

Tyler Kern: 00:03

Welcome to the Sunrise Podcast powered by Sunrise Labs. Hello everyone and welcome to the Sunrise Podcast by Sunrise Labs. I'm your host today, Tyler Kern, and today I am joined by Eric Soederberg. He is the CEO of Sunrise Labs. Eric, thank you so much for joining me.

Eric Soederberg: 00:21

It's a pleasure to be here with you.

Tyler Kern: 00:23

Absolutely. So today we are talking about continuous improvement and investing in your company's future, and as soon as I started thinking about this topic, Eric, it kind of took me back to one of my baseball coaches from when I was a kid and he would stand in the middle of the field every day and remind us at practice that if you aren't getting better, you're getting worse. That has always stuck with me, just to try to always be every day doing something to get better, but it's an easy sentiment to agree with, right? Just to always be getting better, always improving, but it's not always easy to put that into practice and to put the steps into place to be constantly improving and investing in the company's future. How did you do that, and how does one go about doing that, putting those steps into place and putting those concrete things in that allow for you to continually improve?

Eric Soederberg: 01:04

Sure. First, that coach analogy is great. I think a little more specifically, it's not just that you won't be getting any better and you might be getting a little worse, but everyone around you, the other players, are getting better, right?

Tyler Kern: 01:16

Right.

Eric Soederberg: 01:16

Your other Little League companions there, they're all working hard and they're going to make the team when you don't if you don't get in there and work your butt off, right? There's a couple of steps I think that are important and often overlooked. I think when you go into continuous improvement, everyone says, "Yeah, yeah, yeah, of course, we've got to do that. Everyone does that." As you go into it, consider that it's an investment, an investment that you don't know whether it's going to pay off or not, that particular item potentially that you tell people, "Yeah, go ahead work on that," or you go, "Go ahead and buy that to improve that process." It could be a tool, it could be training. How do you make those decisions? I'll start by backing up a little bit and saying the first thing you need is to make sure you and your company have a culture of continuous improvement, and to do that it requires making those investments. It requires that when someone comes into your office saying, "Hey, I've got a great idea, but I've got to buy this thing," or "I've got to take this class." It requires you saying, "Yes," and you go ahead and do that.

Eric Soederberg: 02:24

There's a number of levels where this works. First of all, it's not just that it's going to improve your company right there, but it first concentrates on this culture where you want people to come to you with ideas to improve things. When I first started working for Sunrise, though, like 11 years ago, the company was in a mode of trying to get the most out of it without doing much investing, and people were not asking for stuff. The oscilloscope and the lab was 20 years old and, "Oh, I like this old oscilloscope," or something, opposed to, "Come on. We've got to do better than this." So really I adopted a policy of, "Just say yes." Again, it's not just that particular decision on whether that's the right thing or not. It's telling your managers to come to you, your people that come to you and ask for things that, "I believe in you. I believe you know what's right."

Eric Soederberg: 03:22

It's very natural for people to want to improve their lot. Continuous improvement is built into us. It's a nature thing. People are happier when they're working toward a better life for themselves and better processes and more efficient ways of doing things. The first thing you have to do is you've got to support that.

Tyler Kern: 03:43

Definitely.

Eric Soederberg: 03:44

Once you establish this culture, you need to start prioritizing and making sure you're focusing your attention on the things that are most important to the company. But even to get going, I would say setting that culture is a critical piece that's often overlooked. Let me share a quick story here. I had a manager that we hired from another company, and she had been working with us for about two months and came into my office loaded for bear, and said, "Hey, look. If we had this, we could do this, this, and this." If we had another, I think it was an iPod, no iPad, excuse me, we could do this, we could do that. After a couple of minutes of this, I looked her in the eye. I said, "Are you asking me if you can buy an iPad?" And she said, "Yeah." I said, "Well, just go buy it. What are we ... We don't have to talk very long about that."

Tyler Kern: 04:33

Right.

Eric Soederberg: 04:33

"If you want it and you think it's going to help you, you go get it." It was like, "Wow. In my last company I had to do a full PowerPoint and describe the benefits and the costs and how it would pay off and its return on investment." Well we're not in an industry where you need to count the pennies. If I look at the scheme of things, the cost of an iPad is nothing compared to our people knowing that we want to invest in them and their ideas and making the company better.

Tyler Kern: 05:04

Wow, that's a fantastic point, and kind of a beautiful company culture to be creating. One of the things I also think about when I think about this is that sometimes improvement requires going outside of a comfort zone and taking a risk and trying something. There almost also needs to be this culture and this attitude that it's okay to take risks and it's okay to fail and not all investments are always going to pan out the way you want. How do you approach that idea? That not all investments are going to work out and not all risks are going to pay off, but at the end of the day you've helped create this culture that does foster continuous improvement.

Eric Soederberg: 05:40

Yeah. That's one of the risks. It was, I think, Lester Thoreau, a pretty famous economist, said that, "Fortune favors the bold." You could take a risk and you might fail, or you can not take a risk and you will fail. I think that's an important thing to remember here is this is what business is. It's about investing in things, and in product development we know most of the things we do have never been done before, so the outcomes aren't known, so the most important thing to do is to not shoot people for failing. We paid a lot of money and integrated a system for resource tracking, for instance, that after a year and a half or so realized this just isn't working for us. It's okay. We'll move on. Now we have a much better idea of what we do need and what we don't need, and so the process of going through and integrating a tool that wasn't right for us was a good learning exercise, moving us toward where we need to be. It's back to your baseball coach that said, "You better be doing something."

Tyler Kern: 06:48

It really is a great point, and he was absolutely right, as it turns out. Just every day seeking to do

something better than you were doing it the previous day and that sort of thing. I really liked the story of empowering your employee to say, "Look, if this is something that helps us get better as a company and it helps you do your job better and shows this investment in, hey, we want you to be able to have the tools necessary to accomplish the job, that you should feel the freedom to go and buy it and to get it. We're going to say yes because we want that attitude and that atmosphere fostered here, and we also want you to know that you're a valued employee," and that sort of thing. That has benefits beyond just the iPad, right? That encourages employees to feel the freedom to continue to improve at a place.

Eric Soederberg: 07:31

Yeah, exactly. A lot of this continuous improvement stuff started with the manufacturing systems, the Toyota production system, Kaizen groups, or quality circles. This is what they learned when they put a group of people together on their production floor, the people that are assembling things day in, day out, they're the experts on how to do this, and they empowered them with the tools to plan, do, check, act, cycle. Having those people involved in that empowers them and motivates them. The rewards are incredible once you've engaged your workforce that way. It's more than you can do with a raise or with money. It's the kind of environment people want to be in.

Tyler Kern: 08:18

Absolutely. As you say that, it's the kind of environment people want to be in, when you hire well and hire talented people and then provide this type of environment that they want to work in, that they enjoy working in, and you have that attitude of continuous improvement and continue to set challenges out in front of people, then you give them a reason to stay at a place. When you do all of those things, well chances are you're going to have a successful business and you're going to see success. What have been some of the tangible benefits that you've seen of this style of leadership that you've employed at Sunrise Labs?

Eric Soederberg: 08:47

Okay. Well, continuous improvement doesn't cover the whole gamut of what we do at all, but it's certainly maybe an indicator of, or it's a piece of what we do. We have very low turnover, and we also are able to attract really great people. Once we get a person or two from a given company, word spreads back in the company they came from, and we hear from others. It's all a nice virtuous cycle. Another piece that employees like to see is that the particular thing they're working on is moving Sunrise as a company in the right direction, and they can see that their efforts support a higher goal. Toward that, there's a way of organizing and prioritizing your improvement process, and the process we use is called OKRs, or Objectives and Key Results.

Eric Soederberg: 09:45

Learned about OKRs from a book that John Doerr, the famous investor from Silicon Valley, wrote called Measure What Matters. It's sort of a top down. You have a couple of key objectives for the company and those objectives are broken into key results and those key results become the objectives for the next year down. You go down more or less through a management chain hierarchy of goals that build up to your top level goals. I'll give you an example, a couple of our top level goals are customer satisfaction. 100% of our clients would use us again and recommend us to others is one of our top goals. Another is our employee engagement score stays above 90% or something. Those are two sides of ... We want our clients to be real happy and we also want our employees to be engaged in and real happy with Sunrise Labs.

Eric Soederberg: 10:42

Then those kind of tier down into, "Well, okay, so let's see, for 100% of our clients come back to us, well, we better be offering the things that they need." So that becomes a next lower level thing. Under that you might say, "Oh, let's make sure our tie to manufacturing is tight and demonstrable and we can show that to people." So it cascades down in a nice way, and somebody who's working on one of

those, maybe what looks like a small piece on its own, can see how that steps up to supporting the success of Sunrise.

Eric Soederberg: 11:17

The OKR system is still relatively new for us, but it's already had enormous benefits. It gets us working across functional areas more than just having department goals can do. It's a way of coordinating across all the different departments we have, different engineering departments, marketing, sales, and the systems, and HR is a big piece. We've got a lot of goals that are working across the company now and pulling people together to solve problems.

Tyler Kern: 11:53

Absolutely. Well, this has been just a fantastic look at just how you've been able to foster this company culture that is one of the ingredients for Sunrise Labs' success. Eric Soederberg, CEO of Sunrise Labs, thank you so much for joining me again today and talking a little bit more about how you've been able to build this, what you've done, the steps you've put in place, and where you're going in the future. So Eric, thank you again for joining me.

Eric Soederberg: 12:17

Oh, it's been such a pleasure. Great meeting with you, Tyler.

Tyler Kern: 12:19

Absolutely. Everybody, thank you so much for listening today. As always, please go subscribe on iTunes or Spotify for more of the Sunrise Podcast. You'll get previous episodes as well as the latest episodes downloaded to you as soon as they come out. So thank you again for listening. I've been your host today, Tyler Kern. Have a great day.