

Building Fanocracy Within Your Organization



Rob Parsons

Manager, Content and Brand
Paychex, Inc.



David Meerman Scott

Marketing strategist, entrepreneur,
investor and advisor

Full transcript

Rob Parsons

Welcome to the Paychex HR Leadership series. I'm your host, Rob Parsons. I lead the content team here at Paychex, and we write extensively on a variety of HR topics, covering everything from HCM technology, to team engagement, to compliance with state and federal regulations. Joining me today is David Meerman Scott. David is a renowned speaker, marketing strategist, entrepreneur, investor, and advisor to both established and emerging companies. He's also the bestselling author of 11 books, including *The New Rules of Marketing and PR* and his latest effort, *Fanocracy*. David, welcome to the podcast.

David Meerman Scott

Rob, it's great to be here. How are you doing?

Rob Parsons

I'm doing all right, thanks. Thanks for coming.

David Meerman Scott

Of course, happy to be here.

Rob Parsons

I love all the musical artifacts in your office space there. We obviously both share a deep passion for music, but I do have to say you've seen a few more live shows than I have.

David Meerman Scott

I've seen a few. I actually know the precise number: 804 live concerts since I was 15 years old. I actually have been keeping a spreadsheet since the first Excel spreadsheets came out. I had been collecting my ticket stubs before that so I went back and I entered those on the spreadsheet and have been going forward since then. Including 75 Grateful Dead concerts and I know that's incredibly geeky, but hey, I'm proud of it. I was trying to convince you, Rob, that we could talk about music for the whole podcast, but maybe we'll talk about some HR stuff too. But we can talk about music as long as you'd like.

Rob Parsons

Can do and actually that's a nice segue. I was reading your book, Marketing Lessons from The Grateful Dead, the book you wrote with Brian Halligan, CEO of HubSpot. What really struck me is while it was a marketing book, there were so many of these lessons if you look at through the lens of HR, totally applicable to engaging and motivating and making things happen within a company.

David Meerman Scott

Yeah, no, that's so true, because if you think about it, The Grateful Dead were running their business as a company. They had a board of directors made up of the band members and the crew members, by the way, which is really interesting because they're one of the only bands I know of that made the crew members equal participants in the business. They were in profit sharing and health insurance, all sorts of things that are unheard of today. They were really forward thinking when it comes to HR strategies in the way that they ran their band. And in fact, for a long time, the president of Grateful Dead, the touring company, was the tour manager. It wasn't a band member. It's just really interesting what they did and how they did it.

Rob Parsons

I love it, I love it. Your latest book, Fanocracy, it builds on some of those themes. And what I loved was while it was maybe an externally facing as well, once again, that can really be applied internally.

David Meerman Scott

Yeah, this was so much fun to write; Fanocracy. I wrote it with my daughter Reiko, she's now 27 years old. We started this project about five years ago, because I was lamenting to her. I was like, "I need to come up with some new idea for a book. I love writing about digital marketing, but I've done that enough. I want to think about something new." We just started talking in a separate conversation about the things that we're a fan of. She obviously knows I'm a huge live music fan. I actually indoctrinated her into it. The first show I brought her to, she was seven years old. It was the Psychedelic Furs, the Go-Go's, and the B52's, which was quite a lineup, I must say. Then the first time she chose the band, she was nine and she wanted to go see Pink, not a bad start for a young lady, and she's introduced me to a ton of new music since then.

David Meerman Scott

But her real love is Harry Potter. She's seen every movie multiple times, read every book multiple times and even wrote an 85,000 word alternative ending to the Harry Potter series where Draco Malfoy is this spy for the Order of the Phoenix. I'm a huge live music fan. I'm obviously an older generation than her because I'm her father. I'm a man, she's a woman. My wife is Japanese, Reiko is mixed race and was born in Tokyo and she's a medical doctor. She just started in the emergency department as a doctor in the Boston Medical Center. So we're utterly different as people, my daughter and I, but we have this same idea of fandom, her being a fan of Harry Potter, me being a fan of live music, especially The Grateful Dead.

David Meerman Scott

So we decided to research how and why do people become fans. Spent five years doing that, dug into things like the neuroscience of fandom, what's going on in the brain when we become a fan of something. There are a couple of things that were incredibly surprising, but one of the most surprising things is that any person, organization, idea can build fans. We ran across B2B companies that have fans. We ran across insurance companies that have fans. By the way, everyone hates insurance companies, but there are some that have fans. We found a U.S. government agency that has over 60 million fans.

David Meerman Scott

You can be walking down the street of any city in the world and not be surprised if someone's approaching you wearing a NASA tee shirt. NASA is a government agency with tens of millions of fans. I spent a full day with the administrator of NASA, Jim Bridenstine, talking about just this idea about how... Because they have cultivated so many fans and, by the way, with their employees as well, because people love to work at NASA. Because they've done such a great job cultivating fans, the politicians and government officials recognize that people love NASA. The American people love NASA. Therefore, they get funding. If you hated NASA, I mean, why the hell are we spending all this money on space? They wouldn't get the funding. So it's interesting that fandom actually is a business growth engine.

Rob Parsons

It's interesting. They're still trying to get rid of the post office. And what I liked when we last talked about this was that idea of passion and all the different ways it comes through. Maybe you can tell our listeners a little bit about how we can, I guess, let it come through, for lack of a better term.

David Meerman Scott

Yeah. It's really, really interesting from the perspective of HR, how fabulously important peoples' passions are to them as an individual. This was the most surprising thing in our research of the book. It was a little surprising that any kind of organization can build fans, even a government agency or an insurance company, but the idea of how important passion is, was even more surprising to us. It turns out that we humans gravitate to people who have passion. We don't even need to share that passion with that other person.

David Meerman Scott

I will just give you an example. We met a dentist, his name is Dr. John Marashi. I actually met him after a speech. I deliver speeches at Tony Robbins' Business Mastery event. Two thousand people in the audience, I got off the stage and Dr. Marashi came up to me and says, "David, I'm a dentist. I don't have fans. What the hell are you talking about?" I said, "Well, you can and you should. What do you love to do, Dr. Marashi?" He says, "I love to skateboard. I'm a huge enthusiast for skateboarding." I said, "Well, cool. I think you should celebrate that you love to skateboard in your dental practice."

David Meerman Scott

He actually took up my challenge and actually did that. He has skateboards on the wall of his dental practice. He skateboards from one examination room to another, he has an Instagram of 15,000 followers where many of the photos are of him skateboarding. On his website, his practice website, he has pictures not just of him in his white coat looking dental like, but he also has pictures of him skateboarding.

David Meerman Scott

He called me out of the blue a couple months ago and he said, "David, this has been great. I grew my business 30% last year because of this one idea of showcasing my passion for skateboarding. Because now I'm not one of 10,000 dentists in California, I am now the skateboarding dentist in California." People are attracted to that. They don't have to be skateboarders. They're just attracted to that passion.

David Meerman Scott

I spoke with my daughter two days ago, Reiko, my coauthor, who also as I mentioned earlier, is an emergency room doctor at Boston Medical Center. Now what she told me is really interesting because we were riffing about this idea of passion in the hospital. She said that in the era of COVID that we're in right now, they have to don all of this PPE, personal protective equipment. They have to put on their surgical scrubs and they put on another set of gowns. They actually put on two masks, you put on a face shield. She said, "Daddy, what's so interesting to me is that once we put all that stuff on, we're not human anymore because the patient can't see us as a human. We look like an alien coming into their room."

David Meerman Scott

"What I've done and what many, many, many other doctors do is we show our passion for something by putting on a pin onto our white coat or onto our PPE or under our scrubs. I know some doctors who wear Boston Red Sox face masks over the top of their N95 masks." She said, "I have a Black Lives matter and a LGBTQ rainbow sticker on my badge." Sometimes she wears a Harry Potter pin and she said that the patients light up. They don't have to be a Red Sox fan, they don't have to be a Harry Potter fan. They don't have to support necessarily Black Lives Matter, but all of a sudden she's able to relate as a person to her patients simply by showing that she's passionate about something and she's a human.

David Meerman Scott

I think that this idea is really interesting from the perspective of what HR people should be thinking about. Because many times in my experience, when I used to work for companies, it didn't seem appropriate to celebrate what you love. It didn't seem appropriate to put a poster of The Grateful Dead up in your office. It didn't seem appropriate to wear a tee shirt of your favorite rock band. That actually is super appropriate because you're showing your passion to your coworkers. You're showing your passion if you do have relationships with customers, with your customers or your partners or vendors or whoever. And that passion becomes infectious and it's actually a super interesting way to grow fans of any business.

David Meerman Scott

I really think that this idea needs to get more attention in the HR community. The idea that what you do in your off time is really important for who you are as an employee. I know I'm going a long time on a very simple question here, but the other thing that comes to mind here is allowing people to express their passion. Here's what I mean by that. If you have a marathon runner as an employee and they need a weird set of hours in order to train, they've got to leave every day at three o'clock for three months to train, great, congratulations. You're going for this awesome goal. We wish you the best. Please leave every day at three o'clock. That's totally cool.

David Meerman Scott

I've heard from people who have this kind of passion and they're like, "My company says I can do it, but I can sense they don't like it and I can sense they get annoyed when I say I can't make a meeting that's scheduled at four o'clock." But the companies that truly honor that and celebrate that have employees that become passionate about the things they love and they absolutely make better employees.

Rob Parsons

I love that. It's got to be so important now when the lines between work and personal have never been as blurred, it's never been as murky as it's been these last few months.

David Meerman Scott

Oh, yeah. Especially these last few months. Depending on the business, of course, but many people work from home. Many of us have innumerate, numerous Zoom calls that we participate in. I've had people say to me, "David, I change out of my rock band tee shirt that I love, into a corporate shirt before I go onto Zoom." I was talking to my friend, who's the chief marketing officer at a company called Skillssoft. It's a big technology company and they do online education. She told me that she had conversations with the HR people and she said, "It's totally cool in our meetings, if you want to wear a band tee shirt." They had a wear your favorite band tee shirt to the Zoom meeting day. I actually got a screenshot of it because it's super cool. There's 25 people and they're all standing up and pointing to their band tee shirts. That's just a little thing, I know, but it's really powerful stuff.

Rob Parsons

It is. It's really helping individuals be themselves, express themselves. There's got to be room for that, and I love that story you just told because it's a little bit of joy. It's a little bit of joy to be able to share a bit of yourself out to the world and let people know what you're into.

David Meerman Scott

It is. Then the other thing, and I've mentioned this already, but it does serve as a powerful thing for customers. Whether you're looking for a new dentist and you decide that the skateboarding dentist is right for you, whether you're a patient who's super scared to go into a hospital emergency room, because you're really sick and you encounter a doctor who's wearing a Red Sox face mask and it makes you smile. Or where you deal with somebody at a company who tells you they're training for a marathon. I mean, these are really great things. Or they sing in a cover band, for example, Rob.

Rob Parsons

Yeah, I know a couple people that do that. It leads to another interesting point. I've always loved the idea of tribes.

David Meerman Scott

Yes.

Rob Parsons

Having my tribe and being a part of something unique and special, like a sports team, like an Apple, like a Peloton. How do we as HR leaders, can we activate that? Does that have to just be an informal process or are there things we can do to cultivate that type of sharing and connecting and engaging?

David Meerman Scott

I think it is something that can be cultivated and I've actually done a lot of digging around into this topic. I think that if you think about it, there's two elements of this. How do you cultivate it with the outside world or with your customers and then how can you cultivate a culture where people absolutely love to be part of a tribe and that tribe is the company they work for?

David Meerman Scott

Let's look at that for a second. There's no question that if you think about the culture you're building, you can create employees who are fans of the company that they work for. I'd actually share an example of the company is HubSpot. I've been fortunate to serve on the advisory board of HubSpot since the very beginning. They founded in 2006, I joined them in 2007 as an advisor. At the time I joined them, they had less than 10 employees. They had only beta software, no customers. They announced their earnings

yesterday. Their market cap on the New York Stock Exchange is over \$10 billion dollars. They have 87,000 customers and they expect to do something like \$700 million dollars in revenue this year. How do you go from founding your company in 2006 to a \$10 billion market cap in 2020? That's only 14 years. Well, it comes down to the culture that you create in the company and they have over 3,000 employees now.

David Meerman Scott

You mentioned earlier, Marketing Lessons from The Grateful Dead, which I wrote with Brian Halligan, the CEO of HubSpot. He and I are our buddies and I've talked with him about this. They specifically set out to develop a company culture where people love HubSpot and you can actually check out their culture code because it's available on the web. Just type in onto Google, HubSpot culture code and you'll find it. They posted that originally on SlideShare. Last time I checked, I think it had something like four million views. I mean, can you imagine? Just think about that for a minute, a B2B software company's culture code has four million views on SlideShare. I mean, that just says a lot right there.

David Meerman Scott

But anyway, they have a number of different things that are really interesting there. They say there is no vacation policy. You take what you need. They are obsessed about transparency and honesty. They're so obsessed about transparency that they tell employees way more than most companies do about what's going on internally. They have a super active Wiki and super active Slack channels where people discuss all different aspects of what's going on in the company. You can ask the CEO a question through these different forums. They've made their culture so transparent that they actually were worried about getting in trouble with the SEC, the Securities and Exchange Commission, because everybody there is exposed to insider information.

Rob Parsons

Right, all the time, yeah.

David Meerman Scott

Because most companies, only the various senior executives and maybe people in the accounting department know what's going on in the inner workings of the company. But at HubSpot, there's so much going on that everyone is considered an insider from the perspective of the SEC and they can't trade their stock during certain times of the year.

David Meerman Scott

What does all of this lead to? Of course, it leads to the success that we just talked about, where their earnings announcement that they did yesterday were spectacular and they've been growing steadily since they founded in 2006. But the other thing that's interesting, people truly do love to work at HubSpot. They were named the number one best company to work for by employees on Glassdoor. To be number one on Glassdoor, that's kind of cool.

Rob Parsons

Yeah. That's a huge win for an HR team who's trying to get the best talent so that they can continue to be successful.

David Meerman Scott

That's absolutely right. I spoke with Katie Burke, who's their chief people officer about this. She said, "We do not cultivate the reviews on Glassdoor. We're separate from Glassdoor, Glassdoor does their thing. Employees, if they want to, can contribute. They want to, and they do, and they made us number one. We focus on the culture. We want to make a company that people love to work at. We want to make a company

where people can feel that they can make a difference. We want to make a company where people feel that if they do a good job, they can get promoted into the next job that they want to do. And that they love their coworkers.”

David Meerman Scott

They truly are building that in a very, very remarkable way. I’m lucky because I’m very closely associated with them, but I’m not an actual employee so it’s the best of both worlds that I’m able to see what they do in a very intimate way. But I’m not actually employed an employee so I can look at it as an outsider as well.

Rob Parsons

I really enjoyed hearing that it was on purpose. I get the feeling so many companies, their culture happens by accident. The culture becomes what it becomes. There’s not this purposeful vision from the top that says, “This is not just the business we’re trying to build, but the kind of company we’re trying to be, the people we’re trying to be.”

David Meerman Scott

Yes. No, and they did. They specifically set out to do it. That culture code is a working document. It changes now and then when it needs to, but it’s absolutely something that they set out to do. They said, “We want to make a company that people love to work at, that they love to recruit their friends to work there, that they love to share how great the company is and potentially generate new customers for the company.” It absolutely does work. I’m going to say it again, but go to the HubSpot culture code and just see what they codified that every employee can see and work from.

Rob Parsons

Yeah, I want to check that out. We’re very strong in our values here at Paychex and they’ve served us very well these past few months, and I very much appreciate the attention and leadership that we have around that area. What’s on the horizon, David, as HR leaders are looking ahead trying to get ahead of this game, trying to build this fanocracy within their organizations? What kind of tools and techniques should we be thinking about beyond culture?

David Meerman Scott

What’s interesting to me right now, I’m fascinated by it, is we’re now roughly six months into this pandemic that we’re all dealing with... I think we’ve figured out if it’s the kind of business you run, the work from home thing, we’ve figured out how do you do the Zoom thing or the Microsoft Teams thing or whichever tool you use. That feels like okay, it’s not the same, but we’re still able to do business and we’re still able to move forward. I’m really interested in what’s going to happen when we are on the other side of this, and what does that mean for the world of work?

David Meerman Scott

Does that mean that if you are more productive at home, that you can stay home or are you going to be told you have to go back to the office? Does it mean that maybe we go to some hybrid model where it’s a hot desk at the office, that you don’t have your own cubicle, or you don’t have your own office, you just show up and two days a week you’re in and three days a week you’re not. Many of us have started working Saturdays and Sundays and maybe taking off time when the kids are at home or whatever it might be. Will that model continue once we’re on the other side of this?

David Meerman Scott

In my world, I think you know, Rob, that I’ve delivered speeches in 47 countries, all seven continents. The last in-person speech I delivered was on March 4th. I’ve done 30 or 40 virtual speeches since March and that’s great. But in my world, what does that mean when we’re on the back of the pandemic for my work? I

know that in-person speeches will come back, I know in-person live music will come back, and I can't wait to go to a show again. It's been since March, since I've last been to a show, but I wonder... I wonder, will there be hybrid models? Will it be a hybrid model for speaking engagements where there's part in-person, part virtual? Will it be a hybrid model for rock shows where you can buy a ticket to go live, but maybe you can also buy a ticket for some kind of virtual experience?

David Meerman Scott

I don't know. That's what's really interesting to me is this pandemic has changed us during the pandemic, but afterwards, do we go back to business as usual as if nothing happened? Or have we made changes that will be part of our lives forever now? What do you think, Rob? You answer that one. I'll put the question back to you.

Rob Parsons

And I'll take that question. I very much hope we don't go back to business as usual. I think this has been a great period of forced evolution and we've made some tremendous improvements. I know just in our own company, we've seen some real gains, some real ways of working more creatively, working better together. I don't want us to just snap back to old habits. I want us to take the best of what we've learned and do our very best to hold onto it and don't let it go.

David Meerman Scott

Good. I'm with you on that. I second that motion. Let's codify that in stone as the David and Rob culture code.

Rob Parsons

I got it. Thank you so much, David. I really appreciate you joining me today on the podcast.

David Meerman Scott

Of course, it's great fun. I wish every interviewer were as awesome as you, Rob.

Rob Parsons

Oh, that's very kind. To learn more about David, his unique approach and his books, visit www.davidmeermanscott.com. In a world where culture really is becoming king, his thinking is spot on for we in the HR industry. Thank you once again, David.

David Meerman Scott

Thanks, Rob.

Rob Parsons

Thank you for listening to this episode of the Paychex HR Leadership series. You can listen to all of our episodes on the most popular podcast platforms, as well as on paychex.com at paychex.com/worx/podcasts. We also have the Paychex Business series hosted by Gene Marks, where he talks with business owners and compliance and legal experts about the challenges facing businesses today. And you heard us mention the Pulse of HR survey. You can get your own copy of the report at payx.me/pulse2020.

Rob Parsons

This podcast is property of Paychex, Inc. 2020, all rights reserved.