked at ensuring a multi-directional communication system, which was based on two-way symmetrical communication models. Based on the fundamental approach of what they called network connectivity, they helped companies in dispatching consistent, regular messages, internally and externally to the employees and customers alike
- ◆ Focused on building the company website and home pages and also worked at introducing regular monthly communication by the CEO or COO either through emails or the Intranet
- ◆ Focused on the leadership and worked with the management to ensure that all the top executives were progressing toward the same vision and were speaking the same language, hence disseminating a consistent message to their departments and team members
- ◆ Helped the management in structuring the communication at events and meetings, and helped set an agenda around consistent messaging
- ◆ Worked on making the leaders and management members accessible to the employees in a rapidly growing company
- ◆ Prepared an internal communications plan (ICP) for the company that included:
 - Identifying target audience/segments that needed to be communicated
 - Identifying and understanding the key messages to be delivered by the leaders to the employees of the company

- Tailoring those messages to be well received and understood by the target audience
- Putting an idea generation program in place to ensure the best usage of creativity in the organization
- Budgeting the plan
- Distributing the responsibilities and having ownership of the internal communications plan

Conclusion

...One factor that I think companies need to be mindful of, is making sure that communication is flowing top to bottom, bottom to top, and that there are mechanisms to do that, as much as it is multidirectional in terms of horizontal and diagonal communication. Because, again when a company starts growing rapidly, they form silos pretty quickly, and for their needs to be crossed and team crossed, functional communication mechanism should be in place. Second is the recognition of external and internal alignment.

And the third thing is, as early as possible, to develop practices that are based in technology. If you start early using an intra-net and getting employees accustomed to storing knowledge, sharing knowledge, and collecting knowledge using an electronic form, I think, that makes it much easier down the path to adopt that as sort of an accepted way of doing business--Consultant P

In conclusion, the researcher asked the consultants to share their recommendations for start-up leaders to help establish an effective internal communication system in a start-up.

Consultant Q:

My advice would be that leaders should communicate internally. It just doesn't seem to be happening consistently, and when it does, organizations try to spin the message. Leaders need to deliver real messages regularly.

...It is important to have a structure and system in place. It is a hard thing to strike when the company is big because people are already feeling left behind. If you

don't do that in the beginning then you have to spend more time later on. Leaders have to be excellent listeners and not just be disseminating information but should be meeting the needs of that many stakeholders. They should be able to take information from different sources and synthesize and make a found decision.

Consultant P:

I think that multidirectional is real important, meaning that, we have seen companies who have good top-down communication but don't listen very well to employee input.

...Particularly last year there was a lot of hype in start-ups and there wasn't as much focus on tying that hype to substance. They were saying external messages that were a bit exaggerated, and they weren't doing enough internally to make sure the company was moving in the direction that they were describing. So, I would say the connectiveness between the external communication and internal messaging is pretty key. Employees hear their CEO give an interview and then they go—"where did that come from?" you know, that's not real.

Consultant R:

Cross unit collaboration, translating strategic level vision into something that each employee can internalize and understand what they need to do everyday. Communication should be more top-down, sharing information in the company, as well as seeking employee input i.e. more feedback employee communication. The leaders should also spend their time knowing the new things market is doing etc.

Consultant S:

Communication should be two-way, where leaders are putting information and employees are listening to the information, and where feedback has some impact. The internal communication should be consistent with the external messaging, and the internal communication should connect people very well with the business strategies.

The dominant patterns that emerged from the above responses showed a strong emphasis on:

- ♦ Establishing a strong communication system, based in technology, at an early developing stage of a start-up. Building a communication system that encourages

electronic storing of data and facilitates easy accessibility and sharing of information within an organization

- ◆ Having the leaders and management send consistent, regular, and honest communication to the employees
- ◆ Establishing multi-directional communication networks based primarily on the concepts of two-way, symmetrical, public relations and communication models
- ◆ Aligning external and internal communication messages

Second Stage of Analysis: Inter-Company Comparison

In the second stage of analysis, the researcher compared the findings that emerged from all the three companies with each other. The summarized paragraphs at the end of every concept were used to build this stage of analysis. By highlighting the main points recurring in the data collected from all the three companies, the researcher built the final set of dominant findings. The final sets of dominant themes that emerged from this stage were used to build the conclusion and summary of the study.

Employee Communication

Kintana

The main patterns that emerged from the interviewee responses showed:

- ◆ **Personal face-to-face interactions**, word of mouth, **emails**, off-site meetings (quarterly meetings), hallway meetings, conference calls, and website, as the most common methods of communication used in this start-up

- ♦ Communication as **informal, open, and unstructured** in the early years of the start-up

XYZ, Communications:

The common methods of communications used in this company emerged to be:
Pre-IPO,

- ♦ **Face-to-face** personal communication, **emails, and phones**

Post-IPO.

- ♦ More of **emails, phones calls, conference calls**, Intranet, and fewer face-to-face meetings
- ♦ Management members flying occasionally out to various other branch offices and international offices to disseminate information

InMomentum, Inc:

According to the consultants,

- ♦ In the initial start-up phase, communication appeared **open, unorganized, unplanned, and informal**
- ♦ **Face-to-face or personal communication** emerged to be the common method of communication among start-up employees

Post-IPO, with the company growth explosion,

- ♦ The **personal communication** seemed to get reduced and replaced by other means like **emails, phone calls, conference calls**, etc

- ◆ It appeared that the open communication that existed earlier became erratic and discreet, with **more information being withheld** from the employees

Communication Issues:

Kintana:

Some of the growing communication concerns that were addressed in the interviewee responses included:

- ◆ Management acknowledging the **increasing communication complexities** with the rapid company growth. Various responses emphasized the need to start thinking in terms of communicating to a larger organization
- ◆ Management being aware of the importance of delivering frequent, timely updates, to the employees. However, they seemed to **struggle with deciding the content and extent of information to be disseminated** in the growing company
- ◆ The lack of proper formal structured channels of communication
- ◆ The lack of formalized mechanisms for inter-departmental communication
- ◆ The lack of an established global network to facilitate and enhance communication between the various branches and international offices of the company

XYZ Communications:

The interviewed employees highlighted some of the communication issues that employees believed the company was facing and had been facing since it was a pre-IPO.

- ◆ The founders had never been too good at communicating to the employees even when the company was small

- ◆ There was no communication infrastructure built early, and as the company grew, things only got worse
- ◆ Communication channels between departments, between new employees and old employees, between management and employees were weak, and not yet organized
- ◆ Difference in goals at the senior management level was leading to group conflicts, miscommunication, and wrong setting of expectations
- ◆ Recruitment of new people was causing issues of group dynamics and teamwork
- ◆ The old employees and new employees were not communicating enough, and failing to develop the necessary rapport and the feeling of belonging to one company
- ◆ The older employees were still working on the network they had formed in the early years of the company. The new employees were feeling lost and were facing problems with finding answers and a clear direction. Coupled with that, due to the fast moving pace, employees were not stopping to think about how much information to disseminate to others
- ◆ A functional hierarchy gradually developed along with the company growth. The hierarchy consequently slowed and complicated the communication process
- ◆ The need to coordinate with various groups for the same issues, delayed decision-making, and ultimately prolonged the completion of tasks
- ◆ Ownership and accountability issues were arising with no one being proactive about taking responsibility

- ◆ There was an identified gap between functional people and the people who were executing the job
- ◆ The management was attempting to implement an organized communication system, but was still struggling with the challenge

In.Momentum:

Commenting on some of the communication issues, the consultants explained:

- ◆ Most start-ups leaders did nothing tangible to establish a systematic communication process early in the growth phase
- ◆ Founders often failed to foresee the complexity in communicating to a growing number of employees
- ◆ Many start-up leaders become so focused on dealing with future issues, that they fail to look into the present day-to-day problems, or, vice-versa
- ◆ As a start-up expands, most founders primarily focus on building a new management team. However, very often, the transition of authority and responsibility to the new management team is not monitored and handled properly
- ◆ The insufficiencies in communication with the new management often leads to gaps between the management and the next level of senior directors and managers
- ◆ During major company changes, the messages being communicated to the employees are often not structured appropriately, resulting in failure of the employees to comprehend the situation correctly

- ◆ In some cases, the leadership fail to effectively communicate the changing company vision to the employees
- ◆ All these factors contribute toward the employees feeling disconnected with the company and management
- ◆ The employees begin to lose focus and fail to work toward the same goals and vision
- ◆ As a result of poor focus by the leaders on internal communications, the functionary departments continue to develop independently, and subsequently grow into vertical structures, creating further vacuum in the organizational communication

Employee Communications: Final Set of Dominant Patterns:

The following points clearly emerged from the comparison of the findings from the three companies on employee communications:

- ◆ In the initial stages of a start-up, communication is very open, informal, unorganized, and unplanned. Information is commonly communicated through personal face-to-face interactions, or through emails
- ◆ As the company grows, with no formal structured communication system in place, communication complexities begin to develop. The leadership begins to struggle with deciding the content and amount of information to be communicated to the company at large. The open communication that existed earlier in the start-up begins to get restricted, and selective information is disclosed to the company
- ◆ Personal face-to-face communication begins to decrease and gets replaced by other modes of communication like emails, conference calls, phone calls, etc

- ◆ With the reduction in personal, direct contact, distance and disconnection between employees develops
- ◆ The cofounders shift focus to handling the growth spurt and in building a new management team for the growing company
- ◆ The top-down communication from management becomes irregular and a loss of focus on the company vision may transpire among the employees
- ◆ With the development of functional departments, a need to have a formal organized mechanism for communication is realized

Organizational Structure and Company Culture:

Organizational Structure:

Kintana:

The responses on the organizational structure of Kintana showed that:

- ◆ The organization seemed to have grown from a **flat unorganized structure** to a minimal layered hierarchy. The **hierarchy** seemed indicative of an organized framework of the company rather than a bureaucratic authoritarian structure
- ◆ The company was still in the **process of streamlining procedures** and departments

XYZ Communications:

Regarding the organizational structure, a few interesting aspects were revealed.

- ◆ The organization structure was **initially flat and unorganized**
- ◆ The **founders were easily accessible** to all employees and communication was easy.

- ♦ The **roles and task were very loosely defined**, and consequently, flexibility and adaptability was high

After IPO, the changes that occurred were that:

- ♦ An initial **functional hierarchy** grew gradually into a clear-cut vertical hierarchy. The reasons given for having created so many layers was to have the work and responsibility delegated more specifically to people, increasing accountability and ownership, and also to provide a growth incentive for the employees
- ♦ A clear line of communication was formed between employees and management
- ♦ A **reduction in accessibility to leadership** was witnessed
- ♦ **Processes and structures were put in place as and when the need arose.** The changes seemed to be part of adaptability to manage the company growth in terms of employee addition and job sophistication

InMomentum:

According to the combined responses of the four public relations consultants, the growth in start-ups is very rapid and happens in a limited span of time. Therefore,

- ♦ Handling the changes in organizational structure and culture, communication processes, and growing functional areas becomes a big challenge, even in a company of 300 employees
- ♦ From a non-hierarchical, non-bureaucratic structure, the company structure begins to show a functional hierarchy and perhaps signs of bureaucracy

- ♦ As the start-up company progresses in its growth, **employee roles begin to get more defined.** and specific job tasks get delegated to people within each developing functional group
- ♦ Engineering and product departments seem to be the first functional areas to be developed in the high-tech start-ups, while the other disciplines get added on as the need arises
- ♦ Often as a start-up grows, a focus seems to be placed on building a solid management team
- ♦ With the inclusion of various new personalities, and different functional areas, the **culture seems to become more diffused,** thus causing the **employees to feel more disconnected with each other and the management**

Company Culture:

Kintana:

With regards to the company culture, the responses reflected a **participatory familial culture** to be a very defining characteristic feature of the start-up. People seemed to love the relaxed and **informal work environment** and the values that were reflected in it. In a compendium the values were identified as:

- ♦ **Do what it takes to get the job done** attitude
- ♦ Open company in terms of flow of information and open to ideas
- ♦ **Be honest, trustful, and respectful of your colleagues**

- ◆ People values: Talented, **hard working, aggressive**, dedicated, responsible, **collaborative**, friendly, **excited, and enthusiastic group** of people across the organization
- ◆ High work demand and **expectation** of high work quality
- ◆ **Open door policy, approachable management, no red tape**

XYZ Communications:

The pre-IPO and post-IPO cultural changes for this company were identified as:

- ◆ Pre-IPO scenario, the culture seemed to strongly be imbued with **participatory and collaborative** characteristics.
- ◆ It seemed to be a **familial culture with a close-knit community** of individuals working toward a common goal
- ◆ People seemed to love **the fun-filled, informal, work environment, charged with high energy, and excitement**
- ◆ The cultural values included employees **working very long hours**, doing a lot of **multi-tasking, being flexible, and adaptable** to changes. It seemed to be a group of **intelligent, friendly, energetic, and enthusiastic** individuals. The focus was on **doing whatever it takes to get a job done**
- ◆ The company seemed to be in a hyper-growth stage with a **chaotic and unorganized structure**
- ◆ The culture seemed to promote economy and frugality in expenditures

Post-IPO, the employees noted a lot of changes in the company culture:

- ◆ The collaborative and participatory nature of the culture seemed to have diminished and almost shrunk to limited groups
- ◆ The shift in culture showed **employees to become more disconnected**, uncertain, and suspicious
- ◆ The working hours appeared to have become more fixed for majority of employees, and the energy level and morale of the employees seemed to be incumbent on the stock market fluctuations
- ◆ The initial IPO excitement appeared to gradually fade and things were returning to normal
- ◆ The fast pace that had once existed in the smaller pre-IPO seemed to slow down due to formalized systems and processes
- ◆ The culture appeared to become more diffused, and, the employees no longer seemed to follow the same cultural values
- ◆ The management seemed to continue disseminating the message of “work hard” and “be frugal in expenditures”

InMomentum:

The unanimous responses of the public relations consultants’ about start-up culture showed it to be:

- ◆ **A dynamic, fast, fun-filled work environment, reflecting enthusiasm and high energy**

- ♦ **Informal, unorganized, participatory, and collaborative**
- ♦ **Flexible, nimble, displaying intuitive decision-making, undefined roles, and highly adaptable employees doing a lot of multi-tasking**
- ♦ **Intelligent, aggressive, hardworking, and enthusiastic start-up employees that also share a mutual respect and admiration for everyone else in the company**
- ♦ **Easy accessibility to leadership**

As the company grows, some of the changes that were mentioned included:

- ♦ **The culture getting more diffused and complex**
- ♦ **A stronger difference of opinions beginning to get reflected among the employees**
- ♦ **A distinction of authority emerging in the organization**
- ♦ **A loss of focus on the company vision resulting in people failing to work towards the same set of goals**

Organizational Structure and Company Culture: Final Dominant Set of Patterns and Themes

Findings show a clear influence of the company growth on the organizational structure and culture of a start-up.

- ♦ **The organizational structure of a start-up is initially a flat, unorganized structure lacking hierarchy or distinctions. The roles and tasks are all undefined and fluid**
- ♦ **The start-up culture reflects a very participatory, collaborative, familial, and close-knit atmosphere. The work environment is dynamic, fun-filled, informal, charged with high energies and excitement**

- ♦ The cultural values reflect: long working hours, multi-tasking, flexibility, adaptability in the employee behavior
- ♦ The predominant start-up employee profile represents a group of young, intelligent, aggressive, friendly, energetic, enthusiastic individuals with a “do whatever it takes to get a job done” attitude. A mutual respect and admiration for each other usually spans across the employee board

However, with the rapid company growth,

- ♦ A functional hierarchy begins to develop
- ♦ Processes and structures get put in place as and when the need arises
- ♦ Employee roles and tasks begin to get defined and more specified
- ♦ Accessibility to leadership begins to reduce
- ♦ With addition of new personalities and new functional areas, the participatory and collaborative nature begins to break and the culture gets more diffused. Consequently, employees begin to feel distant and disconnected with each other and the management

Leadership Styles:

Kintana:

In summary, the responses unanimously reflected that:

- ♦ Leaders in high-tech start-ups need to be **visionaries, dexterous in their field of knowledge**

- ♦ Leadership has to be earned by proving one's worth. Leaders need to display **high energy, passion**, determination, and ability to convince others to follow their dream
- ♦ Leaders should be able to **build a team, empower it**, and lead it with sound business maturity
- ♦ Leaders should be personable, **charismatic**, respectful, **good communicators** as well as **good listeners, with an ability to inspire and motivate their employees**. Having a **collaborative** and participatory approach also seemed to be a requisite to qualify as a successful start-up leader
- ♦ The leaders also needed to be nimble and **flexible** in their responses to market dynamics

XYZ Communications

The dominant patterns reflected a leader as:

- ♦ An individual who had **a vision and was a good communicator** with the capacity to articulate and instill the vision in the entire company. A leader was required have a sound business plan to back the vision
- ♦ An individual who displayed **intelligence, expertise**, analytical skills, experience, **charisma, credibility**, trustworthiness, and risk-taking capacity
- ♦ An individual who was a **macro-manager**, and knew how to empower employees at all levels
- ♦ An individual who was proactive, **flexible**, adaptive to changes, and was prepared to handle challenges with strategic, proactive decision-making

InMomentum:

According to the public relations consultants, individuals emerging to be successful leaders in start-up environment today seem to be:

- ♦ **Visionaries with an indefatigable passion and energy** to attain their visions
- ♦ **Capable of communicating and articulating the vision** to the rest of the team, and demonstrating an ability to inspire and motivate people to follow their dream
- ♦ Individuals who have a **solid knowledge bank** with an **expertise** in some domain, be it technical or business management
- ♦ Individuals who have an ability to hire talent and **build a good strong team**
- ♦ Individuals who exhibit integrity, honesty, credibility, **charisma, collaborative attitude**, responsibility and are effective as **two-way communicators**

Leadership Styles: Final Dominant Set of Patterns and Themes:

The recurring patterns in the responses show that leaders in the start-up industry need to display the following qualities:

- ♦ They should be visionaries with ability to articulate and communicate that vision to the rest of the team. They should possess intelligence with an expertise in their field of knowledge
- ♦ The leaders should have an ability to build a strong team, empower it, and have the capability of continuously inspiring and motivating the team

- ◆ Personality traits should exhibit high energy and passion, charisma and credibility, flexibility and collaborative attitude, and should be a good two-way communicator with an ability to listen and communicate effectively

Decision-Making Approaches:

Kintana:

The prominent styles of decision-making at Kintana, resonated:

- ◆ A **macro-managerial** approach where employees were empowered to own their decisions and were expected to be nimble in executing them
- ◆ A **collaborative, information sharing, and consulting other people** approach of employees in their decision-making
- ◆ An approach of basing decisions on past experience, information gathering, and by utilizing one's own knowledge bank
- ◆ A need to get **approval (sign-off)** from management representative in certain cases

XYZ Communications:

The decision-making trends signaled that:

- ◆ The top management of this post-IPO company seemed to be involved in micro-managing the company. The desire of the CEO and president to be involved in every aspect of the company also indicated less empowerment of employees
- ◆ The various responses, however, displayed that the lower managerial levels were empowering their department members

- ♦ The employees needed to **seek approval** in decisions that impacted other departments or external customers and those that involved financial issues
- ♦ The employees realized the need to coordinate and inform other groups about decisions made internally in various departments
- ♦ The employees on the whole seemed to have a **collaborative**, and **consulting approach** within their own departments

Pre-IPO and Post-IPO Patterns of Decision-Making: XYZ Communications:

- ♦ Pre-IPO, the decision-making **seemed to be quicker**, less risky, impacting fewer people
- ♦ The number of individuals involved in decision-making was very small, and there was less financial accountability demanded from the employees
- ♦ Earlier, it appeared that employees were involved at a more personal level in their decision-making, sacrificing their own needs to meet those of the company's
- ♦ Post-IPO, the magnitude of the decision-making seemed to have increased immensely
- ♦ The impact of the decision-making also seemed to include a wider range of audiences with more severe repercussions
- ♦ With expanded hierarchy and layers in place, more people seemed to be involved in decision-making as compared to before, however, fewer people seemed to be granted decision-making authority
- ♦ As a result, the decision-making seemed to have slowed down and more budgetary constraints appeared to have entered into the process

- ◆ The employees seemed to seek approval from their immediate bosses. However, employees who had been with the company for a longer period of time did express a feeling of confidence and empowerment as compared to before
- ◆ Furthermore, post-IPO, there was an indication of employees being more detached in their decision-making, prioritizing their personal happiness over that of the company demands
- ◆ Post-IPO, while making decisions, people seemed to be more conservative, time conscious, and careful with utilizing the resources

In.Momentum:

The consultants believed the decision-making trends of most start-up leaders reflected:

- ◆ A democratic, **collaborative, macro-managerial style** that entrusted and empowered individuals and gave employees the freedom to make decisions.

Decision-Making Approaches: Final Dominant Set of Patterns and Themes:

Most of the interviewee responses reflected that:

- ◆ Leaders in start-ups need to be macro-managers who entrust and empower their employees
- ◆ In general, most of the individuals in a start-up seem to make their decisions by following a collaborative, information sharing, and consulting approach. The decision-making is quicker in a small start-up

- ♦ With the company growth, seeking of approval for certain decisions seemed to be an inevitable factor

Employee Motivation:

Kintana:

The employee responses reflected the following as the prime motivating factors:

- ♦ **Company vision and the stable future prospects for company growth**
- ♦ **Work challenge: love the technology**, love the work
- ♦ **Work environment /Start-up culture:** dynamic, fun-filled culture. Respectful and trusting environment, love working here, positive attitude
- ♦ **Belief in the leaders and the company products**
- ♦ The promising IPO
- ♦ **Stock options**
- ♦ **Opportunities for learning** new things and enhancing career growth
- ♦ Work recognition: being recognized and rewarded by the leaders on a job well done
- ♦ Feeling of being valued and listened to; **visibility of contribution**/feeling of making an impact in the company
- ♦ **Work empowerment:** freedom to make decisions (not being micro managed)
- ♦ **Liking one's boss**
- ♦ Loyalty to cofounders

XYZ Communications:

The reasons the interviewees gave for initially joining XYZ, in its early start-up phase, can be summarized as:

- ♦ The **vision and the future growth opportunities** of expanding in huge markets
- ♦ The **technology** they were dealing in
- ♦ The **stock options**
- ♦ The **fun, dynamic, and informal start-up culture**
- ♦ The **lack of hierarchy** and structures
- ♦ The **opportunity to be exposed and to experience a variety of tasks**
- ♦ The feeling of **autonomy and empowerment** in a small company
- ♦ **Liking one's bosses**
- ♦ The credibility of the leaders from their past history of founding successful companies

Current Employee Motivation:

Commenting on the current conditions:

Compensation, salary, **stock options**, **good work-environment**, training programs, educational reimbursement programs, and **work-satisfaction** were identified as a few important motivational factors. With the current recessive market trends, job stability and **monetary benefits** seemed to be on peoples' minds.

InMomentum:

According to the public relations consultants, most individuals were motivated to join start-ups because of:

- ♦ The **strong belief of employees in the vision and the leaders** of a company
- ♦ The **fun and dynamic, informal, start-up culture**
- ♦ The **stock options**
- ♦ The work challenge, visibility in the small company, and the ability to contribute to the cutting-edge technology
- ♦ The company values being aligned with their own set of personal values
- ♦ The **monetary gains**, although it emerged low on the list of motivational factors

Employee Motivation: Final Dominant Set of Patterns and Themes:

The factors repeatedly mentioned by all interviewees showed the following reasons to be the prime motivating factors in the start-up environment:

- ♦ Company vision and the future company growth prospects
- ♦ Work Challenge: Love the technology they are dealing in
- ♦ Work satisfaction: Liking what they are doing and having a staunch belief in the company products; Having a myriad of opportunities to learn and do various tasks
- ♦ Stock options
- ♦ Work environment: Dynamic, informal, fun-filled, start-up culture
- ♦ Work empowerment: Autonomy in making decisions
- ♦ Visibility of contribution

- ♦ Liking one's bosses
- ♦ Monetary benefits: Competitive salaries, compensation, and bonuses

Thus, at the end of the second stage of analysis, the researcher emerged with five sets of dominant patterns for employee communications, organizational structure and culture, leadership styles, decision-making approaches and employee motivation. These final sets reflected all common themes and ideas repeatedly exhibited in the 20 interviews. The researcher used these final sets of dominant patterns to build the next chapter on Summary and Conclusion.

Chapter V

Summary and Conclusions

Overview

The purpose of this qualitative study was to understand how effective internal communications could be established in growing pre-IPO start-ups as they prepared for their IPO. The main concepts studied included employee communications, organizational structure, models of public relations and communication, company culture, leadership styles, decision-making approaches, and employee motivation. The study asked six research questions:

1. How is employee communications practiced in growing pre-IPO start-ups?
2. How does the internal organizational structure and public relations model evolve in a pre-IPO start-up, and what effect does this growth have on the internal communications system?
3. What kind of organizational culture is evolving in rapidly growing start-ups, and how do the changes impact the internal communication practices?
4. What kind of leadership styles would be successful in pre-IPO start-up companies, and what kind of internal communication practices should they promote?
5. What decision-making approaches should the leaders of pre-IPO start-ups be adopting to ensure effective communication in their organizations?

6. How should start-up high-tech leaders ensure effective communication to continue motivating and sustaining their employees, amid the rampant growth of opportunities in the high-tech industries?

To answer these questions, the data collected by the three companies was analyzed in the previous Findings and Discussion chapter to understand how internal communications was practiced in start-ups, what communications issues the small companies faced while growing, and how these communications problems could be avoided.

In this chapter, the third and final stage of analysis is discussed. This analysis consists of two sections. In the first section, the researcher provides answers to the six research questions by comparing the dominant set of findings, to the idealistic internal communications model that was built purely on the reviewed literature. Thus, in the first section, the researcher compares the findings to the literature reviewed. In the second section, the researcher suggests a revised model of internal communications for pre-IPO start-ups to help establish a smoother communication system in an organization.

Section I: Answers to the Research Questions

1) How is employee communications practiced in growing pre-IPO start-ups?

Research on practices of employee communication concluded that communications in small pre-IPO start-ups does change as the company grows in size (Burns & Stalker, 1961; Jablin, 1987; Pfeffer, 1982). Findings on employee communications from the three companies show that communications in initial start-ups

is very informal, open, unorganized, and unplanned (Burns & Stalker, 1961; Jablin, 1987; Pfeffer, 1982). Information is commonly communicated through personal face-to-face interactions, or through emails. As predicted by the ideal internal communication model, with the growth in size, personal face-to-face communication begins to decrease, and gets replaced by other modes of communication like emails, conference calls, phone calls, etc. (Pfeffer, 1982). The open communication that existed earlier in the start-up begins to get restricted, and selective information is disclosed to the company (Jablin, 1987).

However, there are certain observations from the findings that were not stated in the reviewed theories. The first interesting observation from the findings is the usage of emails in the high-tech start-ups today. None of the past theories have any reference to this new method of communication. Emails have emerged to be the most widely used informal and formal means of communications in high-tech start-ups. Apart from being the most convenient communication tool in start-ups, emails also help in storing the information and securing it for future reference.

Second, what the theories and the ideal communication model failed to predict are the kinds of communication complexities that begin to develop with a company's growth. Although the theories and model reflected that communication gets restricted with company growth, there is no logical explanation provided for the phenomenon. The theories also stated that hierarchy and organizational structure act as communication blocks and distorting filters (Goldhaber et al., 1984). However, they failed to predict the reason behind the challenges the leadership face while deciding the content and amount

of information to be communicated to the company at large. Some of the responses from the post-IPO company, XYZ Communication, help understand this communication dilemma.

...Some of that close-knit feeling was part of friendliness, having access to people, you know. ...There were very few people and you could actually quickly turn to the person you want... —Employee K, XYZ Communication.

...It has changed over time. Everyone knew each other in the beginning...—Employee G, XYZ Communication.

...It's kind of funny, I had lot of time to play foosball and get to know more people before. Now, I don't have any time, and people are dispersed. So, you end up developing relationships that are now focused around who you are sitting usually, or who you are interacting with on a regular basis...--Employee J, XYZ Communication.

Initially, when the company is small, communication is easy and informal.

Everyone in the company knows what the others are doing. The employees are all working on the same set of expectations, and as each one is aware of what is going on, everyone easily understands the information communicated. Accessibility to people across the company is easy, and things can be clarified and understood as and when required.

Characteristically, most start-ups seem to grow in spurts that take place in short intervals of time. As consultant P said: "Typically these companies have gone from six, seven, eight people to hundreds". Consultant Q reiterating, "...from my experience I have seen start-ups grow from 70 to 200 employees in a span of three-four months".

With the expansion of the company at such an accelerated rate, the management often faces the challenge of handling the growing communications network, and of

deciding what to communicate. The following interview responses further explain the reasons behind restricted communication in growing start-ups.

...I think in many ways it is part of that, a learning experience, adjusting to the fact we are no longer in start-up mode, and you are really trying to grow like a bigger company. So, there is definitely an adjustment in terms of how you communicate out there—Employee K, XYZ Communication.

We are trying to figure out what we can say and cannot say. We don't know ourselves. We are learning it ourselves. Probably in the past we have said too much, and it hurt us. It's been a learning experience for the entire company—President, Kintana.

... You have a lot of different personalities and you have to be careful about what you say, how you say, if people's egos are getting crushed. There is no ego in an early start-up company. You are all there to make it work and when you are on that type of level, you can assume a lot of things and move forward really quickly. You don't have to worry about stamping any toes; you don't have to worry about talking to people and being misunderstood. I think that really helps solidify relationships. Even now, I have my interaction with the CEO and the president, where sometimes they say things very harshly, but to me it is not harsh because I understand what they are saying—Employee H, XYZ Communication.

Now the challenge that any company has, and the challenge that I have as an individual, is applying the appropriate filters and communicating the appropriate volumes. If there are not enough filters, there is too much volume, and the receiving audience says, "Boring you are droning on and on about nothing." If I put too many filters on, they are saying, "You are not telling me enough information." So, the challenge is the application of appropriate filters—CEO, Kintana.

Thus, the reason for the reduction in open communication seems to stem from the fact that the sudden growth explosion brings new, multiple personalities into the company. As the company grows, the increasing number of employees leads to a reduction in personal direct contact among employees, and even with the management members. Due to the reduced contact and break in communication, people begin to work

on a different set of expectations. These different expectations in turn lead to employee confusion with regard to company vision, and in aligning their own tasks to the changing vision. To deal with this influx of multiple personalities and to ensure that what is being communicated is being perceived or comprehended appropriately, the leaders begin to restrict open candid communication.

Another reason for careful communication could be because of the large egos that begin to emerge in a rapidly growing start-up. Most individuals being highly specialized professionals may misunderstand a communication not carefully worded or presented, and may resort to extreme actions of resigning their jobs or filing lawsuits. As one interviewee stated, apart from the material being communicated, the leaders also need to adopt the right style of presentation.

...Now, there is that gap because people's opinions of the leaders are based on how they communicate with people. And if they come across as very formal or cold, because that's their kind of style in a mass audience, then you kind of hurt employee morale—Employee H, XYZ Communication.

While communicating in company meetings, due to the style of delivery, the leaders can be perceived differently by varying employees. The inconsistent employee perception could result in employees deciphering conflicting messages from the communication, consequently rendering the communication ineffective. To avoid such a situation, the leaders begin to restrict open communication.

Although D'Aprix (1977) touches the aspect of management having regular feedback from the employees to understand how the messages are being perceived, the

theory fails to look into the struggle that management has in filtering the message to be disseminated, especially relative to the dynamic start-up environment.

Other possible reasons for selective communications could be due to the information overload in the high-tech sectors and due to the sensitive data of the information. The leaders of a company are the boundary spanners who primarily watch the market conditions to be able to effectively make the necessary internal changes. During this process, there are huge chunks of information the company leaders have to absorb. If such continuous information is passed to an employee engrossed in his or her own set of tasks, he or she would inevitably fail to process the information effectively. Coupled with that, the information could be of crucial nature. The market analysts and venture capitalists (individuals who provide financial support to promising companies), often scrutinize start-ups preparing to go IPO. Any indication of a weakness can lose the start-up its financial backing. Hence, the leaders may feel the need to exercise caution while communicating information to the rest of the company.

2. How does the internal organizational structure and public relations model evolve in a pre-IPO start-up, and what effect does this growth have on the internal communications system?

The dominant findings from the study support the patterns suggested by the ideal communication model put forth by the researcher. The findings prove that a start-up is initially a flat, unorganized company, lacking hierarchy or distinctions. The roles and tasks of individuals are all undefined and fluid (Burns & Stalker, 1961; Goldhaber et al.,

1984; Grunig, 1992; Hage & Hull, 1981). In the early growth phase, start-ups display a combination of two-way communication model and symmetrical communication model, where the employees are comfortable talking to their management, and discussions of difference in opinions, are encouraged (Dozier et al., 1995; Grunig, 1992). As the start-up grows, a functional hierarchy begins to develop within the company (Melcher, 1976; Pfeffer, 1982). Processes and structures are put in place as and when the need arises. Employee roles and tasks begin to get defined and more specified (Melcher, 1976; Pfeffer, 1982). Also, employee accessibility to leadership gradually begins to reduce in the growing start-up (Goldhaber et al., 1984).

At least 12 interview excerpts emphasized that in an early start-up there is no role differentiation among people. Due to the limited number of employees, roles are very versatile and a lot of multitasking takes place. “Everyone is in sales, everyone is in HR. everyone is in facility buying pens from office depot on the weekend or something” (consultant P, InMomentum). The lack of processes and structure in a growing start-up is a direct result of the fast rate of company growth that leaves no time to put any processes in place.

It grew at such a fast rate; there wasn't much time to write down those processes. There were a lot of tactical responses in a lot of ways, and, just having to build what was needed as the issues came up... There wasn't really an infrastructure in place--Employee G, XYZ, Communication.

However, as the company grows, to avoid chaos and to give some sort of structure to the rapidly expanding company, the start-up leaders attempt to establish a structural hierarchy. Apart from viewing hierarchy as a way of defining the organization more

clearly, the leaders also view it as a corporate ladder for the employees to climb up. In the words of employee J, XYZ Communication: "...There is a kind of promotional element, incentive element, and sort of the title. Then, maybe, you also want to earn those responsibilities that come with it..."

Furthermore, the rapid company growth and development of hierarchy curtails the employee access to leadership and establishes a more formal line of communication.

I mean, you could still go talk to them, their doors are always open, but because of the layers that were put in place between you and them, you would be stepping over your manager. I think there are already ranks established, and it wouldn't be proper to step over those people in the ranks to bypass your management-- Employee N of XYZ Communication.

While the reviewed theories state that the model of public relations and communication shifts from being two-way, symmetrical, to one-way, top-down, and asymmetrical, there is nothing specific in the responses to indicate that the change would necessarily be so. The researcher believes that the change in models of public relations and communication is more influenced by the styles of leadership and the existing company culture.

3) What kind of organizational culture is evolving in rapidly growing start-ups, and how do the changes impact the internal communication practices?

For the third question, the findings from the study mostly support the reviewed theoretical perspectives. The start-up culture reflects a very participatory, collaborative, familial, and close-knit atmosphere (Dozier et al., 1995; J. Grunig, 1992; Kestin. 1992). Here, it is interesting to note that the theories predicted that start-up employees would be

participatory, collaborative, and team-oriented (Dozier et al., 1995; J. Grunig, 1992; Kestin, 1992). However, nowhere does the theory relate to the early start-up culture being “familial or communal” in nature, a fact that is reiterated repeatedly in most interviewee responses.

Also, while the theories stated the work environment to be informal and filled with excitement (Eisenberg & Goodall Jr., 1997; Pfeffer, 1982), there is no mention of its dynamic nature and high energies.

... It's like a family. If we do well, we get monetary reward. Everyone has put in so much time. ...As it has grown, it still feels much like a family—Employee C, Kintana.

...There was admiration and respect for their colleagues. A familial atmosphere—Consultant Q, InMomentum.

...A culture where you are all working together in this small community to build something. So, it was pleasurable and it was an exciting feeling to be part of that community....--Employee K, XYZ Communication.

...It was like a bee-hive. I mean everybody was working hard and people stayed here until late hours and they were enjoying it. Everyone is running around and there is so much energy, you feel like you want to be a part of it...—Employee N, XYZ Communication.

Furthermore, the suggested communication model showed employee values to include working together, fostering interdepartmental coordination, and maintaining team-level responsibility for getting the job done as the core values (Dozier et al., 1995). The cultural values in the findings showed long working hours, multi-tasking, flexibility, and adaptability as a prominent part of employee behavior. Apart from missing some of

these core values, the theories fail to account for the reasons why start-up employees reflect such values.

...People work really hard, it is a challenge if you don't work as hard
—Employee C, Kintana.

...A lot of people spend about 80% of their non-sleeping time at Kintana
—Employee D, Kintana.

...I mean everybody was working hard and people stayed here until late hours and they were enjoying it—Employee N, XYZ Communication.

...Everyone wore different hats—Employee G, XYZ Communication.

...Everybody was very hardworking, wearing many hats, not clearly defined tasks, we all chipped in wherever required, very flexible...--Employee I, XYZ Communication.

Two specific responses clearly emphasize the reason as to why employees in start-ups work so hard.

...Before energies were high because people were working for that IPO goal and people worked long hours, worked late—Employee H, XYZ Communication.

...Newer folks realize that work ethic here is people work really hard; it is a challenge if you don't work as hard. People make personal sacrifices. They may not feel as positive unless they did see something down the road. People are excited about the IPO—Employee C, Kintana.

The future prospect of having a successful IPO and consequently making money through stock options seems to be a strong motivating factor in start-ups (Mac Vicar & Throne, 1992). In addition, the work challenge also seems to keep the employees going with high energy.

Another unexpected interesting finding that emerged from the study is the reflection of the start-up employee profile.

...In the beginning we had a lot of employees who were right out of school just starting out their lives—Employee B, Kintana.

...Going post-IPO, we were hiring people who were focused more towards post-IPO cultures and not working as hard, more of them having families, more of not burning the midnight oil—Employee G, XYZ Communication.

The predominant start-up employee profile seems to represent a group of young, intelligent, aggressive, friendly, energetic, enthusiastic individuals with a “do whatever it takes to get a job done” attitude. While complexity factor in theory (Hage & Hull, 1981) suggests about individuals being intelligent and professional in their field, no other theoretical mention is made to describe the general internal public of a start-up.

As far as predictions regarding the change in culture after the company growth were compared, the findings did support what was put forth in the communication model. As the start-up grows in size, the participatory and collaborative nature begins to breakdown and the culture gets more diffused. “It’s like when you are in high school you have friends and then you grow out of that phase when you go to the college. Kind of that sense” (employee I, XYZ Communication).

The reviewed theories predicted the four variables namely formalization, centralization, stratification, and complexity (Burns & Stalker, 1961; Hage & Hull, 1981; Hage, 1980) as the reason for the breakdown in culture. In addition, the theories identified two other variables that had influence on organizational culture. 1) The basic nature of the communications system itself (Bormann, 1985; Conrad, 1994; Weick, 1979). 2) The ripple effect of the leadership styles that resonate in their behavior and

attitude, or even in a part of their future vision (MacVicar & Throne, 1992; Ouchi & Wilkins, 1985).

However, the reviewed theories missed one other influencing factor that emerged from the interview responses. Consultant P from InMomentum, who has had the experience of working with more than half-a-dozen start-ups, stated some key points in her interview excerpts:

...And as the company has grown, their cultures have become more complex and diffused really, with the addition of different personalities, different functional types, and I think that's part of the core challenge of managing the start-up, and managing the communication attached to that—Consultant P, InMomentum.

...I think below that resides the core system, the engine of the culture that drives how the experiences occur, and that comes from the communication system, from the leadership system, the HR system, the rewards mechanism, and all those kind of things that drive how people experience it—Consultant P, InMomentum.

...Complex in terms of having to coordinate different functions in the organization, and the culture that goes with that—Consultant P, InMomentum.

...There is definitely a distinction of authority, although from the managers to the VPs, all are pretty empowered. All these traits seemed to be inculcated in the CEO's vision—Consultant Q, InMomentum.

These responses show that “diverse personalities” present within a growing start-up can also be the prime reason for the diffusion of culture. Attempting to get individuals from different backgrounds, cultures, personalities, and now ethnicity to conform to one set of culture can truly prove to be a challenge, unless a firm cultural foundation is established in the beginning stages. This also indicates the process of recruiting and hiring (human resources) as an important factor in building the internal public profile of start-up employees. To ensure that the information being communicated is perceived

correctly, it is important to understand the target audience profile. Thus, human resources (HR) emerged to be another factor that indirectly influenced the internal communication of start-ups.

4. What kind of leadership styles would be successful in pre-IPO start-up companies, and what kind of internal communication practices should they promote?

The findings regarding leadership styles in start-ups matched completely with those put forth by the researcher in the ideal communication model. Leaders in start-ups do need to be visionaries, having the ability to articulate that vision to the rest of the team (Burt, 1992; Oden, 1997; Bennis, as cited in Melendez, 1996;). They should possess intelligence with an expertise in their field of knowledge (Handy, 1996; Heskett & Schlesinger, 1996). The leaders should have an ability to build a strong team, empower it, and have the capability of continuously inspiring and motivating the team (Kanter, 1996; Lacy et al., 1999; Schein, 1996).

The findings also showed some of the leadership personality traits to exhibit high energy and passion, charisma and credibility, flexibility and collaborative attitude, and a two-way communicator with an ability to listen and communicate effectively (Goldsmith, 1996; Schein, 1996; Weber, 1947).

Few interview excerpts that iterated the same thoughts:

...Being a visionary, having charisma, being able to articulate the vision—
Employee C, Kintana.

...You have to earn it by having better skills, being a better manager, setting a better example, being a great communicator, and having much more of open

communication and more expectation of communication than it used to be—
President, Kintana.

...So having the vision of the future and being able to communicate it in a way that people can understand, see, and know how they are going to be changing the world. And then, credibility is the second—Consultant P, InMomentum.

...For one, you have to be visionary enough to see some time into the future. Secondly, you have to be able to translate that vision into an execution plan pretty strongly—Employee K, XYZ Communication.

...Leaders have to know what they are talking about. They should have a vision and there should be a good business plan behind it. They should know how to articulate it and continue to keep the employees' interest vested in the vision. They need to be good communicators...—Employee G, XYZ Communication.

5. What decision-making approaches should the leaders of pre-IPO start-ups be adopting to ensure effective communication in their organizations?

The research findings on decision-making approaches matched with the patterns suggested by the ideal communication model. In fact, there were more descriptions of decision-making styles that emerged from the theories than from the practical answers. Findings prove that leaders in start-ups need to be macro-managers who entrust and empower their employees (Bornstein & Smith, 1996; Burns & Stalker, 1961; Dozier et al., 1995; J. Grunig, 1992; Kanter, 1996). In general, most of the individuals in a start-up seem to make their decisions quickly by following a collaborative, information sharing, and consulting approach (Dozier et al., 1995; Galbraith, 1973; Oden, 1997; Nadler & Tushman, 1988). With the company growth, seeking of approval for certain decisions seems to be an inevitable factor (Burns & Stalker, 1961; Thayer, 1968; Hall & Hage, 1981).

A few interview excerpts on decision-making:

...Empowering teams is an important part of it and empowered teams imply grass root decision-making. For grass-root decision-making to be effective you have to have the vision, you have to have the values, and you have to have data about where you are and what you are doing. Those are the important parts of our culture—CEO, Kintana.

...Empowerment is not without struggle. You've got to convince people that your idea is a good idea. Yes, there is great deal of autonomy. I feel empowered-- Employee J, XYZ, Communication.

...Depends on the magnitude of the decision. So if it's a pretty big decision that involves a lot of money and involves man-power, involves something different from what I believe the company originally expected, then I will consult the executive staff—Employee A, Kintana.

...So my decision is...very collaborative. Oh! Yeah, bigger the decisions or budgetary decisions, the more approval you need—Employee H, XYZ Communication.

...It was a small company and we had a few people involved in one area of work and it was possible to share information very quickly and make some quick decisions and keep moving. As the company grows...are more people involved in similar activities or activities that are related, so information sharing becomes more critical. Right now, we have so many areas and it becomes necessary to coordinate the whole process in which people get involved from different angles and then we have to evolve toward making a decision. It takes a longer time, but I think decisions that get made are better—Employee B, Kintana.

...Sometimes I get peoples' approval but no defined line. The VP needs to sign all that stuff now—Employee E, Kintana.

6. How should start-up high-tech leaders ensure effective communication to continue motivating and sustaining their employees, amid the rampant growth of opportunities in the high-tech industries?

Some of the common motivational factors that emerge from the study coincide with the researcher's communication model. Many responses directly or indirectly point

to stock options as a prime motivating factor, especially in case of start-ups (Mac Vicar & Throne, 1992).

...There is also a pattern I guess about going from broke and trying to make it big, and may be pick the one that was going to be a winner. ...I would be naive to think that that wasn't a motivation pattern if you will, that some start-ups use and continue to use to draw people—Consultant P, InMomentum.

Stock price is relevant. Ok. why would stock price influence somebody's outlook? Why would it make you happy or depressed? Well, basically, you co-relate the personal side of it. What are my options worth today versus yesterday, so, there are personal gain issues—Employee J, XYZ Communication.

I have a lot of stocks vested. I have had the chance to make the greatest impact here—Employee F, Kintana.

...But. the other thing is also the IPO pricing, because it will not make any sense to stay with a company if it is not going to be a winner—Employee A, Kintana

I think last summer when there was a market downturn, the reason people came here before was the big IPO and then stock options, and then that closed down. Now, that isn't a motivational factor any more—Employee H, XYZ Communication.

They were seeing themselves as millionaires. They were doing whatever it takes to move it along... We could issue more stock and lessen the vesting time. But then, you can't just keep issuing stock--Employee G, XYZ Communication.

Other important motivating factors in the case of start-ups included the exciting, open, and equitable work environment (Eisenberg & Goodall Jr., 1997). Work satisfaction—employees liking what they are doing, and work empowerment--the autonomy of making decisions (Eisenberg & Goodall Jr., 1997; Kanter, 1996).

The findings also reflected: opportunities of advancement--by doing multi-tasking (Herzberg et al., 1959; Mac Vicar & Throne, 1992), visibility of contribution, and having the capacity to make a difference to the company's growth and profits (Mac Vicar &

Throne, 1992), as some of the few motivational factors uniquely associated to the start-up environment. Apart from that, work challenge also appeared as a strong motivator; most of the interviewees seemed very passionate about the technology they were dealing in (Dozier et al., 1995; Herzberg et al., 1959). Monetary benefits in the form of competitive salaries, compensation, and bonuses appeared a little later in the list of priorities, in most of the responses (Herzberg et al., 1959; Seglin, 1998)

Few interviewee responses reflected basic concepts as suggested by Hoefflich (1999). According to Hoefflich (1999), employee satisfaction can be achieved by focusing on open communications, fair employee recognition and by providing tools and training to support the employees in their tasks.

... You have to have a culture that makes people feel good about themselves and that rewards them psychologically, has peer-group recognition and involves belonging. Self-actualization is that you know you are making a difference. We need to provide opportunities for employees to grow through training, through education and through additional responsibility and we need to create an environment where people feel as if they are part of a winning team—CEO, Kintana.

Other responses reflected some of the basic concepts of motivation as put forth by Maslow's hierarchy of needs.

If you look at Maslow's hierarchy of needs there are a lot of good things. But it doesn't cover everything. Classic Maslow says there are maintenance issues that you should get right, but focusing all your time and attention on maintenance issues won't retain people. So maintenance means you must pay employees competitive wages, paying them twice the competitive wage won't make them stay. You have to give people the opportunity to create, to do their own thing, so that they have an impact on the vision—CEO, Kintana

First and foremost, we need to understand individuals. Managers need to do that, be familiar enough with their staff to know what's important to you. If promotion

is important for you, then I need to put a structure in place to move you on when you do good. If stability is what you want, then I need to create to the best of my ability a structure that allows you to do the same thing, next month, next quarter. ...In general, people I don't think leave jobs because of dollars, although some do, handful do, 15%-20% leave because of pay. Most people leave, I believe I would leave my job, if it wasn't satisfying to me. If I was waking the whole night long and I wasn't happy, or if my stomach was in knots coming into work, or for some reason I really had it out with my boss, I couldn't stand the guy, those are the things that would really cause me to leave. ...It's also about having a work environment and having a body of work that's meaningful--Employee J, XYZ Communication.

... They want a "thanks". They want a pat on the back and that's something that really needs to come across especially when you don't have daily contact with somebody—Employee H, XYZ Communication.

The aforesaid responses clearly touched three levels from the "hierarchy of needs" as suggested by Maslow. The first thought pertains to the "self esteem" needs of an individual that reflects an individual's need to be recognized, and to gain prestige and success from the work he or she does. The second reflects the "self actualization" needs of employees; it is the need to feel self-fulfilled to the maximum potential. And third, when employee J of XYZ Communication spoke about the job satisfaction and personal happiness, he touched on the first level in Maslow's hierarchy of needs that addresses the "physiological" needs of an employee.

However, there were a few predictions about the employee motivating factors where the communication model and the reviewed theories fell short. The model failed to include vision, future prospects of company growth, and leadership personalities of companies as important motivators in the start-up scenario. In addition, although the work environment has been seen as a motivating factor in the past researched theories,

the element of dynamism and fun-filled atmosphere specific to start-ups did not emerge anywhere. As many of the interviewees stated:

The question is: what would make them stay here? The fact that they know they are working for a great company, that the future financial success is dependent upon them—President, Kintana.

In some cases, clearly the vision of the company. The employees felt that this was going to be a company that changed the world, that it was introducing a new technology that made a big difference to peoples' lives. In some cases, it would be the compelling nature of the leadership team. The founders were perceived to have an incredible reputation and they were known for their successes. And so I think, people followed them because they were magnetic characters and to some degree the vision of the company was almost secondary, but it was more a chance to work with this person—Consultant P, InMomentum.

It's not only what we have achieved; it's what our whole organization is capable of. It's amazing even to think what we are capable of....--Employee D, Kintana.

Most of them are passionate about work. They believe in their leaders and you can see that everything is not about money anymore—Consultant Q, InMomentum.

What I liked about the president, is that I liked the vision. I liked the fact that they could think ahead of the game and I think, I work really with people who are visionaries, because I can sort of set very realistic expectations to a visionary's goals—Employee H, XYZ Communication.

I joined when the company was still young. It was fun and exciting. When I came here I felt like that's the kind of environment I wanted to work in and the technology was also very interesting—Employee N, XYZ Communication.

One was the start-up culture. Second, was the technology aspect of it. I think the biggest drive toward it was the fact that I wanted the freedom and opportunity to experience a wide range of things—Employee K, XYZ Communication.

The aforementioned responses clearly show that individuals from all three companies did view vision, technology and leadership personalities to be as prime motivating factors.

Section-II: Revision of the Ideal Communication Model

In the course of the interviews, there were certain responses that forced the researcher to think differently and on lateral lines. The researcher has used those thought provoking responses to revise the earlier suggested communication model.

Drawback I: Failure to depict the influence of external environment on the internal communications system.

The communication model put forth by the researcher failed to consider the basic concept of internal communications itself, as suggested by the experienced public relations consultants. The model was looking into the internal communications of the start-ups without considering the influence of external environment and public on it.

...Second is the recognition of external and internal alignment. I think the role of internal communication seems to lack a concept of home. Like sometimes its in HR, sometimes it is in marketing communications. And it strikes me that it is rarely integrated with external public relations and communication, as it should be. So, I would say the connectiveness between the external communication and internal messaging is pretty important—Consultant P.

...I think, what's intertwined is not just the IPO, but also the market conditions at that time. ... Now, being a publicly traded company, you are very accountable to the outside partners. We have to shift according to the external environment—EMP H, XYZ Communication.

...The internal communication should be consistent with the external messaging, and the internal communication should connect people very well with the business strategies—Consultant S, InMomentum.

Revision I: Representation of external environment in the communication model.

The earlier model showed no indication of the impact of the external environment on a growing start-up. In revision, the researcher has included inward and outward

flowing arrows to indicate the effect of external environments on the growth of an organization, and the responsive changes the company has in conjunction with those external factors. The arrows also stand to specify that there has to be consistent messaging that is disseminated to both internal and external publics.

Drawback II: Failure to include human resources as a factor influencing the internal communication system in start-ups.

The researcher based the study on specific variables namely: employee communications, organizational structure, company culture, models of public relations and communications, leadership styles, decision-making approaches, and motivational factors, as the prime factors having an influence on internal communications of a growing start-up.

However, the findings show recruiting and hiring, in essence human resources, to be an important influencing variable in the case of start-ups. It is important to understand the target audiences of an environment in order to tailor messages effectively to that audience. Thus, the human resources department represents the gateway that allows the flow of individuals into a start-up. Monitoring that process and ensuring the entry of the right set of individuals is a very important factor for start-ups preparing to eventually go IPO. The new employees need to have a good understanding of how activities progress in start-ups, and need to display flexibility in accepting and reacting to the rapid external and internal changes.

Moreover, there are periods of rapid growth explosion that start-ups go through, and maintaining the quality of incoming employees becomes very crucial. As the key human resource person who helped shape the human resource department in the pre-IPO company Kintana, explained, cost and expenditure issues also get involved.

We need to have priorities in hiring people. I don't mean just priorities like one department having priorities over another department. What I mean is what do we sacrifice? If anything, do we sacrifice the quality of the candidate so that we can get them faster, or do we sacrifice the quality of the product or the message because we don't want to hire wrong people? So I think it is a matter of quality versus time, and how does that impact the company's overall big picture. This is something that the whole company has to decide.

...Right now, we are hiring 15-20 people a month, and later on, we are going to double that or triple that. Another thing we have to look at, is the cost; the cost per head count to get the right people in the door versus getting a person in the door, and when to get that person in the door—EMP A, Kintana.

Thus, it is very important for growing start-ups to continue with their high standards of recruiting and hiring new employees, pre-IPO as well as post-IPO. As the following excerpts emphasize, post-IPO, if the profile of the incoming employees fails to compliment the profile of the existing employees, a lot of cultural issues can create unrest in the growing organization.

Going post-IPO, we were hiring people who were focused more towards post-IPO cultures and not working as hard, more of them having families, more of not burning the mid-night oil, so there has been some tension around that; The pre-IPO people and the post-IPO people not coming together. We started to see some cultural issues in the sense that there were people who had not worked for pre-IPOs and were having difficulty with some of the unstructuredness—Employee G, XYZ Communication.

...The original people, before the IPO, most of them have left. So new people have come in now, and their intentions or values or whatever they perceive from the company has changed—Employee L, XYZ Communication.

Two other human resources related factors indicate that: 1) many high-tech start-ups generally have the engineering department to be the most developed department. It is therefore important for the start-up leaders to give some forethought to the development and hiring of individuals for other functional departments, which they will inevitably be required to do as the company grows. As consultant P from InMomentum succinctly stated:

...For most part, companies cater very strong engineering technical structure loaded very heavily on technology. Then, over a period of year, you see them develop more disciplines: HR, legal, finance come into play...—Consultant P, InMomentum, based on her experience with more than six start-ups.

2) It is important to focus on hiring the right set of people when building a new management team.

...So, when you have to integrate a company into the organization, then you are dealing with personalities that don't necessary match. Then, there is a lot more tension at that point. You are dealing with different management people that need to be bought into the organization—Employee J, XYZ Communication.

Responses indicate that many start-up founders eventually get in a new, more experienced group of management to run the larger organizations. The reasons for this could be the company founders' lack of experience running a bigger organization; or they may see it as a way of getting solid goodwill and recognition to the company via the credible names of the management members. Either ways, it is important for the founders to ensure that the new management representatives have leadership styles that fit well with the existing company culture, and that the new management would indeed be able to lead the company as a whole towards its vision.

An additional point that emerged from the findings showed that the human resources variable has its own share of impact on the culture of a growing organization.

...The culture changes primarily because you have people coming in, whom you don't know, don't know what their jobs are, what they doing. It's kind of a strange feeling, where you have all these new people coming in and you have no idea who these people are—Employee K, XYZ Communication.

Thus, by hiring the right people, the start-up leaders can help build a long lasting company culture, subsequently building a lasting organization.

Revision II: Representation of human resources factor in the communication model.

The communication model showed company culture to be influenced by organizational structure and by the styles of leadership in a company. While the findings substantiated that outlook, in retrospect, representing the organizational culture as a spoke of the wheel seems incorrect to the researcher, as culture fundamentally permeates in the entire organization.

Instead of representing organizational culture as an individual spoke, the researcher believes it is better to represent culture as the medium inside the growing organization. Thus, the space in between the cog of the wheel and the rim, and the space in between the spokes, stands corrected to represent the culture of a growing start-up.

The spoke that company culture was originally representing is modified to represent the human resource (HR) variable.

Drawback III: Incorrect placement of the spokes representing a) internal public relations and communication models and b) decision-making approaches.

The ideal internal communication model showed the five spokes to be, going clockwise: styles of leadership (spoke-I), organizational culture (spoke-II), internal public relations and communication models (spoke-III), decision-making approaches (spoke-IV), and the motivation factors (spoke-V). Also, the researcher had shown arrows pointing uni-directionally on the outer rim of the wheel starting from spoke-I through spoke-V, in an attempt to depict the influence of the previous factor/s on the succeeding ones.

However, findings from the study convinced the researcher that the decision-making approaches have an influence on the models of public relations and communications and not vice versa, as suggested by the model.

...The key organization grew little bit more solid and little less spasmodic. They had begun the process of putting more formal mechanisms in place—Consultant R, InMomentum.

...I think the biggest challenge is how the senior teams, who use to be able to have the full company around a conference room every Friday afternoon, to kind of review the bidding for the week, the internal communication challenge is how to do that and connect with a much larger organization...

...It became pretty clear that the CEO wanted to control everything, wanted to be the source of vision, the source of decision-making, the point person...—Consultant P, InMomentum.

...For the start-up company we helped, they wanted it to be very non-hierarchical, non-bureaucratic organization, where people could work with innovation and a sense of freedom to discover new things...--Consultant Q, InMomentum.

Revision III: Correcting the positions of the spokes representing a) internal public relations and communication models and b) decision-making approaches.

Thus, it is for the leaders to decide how to shape the communication patterns in a company. The models of public relations and communication are determined based on the decisions the leaders of a company take. Therefore, the revised model has spoke-II representing the decision-making variable. As hiring and recruiting of employees is again incumbent on the decisions that are made by the key people in charge, the human resources variable is represented as spoke-III in the model.

Drawback IV: Limited practical recommendations by the communication model to improve internal communications.

The suggested communication model did project future-oriented actions that start-up leaders should take to avoid the communication issues related to a start-up's growth. However, in retrospect, the future suggestions incorporated in the model seem to be very theoretical in nature and fail to really provide solid, feasible actions that start-up leaders can practically follow.

Revision IV: Addition of practical recommendations to establish effective internal communication in start-ups.

Based on the various suggestions that emerged from all the 20 interviews, the researcher is providing the start-up leaders with a set of do-able processes that can be effectively implemented. The model realistically prepares the leaders for what changes to expect in their growing start-up, the possible ways of handling and heading off communication issues, and most importantly, how effective communication can be maintained in their growing start-up.

Suggestions to Ensure Effective Communication in a Growing Start-up as it Prepares for its IPO:

Main Problem in Start-ups:

...Usually there is no internal communication plan or consciousness around that range of activities to be done. I think, often times we see they have little practices that work well when you have 10-20 people around a table, but that they need help when it gets beyond that--Consultant P, InMomentum.

...Someone in marketing department has been assigned the job of internal communication or sometimes, even in the HR department. Basically, wherever there is a wriggle room and someone can take on the job—Consultant Q, InMomentum.

I think the role of internal communication seems to lack a concept of home. Like sometimes it's in HR, sometimes it's in Marketing Communications. And it strikes me that it is rarely integrated with external public relations and communication, as it should be—Consultant P, InMomentum.

The fundamental problem that is witnessed in most start-ups today is the failure to have a defined internal communications department existing in the company. Most start-up leaders fail to identify the profound influence and repercussions that communication patterns can have on a growing start-up. What is the first step in building a sound internal communications system for a start-up?

We need someone in charge of corporate communications and internal communications. Someone who takes on the role, who looks at the whole company, how information is being distributed, when is it being disseminated? What's the format? Who does it? ...—Employee I, XYZ Communication.

Good habits start early. So if you aren't taking time to communicate when you are ten people, it's just going to get more difficult when you are 100, and 10 times more difficult, when you are 200.

...So companies that have good communication when they start off small, tend to, I think, get faster to that IPO stage, and then tend to do better once they have IPOed, because they are already constant at sharing information about their performances and at holding themselves accountable for communication, that ultimately they can use for shareholders—Consultant P, InMomentum.

I think if you start with a set of clearly defined methods of communication, it can scale up to a very big company. But, if you have very loosely defined methods of communication prior, then it just adds to the more confusion out there—Employee K, XYZ Communication.

The leaders should have a focused importance on internal communications when the company is founded. There should be specific individuals who focus totally on the internal communication and the issues related to it. In essence, have a proper designated home for the communications department. As the leaders begin a company, they should

lay a foundation for a solid communication system that will thrive as the company grows, and will also help in ensuring smoother flow of information in all directions. What is the best way to build such a communication system?

...And as early as possible, develop practices that are based in technology. If you start early using an Intranet and getting employees accustomed to storing knowledge and sharing knowledge, and collecting knowledge using an electronic form, I think, that makes it easier down the path to adopt that as sort of an accepted way of doing business—Consultant P, InMomentum.

The leaders need to think about how to keep the good things as they expand the company. They should work at building a firm foundation; build a good infrastructure that will allow the communication to grow the way it needs to get its success. By infrastructure, I mean technology, having means to communicate, having a mindset of knowing what is appropriate to communicate—Consultant Q, InMomentum.

A firm foundation for a well-organized communication system can be based on the advanced usage of technology (e.g. Intranet, voicemails, emails, webcasts etc.) to connect all the employees. By starting the practices in the early stages of the company growth, the communication patterns can be incorporated in the still developing company culture. This practice would ensure that the company continues to grow with a well-established communication system instilled as a basic part of its culture. What other benefits will arise from using advanced technology to build the communication system?

...So much information is lost if it isn't organized. For example, if you have to send out an address change notice, it's like having addresses all over the place as opposed to having them in a database; that is how an organized and efficient internal communication would be—Consultant Q, InMomentum.

...The companies that seem to do best are the ones that start with the basic value around the importance of communication. In addition, it is the unknown weapon of how to grow in this market space, the more you share, the more you listen, the

more you learn, the faster you can react to the market place--Consultant P, InMomentum.

...It is important to have a structure and system in place. It is a hard thing to strike when the company is big because people are already feeling left behind. If you don't do that in the beginning, then you have to spend more time later on—Consultant Q, InMomentum.

According to the findings, not only would a well-structured communication system keep the key stakeholders of a company well connected, but it would also contribute toward storing important information in an organized manner. Moreover, a sound internal communication network would help the company as a whole to react faster to market dynamics. Also, to ensure ongoing communication among different functional units of the growing organization, leaders should structure various departments in a way that will provide maximum productivity from each department. Hierarchy should not be introduced in departments that can work better as groups and teams. What should the leaders work upon to help build the communication system based in technology?

...For people who are absent for meetings, you can use Intranet to know what went on in meetings and it is a way to share information...—Consultant Q, InMomentum.

...I think we need to have some way of effectively organizing that volume of emails. We can post them somewhere on the Intranet, making it easy for someone to use your Intranet and also avoid the mass of emails. We need to look into how to be strategic, how to focus on your priorities when you are continuously bombard with emails—EMP J, XYZ Communications.

...I would strongly encourage emails as a method to actually capture that piece of information, because that's something you can actually pass on to new employees. It's captured somewhere, so you can always refer back to it—EMP K, XYZ Communications.

Thus, the leaders should utilize the company website and the Intranet to push information out to both the internal and external publics. Certain planned processes should be formalized at an early growth stage. For instance, data should be neatly and systematically organized on the Intranet to allow easy and quick access to information desired. Formal regular departmental newsletters or updates should be put on the Intranet to help facilitate cross-functional communication. Emails or electronic documents should be mandated for important information to ensure the re-usability and storage of data. In a growing company, although communication has to be formalized, the leaders should have a personal touch in the communication they disseminate to the employees at large.

In addition, postings of monthly or periodic leadership/ CEO updates on the Intranet will help keep employees well informed about the latest, important, and relevant changes in the company. Simple employee response mechanisms should be established early on. This can be done by open feedback in the form of face-to-face interactions that encourages an open trusting environment, or, it can be done through a regular feedback column on the Intranet. Communication should be done using methods according to the importance of the content: using emails, telephone calls, or face-to face, whatever the situation demands.

...The internal communication should be consistent with the external messaging, and the internal communication should connect people very well with the business strategies—Consultant S, InMometum.

...Internal communications is much like internal branding, where culture is the internal brand of the company—Consultant P, InMomentum

Lastly, while attempting to do the aforementioned, the leaders should primarily ensure that the messages they are disseminating to the employees are consistent with the external company image.

What are the other factors that the leaders should work at building in the early growth stages of a start-up?

...From the research we have done where we have seen the fastest growing company, is, when there is a very small gap between leadership capabilities of the top team and the next shooting out. And that's where scalability comes in, you know, the ability of the top team to use and empower their next layer of managers and really drive the vision down into the organization. I think, that is, when the company can be ultimately the most successful—Consultant P, InMomentum.

First of all, what immediately comes to mind is it's a two-way road of messaging. So the employees are getting information and are being able to react to that information. Secondly, it is a vehicle for galvanizing energy around business strategy, making sure that everybody is on the same page and pointing in the same direction, creating efficiencies. And thirdly, tying and connecting employees to mission critical work; making them understand how, what they are doing, is connected to the greater good—Consultant S, InMomentum.

...One factor that I think companies need to be mindful of, is making sure that communication is flowing top to bottom, bottom to top, and that there are mechanisms to do that, as much as it is multidirectional in terms of horizontal and diagonal communication. Because, again when a company starts growing rapidly, they form silos pretty quickly, and for their needs to be crossed, and team crossed, a functional communication mechanism should be in place—Consultant P, InMomentum.

Leaders have to be excellent listeners and not just be disseminating information, but should be meeting the needs of that many stakeholders. They should be able to take information from different sources and synthesize and make a sound decision—Consultant Q, InMomentum.

Communication should be done in a timely manner so that it will prevent the grapevine from growing and kind of becoming uncontrollable—Employee A, Kintana.

It is important for the leaders to frequently communicate planned strategic information to the employees. In order to have the employees all headed in the same direction with a clear vision in mind, the leaders should constantly communicate and reiterate the changing vision of the growing start-up. This will help curtail the spread of news through informal “grapevine” and idle speculation by employees. Moreover, to make sure that the messages sent are being received properly, the founders and management should ensure a proper feedback loop that will keep the two-way, symmetrical communication ongoing. The management also needs to continue being open to accepting new ideas and suggestions for improvement, put forth by the employees. What are some of the pitfalls that leaders in a start-up need to avoid?

Problem II:

... The issue is that our founders are very internally motivated and they expect their employees to be internally motivated as well. However, most people are not, they are externally motivated. So, there is that gap has to be addressed—Employee H, XYZ Communication.

... With the economy going down and with the lay-off, people are valuing their jobs more than what they have in the past—Employee G, XYZ Communication.

... They are looking more for stability and more money. Before, there was an incentive of options and stocks, now that incentive isn't valid any more because the options don't have enough value—Employee L, XYZ Communication.

Most start-up leaders are very passionate, highly energized people, driven from within to make a difference and impact in the vast unexplored technology world.

However, what these leaders need to realize is that the employees willing to come and

join their start-ups are not necessarily in the same mind-set as the leaders themselves. If not, the employees would probably have opened their own start-up companies!

Thus, the leaders of a start-up need to understand that factors of motivation are different for various individuals and that these motivation factors keep changing with time and circumstances. By catering to the general category of motivational factors, the start-up leaders can attract “good”, “talented” people, and can sustain them in the long run. Why does an employee stay with a particular start-up despite myriad opportunities in the market?

The prime factors that emerged from the study showed the following to fall in the general category of motivational factors. 1) The company vision and the future company growth prospects seem to attract a lot of individuals to work for particular start-ups. 2) The value of stock options offered by a promising start-up. 3) The work challenge: people seem to love the technology the start-ups are dealing in. 4) Work satisfaction: people like what they are doing and have a staunch belief in the company products. 5) Having a myriad of opportunities to learn from, and the latitude to do various tasks.

6) Work environment: the dynamic, informal, and fun-filled start-up culture provides a work atmosphere much appreciated by employees. 7) Work empowerment: autonomy in making decisions is enjoyed by individuals working in small start-ups. 8) Work recognition: visibility of contribution and knowing that their job is making a difference to the company profits. 9) Liking one's bosses: people have worked for certain

leaders before and want to work for them again. 10) Monetary benefits in the form of competitive salaries, compensation, and bonuses also help in motivating employees.

Conversely, it is important for the start-up leaders to be aware of the de-motivating factors that could lose them their valuable employees. The interview responses also highlighted some of the prevailing reasons for de-motivation at start-ups.

1) The leaders fail to express continual employee appreciation. “One of the problems of communication has been that there has not been enough appreciation expressed to the employees” (employee H, XYZ Communication). 2) Leaders communicate through formal corporate speeches failing to reach employees at a personal level. 3) Leaders become closed minded about various employee suggestions and concerns. 4) As the start-up grows, people begin to lose ownership of work and subsequently push the responsibility and accountability to the next person. 5) Leaders (managers, directors, supervisors, etc.) fail to give recognition and credit to the rightful individuals for a job well done. “I can give quality of work if I feel I own it. I don’t want to do something for which someone else will get the credit” (employee M, XYZ Communication).

6) Sometimes, the stratification of various departments begins to impede the employees from working as collaborative teams. 7) The rapidly growing start-up becomes so different than what it was in its initial stages that the employees begin to dissociate with the company, and leave their jobs to seek other opportunities in the market. A fact reiterated by the president of Kintana who clearly expressed that:

“employees will stay as long as it is the company they recognize, and as long as they have a part in keeping it that way”.

Thus, the start-up leaders need to realize that it is the change in culture that signals the change in the functioning of an organization. The dynamic, informal, fun-filled, and highly energized environment of a start-up is a big motivating factor for most individuals. Sustaining and nurturing the early start-up culture and ensuring to communicate it to the employees (old and new) is the challenge the leaders need to prepare for.

As the company grows, it is typical for the employees to lose touch with the leaders and managers. By facilitating accessibility with the management members and founders in the form of breakfast and brown bag meetings, the leaders and management can stay connected with the rest of the company. In addition, continuing to accommodate flexible, and open office hours will contribute in spreading a trusting and nurturing culture. The leaders need to constantly motivate employees to continue working as a team as opposed to focusing on individual contributions. At the same time, the leaders need to give employees a feeling of work ownership, and should acknowledge the right contributors while giving credit for a job well done.

What’s important is to make the employees feel connected and realize that they are all working for same goals, just from different locations. I am a passionate believer in the fact that this company has about 225 employees and they are all important, and they all need to be informed and participating equal—President, Kintana.

Thus, internal communication will prove to be effective when the leaders of a start-up manage to keep all the employees in the company well informed and connected. The main variables that need to be worked upon to achieve this goal are: the leadership styles; their decision-making approaches; human resources –hiring and recruiting processes; organizational structure and culture, public relations and communication models; and motivation factors.

By following the revised internal communications model, the start-up leaders can help establish an effective internal communication system in their pre-IPO start-ups.

Contribution to Theory and Practice

While past theories have related various variables to internal communications, the researcher took a fresh perspective of relating specific variables namely: employee communications, organizational structure, company culture, public relations and communications model, leadership styles, decision-making approaches, and motivational factors with internal communications. Within the given parameters of the start-up environment, the study added the usage of emails as a new and most prevalent form of communication. It also advanced the body of knowledge in public relations by giving a profile to the internal publics of a growing start-up.

The study provided the field of mass communications with a changing perspective of internal communications of a rapidly growing start-up and the possible reasons behind those changes. In addition, the study helped provide insight into the internal cultures and environments specific and unique to the start-up companies. It also added a new

perspective to the motivational factor relative to these small companies. The study reiterated some of the motivational patterns as predicted by theories put forth by Hoelfich (1999) and Maslow (1959).

The research supported Ott's (1989) perspective of the organizational culture as being helpful in determining factors like employee commitment and loyalty, leadership effectiveness, leadership success, creativity, innovation, and organizational survival strategies. However, the findings did not support the predictions put forth by Eisenberg and Goodall Jr. (1997) and Oden (1997), regarding traditional communication hierarchies being replaced by a team-based organization. From the study, it appeared that the start-up companies were building some sort of hierarchy to give shape and definition to the scaling organization. While the hierarchies may not have completely reflected centralized authority, speculative trends point to a shift in that direction.

According to Robbins (1987), most studies on organizational structure had been done on large and medium size companies and consequently, the impact of numbers of employees on structure was unclear. This study helped in revealing how the growing number of employees can impact the structure of a company. Findings proved that small start-ups begin to develop an organizational structure along with an increase in number of employees and also the job complexities. Furthermore, according to J. Grunig & L. Grunig (1989), size alone was assumed to affect only certain dimensions of structure, namely: vertical differentiation, formalization, and decentralization. However, the study

findings showed an influence of the size on the internal communication patterns and the company culture.

While past theories have suggested different models of communication, this study is the first of its kind where the researcher evolved an internal communications model specific to pre-IPO start-ups. Through the use of this model, entrepreneurs endeavoring to establish their own companies can realistically build better internal communication systems for their companies. The model pragmatically prepares the leaders for what changes to expect in their growing start-up, the possible ways of how communication issues can be avoided, and most importantly, how effective communication can be maintained in their growing start-up.

Limitations of Research

This qualitative in-depth interviewing study was designed to analyze data collected from three companies, a pre-IPO, a post-IPO, and a public relations firm that has helped start-ups in their internal communications systems. While the researcher got permission to conduct interviews in a pre-IPO and a public relations firm, getting permission from a post-IPO company proved difficult. The researcher had to wait for two months before she got a positive response from an IPO.

One key strength of the in-depth interviewing method is the opportunity to gather a wide variety of information across a larger number of participants, and to be able to immediately follow-up for clarification where required (Marshall & Rossman, 1995). While this study initially proposed to tape-record the interviews face-to-face with the

selected 20 interviewees, the traveling nature of the consultants made it impossible for the researcher to do so. Only one consultant was interviewed face-to-face, while the interviews with the remaining three consultants were conducted over the phone. Subsequent clarifications with regards to the interviews conducted, had to be done via email.

Similarly, one interviewee from the public relations department of the XYZ Communication was in Europe, at the time the post-IPO employee interviews were in progress. The interview thus had to be conducted long distance over the phone. Moreover, in the case of both pre-IPO and post-IPO high-tech companies, the researcher had proposed to interview individuals specifically from the communication, marketing, human resources, and public relations departments. However, at the time research was conducted, the pre-IPO company Kintana did not have a public relations or a communications departments, while the post-IPO company did not have a distinguished communications department. The researcher had to then interview individuals who were identified as part of the dominant coalition. Although the researcher got individuals from the dominant coalition to participate, the researcher was unsure of the bias that could be reflected in their responses.

The final limitation to this study came in the data analysis stage itself. Despite all endeavors, the researcher found the data collected to be very huge in volume and very difficult to manage. Organizing the data collected into chunks of comprehensible forms proved to be very challenging. Also, while transcribing various interview tapes, the

researcher found it difficult to clearly understand the accent of some interviewees and had to spend numerous extra hours deciphering what the respondent had stated. In some cases, the researcher followed the interview with emails to double check if the information was accurately being interpreted and was correctly being used in the study.

While there were the aforementioned specific problems with various aspects of data collection during the course of the research period, the overall quality of the research did not suffer. The detailed excerpts of interviews that were so embedded with data derived from the settings provided reliability to the study (Marshall & Rossman, 1995). The usage of multiple sources of evidence (triangulation) helped provide generality and applicability of the final dominant findings to other start-ups (Marshall & Rossman). In addition, the design of the qualitative study incorporating three approaches increased the credibility of the conclusions reached.

Directions for Future Research

This qualitative in-depth study demonstrated how effective internal communications could be established in growing pre-IPO start-ups as they prepared for their IPO. While the growth of start-ups is incumbent on the fluctuating market conditions, the concept of start-ups seems to be a recurring factor. When the start-up boom commences again, this finding may have more impact on the approach of start-up leaders towards building an internal communication system for their start-ups. Since this is the first such communication model specific to the start-ups, it is difficult to draw

conclusions about the magnitude of the actual impact on the internal communication system of start-ups.

There were three basic patterns that emerged during data collection, which indicated possible directions for future research. The first was the fundamental concept of extending the usability of the evolved communications model to larger, established companies. With the rapid advancement in the technology sector, it might be interesting to see how the model can be revised to help larger established companies.

The second was the fundamental concept of internal communications itself. The new approach of developing a model to connect the internal and external publics of a start-up might be worth pursuing. By evolving a connectivity model for small start-ups, the usability of it at a large scale can also be explored. That would help extending the concept to various established companies still struggling to connect their internal and external publics.

The third pattern pointed at the possible degree of interdependence among the human resources, the public relations, and the marketing departments in a company. The study gave reason to believe that there might be a strong link between these three departments and their influence on communications, both internally and externally. There could be a possibility that these three disciplines can eventually be spun off into becoming an integrated approach something similar to integrated marketing communications (IMC).

These conclusions suggest that another direction in future research could include analysis of how companies can use the advanced technologies to improve their communication systems. This study suggested that advanced technologies can and should be used to develop the communication systems in an organization. However, finding the most efficient means of doing so might involve specific sets of solutions for specific company profiles. As the usage of this new internal communication model grows, start-ups may be able to resolve some of these communication problems and may succeed in incorporating new advanced techniques to build their communications systems.

References

- Anderson, J. A., & Meyer, T.P. (1988). *Mediated communication: A social action perspective*. Newbury Park, CA: Sage.
- Bardwick, J. M. (1996). Peacetime management and wartime leadership. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 131-140). NY: Drucker Foundation.
- Barge, J. K. (1994). *Leadership: Communication skills for organizations and groups*. NY: St. Martin's Press.
- Beckhard, R. (1996). On future leaders. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 125-130). NY: Drucker Foundation.
- Blanchard, K. (1996). Turning the organizational pyramid upside down. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 81-88). NY: Drucker Foundation.
- Bormann, E.G. (1985). Symbolic convergence: Organizational communication and culture. In L.L. Putnam & M.E. Pacanowsky (Eds.), Communication and organization: An interpretive approach (pp. 99-122). Beverly Hills, CA: Sage.
- Bornstein, M. S. & Smith F. A. (1996). The puzzles of leadership. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 281-292). NY: Drucker Foundation.
- Bowman, B., Bowman G.W., & Resch, R.C. (1984). Humanizing the research interview: A posthumous analysis of LeRoy Bowman's approach to the interview process. In Quality & Quantity, Vol. 18. 159-171.
- Bridges, William (1996). Leading the de-jobbed organization. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 11-19). NY: Drucker Foundation.
- Brundrick, M.C., & Summerlin, R.J. (1996). Brief index of self-actualization: A measure of Maslow's subject(s): Self-actualization (Psychology). Journal of Social Behavior & Personality, Vol. 11.
- Burns, T., & Stalker, G. M. (1961). *The management of innovation*. London: Tavistock.

- Burt, N. (1992). Visionary leadership. SF: Jossey-Bass Publishers.
- Charan, R. (2001). Conquering a culture of indecision. In Harvard Business Review, 79, 74-82.
- Conrad, C. (1990). Strategic organizational communication: An integrated perspective. Texas: Holt, Rinehart and Winston, Inc.
- Conrad, C. (1994). Strategic organizational communication: Toward the twenty-first century. Fort Worth: Harcourt Brace College Publishers.
- Daniels, T. D., & Spiker, B. K. (1987). Perspectives on organizational communication. Dubuque, IA: WM. C. Brown Publishers.
- D'Aprix, R. M. (1977). The believable corporation. NY: Amacon.
- D'Aprix, R. M. (1982). Communicating for productivity. NY: Harper & Row.
- D'Aprix, R. M. (1988). Communication as process: The manager's viewpoint. In G.M. Goldhaber & G.A. Barnett (Eds.), Handbook of organizational communication (pp. 265-272). Norwood, NJ: Ablex.
- Davis, C. (1996). You are the company: The demands of employment in the emerging corporate culture, Los Angeles, 1900-1930. In Business History Review, Vol. 70.
- Deetz, Stanley. (1995). Transforming communication transforming business. NJ: Hampton Press Inc.
- Dover, C.J. (1964). Three eras of management communication. In W.C. Redding (Ed.). Business and industrial communication: A source book (pp. 61-65). NY: Harper & Row.
- Dozier, D. M., Grunig, L. A., & Grunig, J. E. (1995). Manager's guide to excellence in public relations and communication management. NJ: Lawrence Erlbaum Associates.
- Eisenberg, E. M., & Goodall Jr., H. L. (1997). Organizational communication: Balancing creativity and constraint (2nd ed.). Boston, MA: St. Martin's Press Inc.
- Emanuel, M., & York, A.M. (1988). Handbook of human resources communications. Greenvale, NY: Panel Publishers.

Farace, R. V., Monge, P.R., & Russell, H. M. (1977). Communicating and organizing. Reading, MA: Addison-Wesley.

Farren, C., & Kaye, L. B. (1996). New skills for new leadership roles. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 175-187). NY: Drucker Foundation.

Fisher, D. (1981). Communication in organizations. NY: West Publishing Company.

Galbraith, J. R. (1973). Designing complex organizations. NY: Addison-Wesley Publishing Company.

Ghemawat, P. (1991). Commitment: the dynamic of strategy. NY: Free Press.

Goldhaber, G. M., Dennis, H. S., Richetto, G. M., & Wiio, O. A. (1984). Information Strategies: New pathways to management productivity (Rev. ed.). NJ: Ablex Publishing Corporation.

Goldsmith, M. (1996). Ask, learn, follow up, grow. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 227-237). NY: Drucker Foundation.

Goleman, D. (2000). Leadership that gets results. Harvard Business Review, 78 78-90.

Gronstedt, A. (1996). Integrated communications at America's leading total quality management corporations. In Public Relations Review, 22, 25-43.

Grunig, J. E. (1984). Organizations, environment, and models of public relations. Public Relations Research and Education, 1 (1), 6-29.

Grunig, J. E. (1992). Excellence in public relations and communication management. NJ: Lawrence Erlbaum Associates Publishers.

Grunig, J. E. & Grunig L. A. (1989). Public Relations Research Annual, 1. NJ: Lawrence Erlbaum Associates Publishers.

Grunig, J. E. & Hunt, T. (1984). Managing public relations. Fort Worth: Holt, Rinehart & Winston.

Hage, J. (1980). Theories of organizations: Forms, process, and transformations. NY: Wiley.

Hage, J., & Hull, F. (1981). A typology of environmental niches based on knowledge technology and scale: The implications for innovation and productivity. Working paper I. Maryland: University of Maryland.

Hall, R. H. (1977). Organizations: Structure and process. NJ: Prentice-Hall, Inc.

Hall, R.H. (1987). Organizations: Structures, processes, and outcomes (3rd ed.). Englewood Cliffs, NJ: Prentice-Hall.

Handy, C (1996). The new language of organizing and its implications for leaders. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 1-3). NY: Drucker Foundation.

Harrison, F. E. (1987). The managerial decision-making process (3rd ed.). Boston: Houghton Mifflin.

Herzberg, F., Mauser, B., & Snyderman, B. B. (1959). The motivation to work. NY: John Wiley & Sons, Inc.

Heskett, J. L., & Schlesinger, L. A. (1996). Leaders who shape and keep performance-oriented culture. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 111-120). NY: Drucker Foundation.

Hoeflich, H. I. (1999). Making staff strategic partners in success. In Association Management. 51.

Jablin, F. M. (1987). Formal organization structure. In Fredric M. Jablin, Linda L. Putnam, Karlene H. Roberts & Lyman W. Porter (Eds.), Handbook of organizations communication: An interdisciplinary perspective (pp. 389-419). Newbury, CA: Sage Publications.

Kanter, R. M. (1996) World-Class leaders: The power of partnering. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 89-98). NY: Drucker Foundation.

Kestin, H. (1992). Twenty- first- century management. NY: Atlantic Monthly Press.

Kettering, C.R. (1991). A no-cost approach to incorporate behavioral awareness into decision-making. In Journal of Cost Management. 5.

Lacy S., Sohn A. B., Sylvie G., & Wicks J. L. (1999). Media management- a casebook approach. NJ: Lawrence Erlbaum Associates, Inc.

Larson, J., Jr. (1989). The dynamic interplay between employees: Feedback-seeking strategies and supervisors' delivery of performance feed-back. In Academy of Management Review, 14, 408-422.

Locke, E., & Lantham, G. (1984). Goal setting: A motivational technique that really works! Englewood Cliffs, NJ: Prentice-Hall.

MacVicar, D., & Throne, D. (1992). Managing high-tech start-ups. MA: Butterworth-Heinemann.

Marshall, C., & Rossman, G. B. (1989). Designing qualitative research. CA: Sage Publications.

Marshall, C., & Rossman, G. B. (1995). Designing qualitative research (2nd ed.). CA: Sage Publications.

McCatharin, Z. E. (1989). Beyond employee publications: making the personal connection. In Public Relations Journal, 45, 14-21.

Melcher, A. J. (1976). Structure and process of organizations: A systems approach. NJ: Prentice-Hall, Inc.

Melendez, S. E. (1996). An "outsider's" view of leadership. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 293-302). NY: Drucker Foundation.

Miller, K. (1999). Organizational communication: Approaches and processes (2nd ed.). CA: Wadsworth Publishing Company.

Mink, B. P., Mink, O. G., & Owen, K. Q. (1993). Developing high-performance people: The art of coaching. Reading, Mass.: Addison-Wesley.

Mintzberg, H. (1979). The structuring of organizations: A synthesis of the research. NJ: Prentice-Hall, Inc.

Nadler, D., & Tushman, M. (1988). Strategic organization design: Concepts, tools & processes. Glenview, IL: HarperCollins.

Newcomb, R., Sammons, M. (1961). Employee communications in action. NY: Harper & Brothers.

Northouse, P. G. (2001). Leadership: Theory and practice (2nd ed.). Thousand Oaks: CA: Sage Publications.

O'Connor, J. V. (1990). Building internal communications. In Public Relations Journal, 46, 29-34.

Oden, H. W. (1997). Managing corporate culture, innovation, and intrapreneurship. London: Quorum Books.

Ott, S. J. (1989). The organizational culture perspective. IL: The Dorsey Press.

Ouchi, W., & Wilkins, A. (1985). Organizational culture. Annual Review of sociology, 11, 457-483.

Peters, T. (1993). Let the talk show begin. (Influence of technology on companies) In Forbes ASAP Technology Supplement, 151, 128-130.

Peters, T. J. & Waterman, R. H. (1982). In search of excellence: Lessons from America's best-run companies. New York : Harper & Row, c1982

Pfeffer, J. (1982). Organizations and Organization Theory. Massachusetts: Pitman publishing, Inc.

Redfield, C. E. (1958). Communication in management. Chicago: The University of Chicago Press.

Robbins, S.P. (1987). Organization theory: Structure, design, and applications (2nd. Ed.). Englewood Cliffs, NJ: Prentice-Hall.

Rossmann, G. B., & Wilson, B. L. (1985). Numbers and words: Combining quantitative and qualitative methods in a single large-scale evaluation study. Evaluation Review, 9, 627-643.

Rubin, H. J., & Rubin, I. S. (1995). Qualitative Interviewing- The art of hearing data. New Delhi: Sage publications.

Rudnick, M. (2000). How to Develop an Employee Communications Department-A Guidebook. Unpublished master's thesis, University of San Jose at San Jose, California.

Saba, D. (1993). Taking necessary steps to motivate quality program. In Industrial Engineering, 25, 43-45.

Schein E. H. (1992). Organizational culture and leadership. San Francisco: Jossey-Bass.

Schein, E. H. (1996). Leadership and organizational culture. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 59-70). NY: Drucker Foundation.

Seglin, J. L. (1998). The enlightened manager's guidebook. MASLOW on management. In Academic Search Elite, 20, 44-47.

Skelton, R. L. (1986). The High-tech express- (Corporations and communications technology). In Datamation, 32, 110-114.

Smith, B. (1993). Beyond chit-chat: programs reflect changing times (Employee communications). In HR Focus, 70, 13-14

Smith, K. D. (1996). The following part of leading. In Frances Hesselbein, Marshall Goldsmith & Richard Beckhard (Eds.), The leader of the future (pp. 199-208). NY: Drucker Foundation

Thayer, L. (1968). Communication and communication systems. Homewood, IL: Irwin.

Tjosvold, D. (1995). Effects of power to reward and punish in cooperative and competitive contexts. The Journal of Social Psychology, 135, 723-737.

Weber, M. (1947). The theory of social and economic organization. NY: Free Press.

Weick, K. E. (1979). The social psychology of organizing (2nd ed.). Reading, MA: Addison Wesley.

Wilson, L. J. (1994). Excellent companies and coalition-building among the fortune 500: A value- and relationship-based theory. In Public Relations Review, 20, 333-344.

Wright, D. K. (1995). The role of corporate public relations executives in the future of employee communications. In Public Relations Review, 21, 181-199.

Yin, R. (1994). Case study research: design and methods. New Delhi: Sage publications.

San José State
UNIVERSITY

**Office of the Academic
Vice President**

**Associate Vice President
Graduate Studies and Research**

One Washington Square
San José, CA 95192-0025
Voice: 408-924-2480
Fax: 408-924-2477
E-mail: gstudies@wanoo.sjsu.edu
<http://www.sjsu.edu>

TO: Sonia Saini
2147 Cuesta Drive
Milpitas, CA 95035

FROM: Nabil Ibrahim,
AVP, Graduate Studies & Research

DATE: February 27, 2001

The Human Subjects-Institutional Review Board has approved your request to use human subjects in the study entitled:

"Internal Communications in Pre-IPO Start-Ups."

This approval is contingent upon the subjects participating in your research project being appropriately protected from risk. This includes the protection of the anonymity of the subjects' identity when they participate in your research project, and with regard to any and all data that may be collected from the subjects. The approval includes continued monitoring of your research by the Board to assure that the subjects are being adequately and properly protected from such risks. If at any time a subject becomes injured or complains of injury, you must notify Nabil Ibrahim, Ph.D., immediately. Injury includes but is not limited to bodily harm, psychological trauma and release of potentially damaging personal information. This approval is in effect for one-year and data collection beyond February 27, 2002 requires an extension request.

Please also be advised that all subjects need to be fully informed and aware that their participation in your research project is voluntary, and that he or she may withdraw from the project at any time. Further, a subject's participation, refusal to participate, or withdrawal will not affect any services the subject is receiving or will receive at the institution in which the research is being conducted.

If you have any questions, please contact me at
(408) 924-2480.

Appendix

Disclaimer for Pre-IPO and Post-IPO Respondents

This study purely attempts to reflect information and observations based on the interviews and interactions with a sample of the company employees. The research envisages to provide a structural framework of the communication process between different levels of employees in the organization.

The repetitive responses of the interviewees give reason to assume that a particular pattern or attitude may dominantly prevail in the company. No names will be mentioned in order to maintain strict confidentiality of the participants. Appropriate modifications will be made in the interviewee responses to ensure the anonymity of the person being discussed. This study does not intend to disturb any existing employee relationship with other employees or with the management. It merely endeavors to act as a mirror to the company's internal communication processes and its effectiveness.

Disclaimer for Public Relations Agency Respondents

The researcher is purely attempting to get the public relations perspectives on the internal communications processes of start-ups. If specified, no names of the start-up companies discussed will be stated. Also, if specified, the researcher will refrain from using the names of the individuals interviewed. This study does not intend to disturb any existing employee relationship with other employees or with the management.

Questionnaire Protocol: Pre-IPO Company

Note: The star sign (*) signifies revised questions or questions that were added during the interview process.

Main Research Question:

How is effective internal corporate communications established in growing pre-IPO start-ups as they prepare for their IPO?

Concept I-Company Culture:

1. How would you describe the company culture?
2. How do you think the growing of the company will affect the company culture?

Concept-II-Employee Communications:

3. What is the vision of the company?
4. How would you describe the communication process in the company?
 - Company orientation and training programs for new hires
 - Top-down
 - Employee feedback to management
 - Inter-departmental
5. Who are your company's target customers?

Concept-III- Leadership Styles:

6. Who do you consider as leaders in the company? Why?
7. What do you have to say about the leadership qualities of your management members?

- ◆ What do you have to say about your own leadership qualities?
- 8. What kind of qualities do you think are necessary for an individual to be a successful leader in the start-up industry today?

Concept-IV- Decision-Making:

- 9. *How are major decisions announced in the company? Are these decisions explained?
- 10. What kind of decisions are you faced with in your day-to-day functioning?
- 11. How are these decisions taken?
 - ◆ How much information do you gather before reaching a decision?
 - ◆ Do you need to consult anyone while making any major decisions?
 - ◆ Are there any decisions (that you make) that need someone's approval?
- 12. How does work get delegated in your company?
- 13. *How do you think employees in your company should be making their decisions?

Concept-V- Motivation:

- 14. How would you describe the work environment of the company?
- 15. How does the company recognize employee achievements?
- 16. What motivated you to join the company?
- 17. How motivated are you to work for the company today?
- 18. What would motivate you to work for the company post IPO?
- 19. Are there any programs in the company to help the employees improve themselves and help them reach towards their career goals?

Conclusive Questions

20. As the company grows bigger and you go IPO, what kind of changes do you think will eventually take place in the company?

21. With the rapid company growth, what do you think needs to be incorporated to ensure effective communication within the company?

The combined analysis of the responses provided answers to the basic questions of when, to what extent, with what resources and purposes, the start-ups try to direct internal communications efforts effectively.

Questionnaire Protocol: Post-IPO Company

Note: The star sign (*) signifies revised questions or questions that were added during the interview process.

Name/Age/Position/Title/Employee #/Past work experience?

1. *Have you worked in any other start-ups before?
2. How long have you been working with the company?

Concept I-Company Culture:

3. How would you describe the company culture when you first started with the company?
4. How did the culture change after IPO?
5. What is the company vision?

Concept II-Organization Structure and Communication:

6. *How would you describe the organizational structure when you first started working in the start-up? How has it changed since then?
7. *How would you describe the communication process in your company, pre-IPO and post-IPO?
8. What is the most effective way of communicating with branch office or out of office employees?
9. What do you think needs to be incorporated to ensure effective communication in the company?

Concept-III-Leadership:

10. Who do you consider as leaders in the company?
11. What qualities do you attribute to these leaders?
12. What qualities do you think an individual should have today to be a successful leader in start-up environments?

Concept-IV-Decision-Making:

13. *How are major company decisions announced to the rest of the company?
 - *Are those decisions explained?
14. How do you go about making your decisions?
 - How much information do you gather before reaching a decision?
 - Do you need to consult anyone while making any major decisions?
 - Are there any decisions (that you make) that need someone's approval?
15. What changes did you experience in the decision-making process as a pre-IPO start-up and as an IPO?

Concept-V-Motivation:

16. How would you describe the work environment of the company before and after IPO?
17. In this influx of start-ups providing new, more challenging opportunities for everyone, how does the company work at motivating its employees and retaining them in the company?
18. Are there any programs in the company to help the employees improve themselves and help them reach towards their career goals?

19. How does the company recognize employee achievements?
20. What motivated you to join this company?
21. What aspects of communication do you think are unique to the start-up environment?

Questionnaire Protocol: Public Relations Agency

Note: The star sign (*) signifies revised questions or questions that were added during the interview process.

1. Have you helped start-ups in their internal communication processes?
2. *How would you explain the term internal communications?
3. At what growth stage of the start-up was your services rendered?
4. How would you describe the company culture of the start-up?
5. What changes have you witnessed in the company culture over time?
6. What was the total employee strength of the company?
7. Did the company have departments? If yes, please specify.
8. How would you describe the organizational structure of the company at the time you started helping the start-up?
9. How have the organizational structure, departmentalization, and internal communications changed since then?
10. How would you describe the communication process at the time you started helping the company?
11. What communication processes did you implement?
12. What factors did you evaluate for determining the communications processes to be implemented?
13. How would you describe the leaders in the company?

14. What are the three important internal communication aspects that come to your mind when you think of your time spent at the start-up?
15. What do you think motivated the employees to work in that start-up?
16. What are your comments/observations with regards to internal communications in a rapidly growing start-up?