Menlo Innovations
Dramatically Reduces Errors and Eliminates Software Emergencies Using the Influencer Model

About Menlo Innovations: Menlo Innovations produces custom software for all walks of industry, from healthcare to scientific equipment to high-fashion e-commerce. As the name suggests, Menlo Innovations is constantly generating and testing new approaches to solve new challenges. With the strength of the collaborative ideas generated, the Menlo Software Factory team has not yet faced a problem they could not successfully solve together.

THE CHALLENGE

Founded in 2001 and based in Ann Arbor, Michigan, Menlo Innovations was inspired by the creative and productive work environment demonstrated at Thomas Edison’s Menlo Park, New Jersey, “Invention Factory.” By 2007, Menlo Innovations had become one of Inc. 500’s fastest growing, privately held firms in the United States. The driving factor behind everything Menlo does is to create useful and marketable products that deliver real business value and to “end human suffering in the world as it relates to technology,” says Rich Sheridan, CEO and co-founder of Menlo.

Menlo isn’t a typical tech company. Sheridan, along with his co-founder, James Goebel, set out to create a different company—one where collaboration was valued and at the core of everything it does, and one where innovation was highly regarded. So when Sheridan and Goebel started Menlo, their goal was to create a culture where individuals didn’t feel alone, isolated, or cut off from the rest of the group and where no one was the sole possessor of certain knowledge.

“A classic symptom of crisis in our industry is the thinking that if we hire smarter and smarter programmers and lure them away from our competitors by paying them more, then we will avoid crisis,” Sheridan says. “We realized that it’s more important to build a strong team and system. Rather than bet your success on one genius programmer who grows bitter and cantankerous because he or she is isolated and working 12 to 14 hours a day without vacation and an inflated salary, it’s more advantageous to ensure the team is the tower of knowledge, rather than an individual. All your success—and failure for that matter—should not be dependent on one person.”
THE SOLUTION

Unwittingly at first, the Influencer model from VitalSmarts shaped the way Menlo established their work model. While Sheridan and Goebel had instinctively followed the principles of Influencer in addressing the challenges inherent in the industry, they decided to see how mapping their organizational design to the Influencer model could help their business even more. Based on their experience, they had already determined the vital behaviors they wanted their employees to exhibit on a daily basis:

- No single line of code can be typed into a computer unless two people are at the keyboard collaborating on that code. This became Menlo’s standard behavior.
- Working in pairs is not optional. Collaboration is expected every minute of every workday. Pairs are assigned so no cliques can be formed, helping to eliminate tension in the workplace. Pairs are also switched every five working days so knowledge is continually transferred among all employees.

After identifying the vital behaviors, Sheridan and Goebel applied personal, social, and environmental strategies to make it easy and instinctual for their employees to adopt these behaviors. Their strategies aligned with the Six Sources of Influence™ for shaping human behavior identified in Influencer Training. Research from VitalSmarts shows that leaders who use all Six Sources of Influence are ten times more successful in creating change throughout an organization. Menlo engaged all six sources, as demonstrated in a few examples:

Structural Ability

Menlo eschewed the traditional cube and office environment and chose a factory feel— a wide-open environment where nothing is hidden. Everybody can see what everyone else is doing at all times. The leaders, including Sheridan and Goebel, are also in the open workspace. The structure of working in an open environment guarantees collaboration. Employees sit shoulder-to-shoulder and share a computer with their partner. Menlo also uses paper-based visual project management tools so everyone can see each step of the project the team is completing and what work still needs to be done.

Structural Motivation

The whole team was put in charge of the office layout. The flexibility of the open space allows the staff to form the space in a way that works best for teamwork and collaboration (using lightweight aluminum tables and ubiquitous power and network attachments). This freedom generates energy and excitement as people get to be in charge of how the workflow and work team patterns emerge.

Social Motivation

Sheridan says that working with a pair partner means you’re motivated to stay on task because you don’t want to let your partner down. Accountability is also high because employees must publically indicate their project status by declaring the tasks they are working on. In addition, an employee is motivated to learn skills from his or her partner, so he or she can teach those skills when paired with others in the future.

Social Ability

By placing people in pairs, team members get instant help with a skill they may not have yet mastered. Pairing up with a fellow staffer makes knowledge sharing a natural part of the workday at Menlo. When everyone models specific behaviors, those who need additional help and coaching receive that development in real time from their peers. And at Menlo, employees do not communicate via email. Instead, their environment allows them to deal with challenges face-to-face. As a result, the teams often come up with a better solution together than any one employee would on his or her own.

Personal Motivation

Sheridan and Goebel believe that engineers are motivated by serving others and by seeing the work of their hearts, hands, and minds delighting the users of the software they create. To stay connected to this motivation, teams demonstrate progress to their customers in weekly Show & Tells. Each pair talks directly with the client about the specific work they did that week and sees the client’s emotional reaction first-hand. This exchange reminds team members that their work matters and their contribution is important.

Personal Ability

Abundant books, Lunch & Learns, pairing with people who are willing to share knowledge, and opportunities to present in front of customers each week all contribute to a learning environment that increases the personal ability of each and every team member. In addition, staying in conversation with your pair partner throughout the day, including daily one-on-one feedback sessions at 4:45pm each day, builds social awareness that is often lacking in technical teams.

About Influencer Training®

Create rapid and sustainable behavior change in your organization with Influencer Training. Equip participants with a step-by-step approach for becoming exponentially more successful in changing the way others think and behave. This training infuses classroom time with original video clips of modern-day change agents who have solved some of the world’s most complex business and societal problems. The Influencer course delivers an award-winning, proven model for changing behavior by applying six sources of influence to solve your most persistent problems.

About VitalSmarts®

Named one of the Top 20 Leadership Training Companies, VitalSmarts, a TwentyEighty, Inc. company, is home to the award-winning Crucial Conversations, Crucial Accountability, Influencer, and Change Anything Training and New York Times bestselling books of the same titles. When used in combination, these courses enable organizations to achieve new levels of performance by changing employee behavior. VitalSmarts has consulted with more than 300 of the Fortune 500 companies and trained more than 1.5 million people worldwide. www.vitalsmarts.com


THE RESULTS

As a result of these sources of influence, Menlo saw immediate results. Just about everything they measured improved. “The first thing I noticed is that our emergencies started falling away,” Sheridan says. “In my previous life as a VP of R&D at a public tech firm, I allocated 30 percent of my staff to be on call for emergencies and bug fixes all day. That doesn’t exist at Menlo.”

Menlo eliminated most emergencies by working in pairs. They also eliminated the time spent on fixing mistakes. Pair partners now catch errors early in the process, cutting the time on fixing errors to almost no time at all. The subsequent effect on morale and human energy is palpable. Sheridan says, “Without the firefighting environment I used to experience, our team feels pride every day in a job well done.”

Other companies are catching on. Nearly 4,000 people from all over the world visit Menlo’s office in Ann Arbor each year to see what their model looks like in action. Sheridan and Goebel show visitors how they work, and some stay for up to five days to be trained in the Menlo system driven by the Influencer Model.

“Early on, we understood that in order to experience different results and overcome inherent industry challenges, we’d have to run our business differently,” Sheridan says. “The Influencer model provides that framework for securing organization-wide change. Not only do we use it, but we also teach it to others, and that’s because our business results and the culture of our organization prove it works. We trained our entire staff and certified eighteen people in Influencer so that we could share these same principles with our customers.”

RESULTS AT A GlANCE

- Reduced the amount of man-hours dedicated to emergencies by 30 percent. Now zero man hours are required to address emergencies.
- Errors are fixed at the time they occur to eliminate the waste of producing defective products.
- Systematically producing great software without drama or fanfare.
- Sharing the organizational design with 4,000 visitors each year.