

Hire Right and Promote from Within

Red Door

The Story | When someone at Red Door Interactive does a good job, a fellow employee will give him or her “mad props” – the firm’s term for recognition and praise. It’s just one of the ways the tight-knit corporate culture at Red Door Interactive has helped propel the internet-technology company’s lightning-fast growth. Amy and Reid Carr launched the award-winning firm in San Diego in 2002. Red Door specializes in creating websites and managing the Internet presence of local and national brands.

Engagement Strategies | The company places a premium on promoting from within and looks to create new roles based on employees’ strengths and the needs of the firm. Amy Carr, Executive Vice President of Human Resources, says Red Door prefers to “develop a bench” by hiring carefully at entry-level followed by intense training and cultivation into more senior positions. This way, she explains, upper management is fully engaged with the company’s customer service-focused culture.

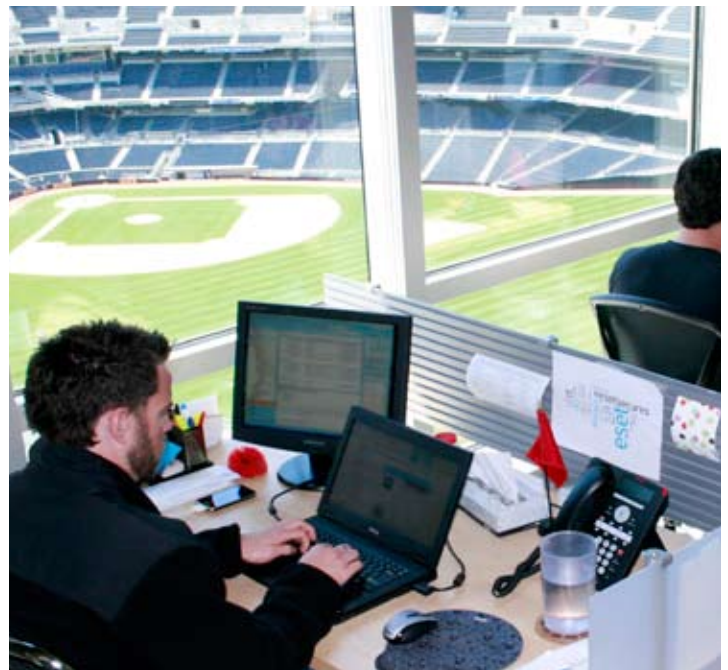
Five of Red Door’s 53 employees are entry-level. Most, however, have undergraduate or advanced degrees in their specialization. Trainings for management and non-management are offered frequently and range from job function related skill building to approaches to conflict resolution. At the end of 2009, 36% of employees had participated in a management training program. “Our challenge has been to develop those people into managers and create the structure where there is opportunity for people to develop in their careers,” says Carr.

The core company philosophy involves maximizing peoples’ strengths and helping them follow their interests and affinities as long as they match needs of the company. “There are lots of opportunities for people to become experts in new things,” says Carr. “And we always try to put people in the right roles.”

Learning and growing is part of the corporate culture at Red Door. Every fall, the company's president asks employees for a list of things they should start doing, stop doing and keep doing. "We're looking to improve the number of 'keeps,'" says Carr. Employee-cited "keeps" from 2009 include Red Door's 360 degree reviews, employee recognition and rewards, the company's core values, and its work/life balance flexibility.

To give non-managers a chance to take the lead, Red Door instituted several committees, including the Morale and Culture committee. This group keeps the office lively by organizing holiday parties and cook-off contests. In 2010, the committee investigated wellness program options. Employees may also nominate one another's outstanding performance using a peer recognition tool that is displayed on the company's internal computer network. One nominee per quarter earns a paid day off.

Carr describes the company's employees as members of "Generation Y" who "really want to participate in success and have their voices heard." Although company equity is not shared broadly, Carr and the rest of the management team developed a variable pay plan with a cash bonus that aligns compensation with company performance. "Our business model is to provide value to clients," says Carr. "We want employees to understand what they do that provides value."



AT A GLANCE RED DOOR INTERACTIVE

Business:

Internet presence management

Location:

San Diego, CA

Employees:

53

Revenues:

\$10.4 million in 2009

Engagement:

- high involvement hiring training
- promotion from within
- performance based bonuses
- engagement surveys
- employee recognition programs
- HR Director part of executive management team
- culture of trust and respect
- community involvement

Business result:

- low employee turnover
- increased profitability during economic downturn

The variable pay plan is based on five key company metrics, emphasizing customer satisfaction, three internal metrics around sales and profit margin, and a final metric around utilization of people. The cash bonus, based on hitting those metrics, is awarded based on a percentage of salary.

Other benefits include a no wait period on the company's 401(k) retirement plan and a health savings account with company contribution. Red Door offers flexible work schedules, which Carr says the Gen-Yers value and helps the firm show trust and long-term investment in employees.

Such benefit programs and engagement tools are linked to the company's clearly communicated core values and business outcomes. Their corporate credo: Inspire, Share, Evolve, Exceed, and 100% Jerk Free (i.e., encouraging each other to take chances; fostering flexibility, open-mindedness, forward-thinking concepts and taking creative and strategic risks; and maintaining a culture of open-minded acceptance and respect 100% of the time). The company is in the process of further quantifying these values to demonstrate their impact on sales, revenues and other performance indicators.

Business Results | Since its founding, the company has had strong year over year growth, expanding by 40% in 2008, with \$10.4 million in annual revenues in 2009. At the same

time, the company's focus on strong human resource practices has resulted in numerous awards, including Inc. Magazine and Winning Workplaces' Top Small Company Workplace in 2010 and San Diego Business Journal's Best Place to Work for the past four years running.

Employee average tenure is a little over three years, but this number is relative. Due to the company's high growth, there have been many recent hires. Some Red Door employees have been with the company since its founding. And as the corporate credo states, "We're 100% jerk-free," Carr says. "If we hire a jerk, other good people will leave. It costs five times more to replace the jerk."

LESSONS LEARNED:

- Hire carefully, train, and promote from within to ensure upper management is aligned with the company's customer service-focused culture.
- Align compensation with company performance on key metrics.
- Employee engagement surveys are one tool for continuous improvement.