

"you'll never have experienced this before." Two to three years after introducing a radically new type of program, LFI would hear that other training firms or local consultants had stolen and modified the concept. The changes were usually minor, because most facilitators competing with LFI weren't experienced with design. They were more experienced in running Outward Bound and/or ropes courses, both of which were originally designed for students, not workplace complexities, and usually had generic debriefings.

LEAPFROG'S REMAINING FOUNDER: DICK EATON

Dick Eaton's philosophy of management and company culture was a product of his work experiences as well as his father's influence. His father had owned a public relations firm and had shared many stories with his family. From these, Dick learned the importance of treating everyone as an equal regardless of job title. His father hosted dinners at their home for high level CEOs, explaining to Dick that he treated them no differently from anyone else: "They all look the same sitting on the can." In one of his first jobs as a Proctor & Gamble management trainee, Dick had felt "an uncomfortable fit from the start." Though he learned a lot and was promoted to a first-line manager after two years and "managed four people who were twice my age," he hated each day. With little input into his job, he did not feel enabled to help his clients: "P&G wanted to mold me into their way of thinking" and expected jobs to be done in a prescribed manner with a "salesy" style.

Dick yearned for more say in the decisions of his day-to-day work and to be more intimately involved in the development of the products he sold. He left and got his next job at an advertising agency. To his surprise, two months later when his client cancelled its marketing budget, the agency retained Dick on its payroll. This decision soon paid off as the agency landed a large account with Finast Supermarkets and needed someone to manage it. Their commitment to him as an employee made a positive impression on him. Not long after, the president of Finast left to start his own company and hired Dick as the first director of marketing for what became Staples, Inc. As the position evolved, Dick and the executive team realized that his advertising skills hadn't prepared him to do direct marketing, and he was a poor fit with the values of the executive team and the emerging corporate culture. As a result, he was asked to leave:

Money was not my number one driver. I wasn't in a mode where I was interested in working a hundred hours a week. I had gone to search for more quality. [The executive team] had the intention of making a mark on the world, which I admired and wanted to be part of but I didn't have [that goal]. I was reducing my traditional ambition. I was going the other way in terms of fame and fortune. The traditional definition of it was not in concert with what I was feeling and seeking.

Dick then founded the Urban Outing Club and ran it out of his condo, relying on the word of mouth

of his members as its only advertising. It was a membership-based adventure and social club for people seeking community and quality of life, but were too busy to plan their own fun. Dick designed and offered creative activities and interactive experiences that "broke down barriers and let members connect with one another." Though not driven by profit, Dick had a family to support and to do so adequately would have meant increasing membership exponentially beyond its four hundred members. However, he believed that commercialization would destroy the club's unique culture so he opted to turn it over to its members. Dick took his creative ideas and began planning a for-profit firm that would offer some of the same types of team building programs to corporations. He toyed with the idea of opening a few businesses, and for each, hiring people to run them.

Dick met Julia Douglas in December 1993, and they launched the initial incarnation of Leapfrog Innovations in February 1994. Early in their discussions, Dick told her:

We are going to do this together. If we have a cash shortfall I'll be responsible for that. But anything outside of the financials, the buck stops with you. If you hire a facilitator who doesn't show up, then the call will go to you and not to me. Basically you're in charge of the day-to-day and I'll be your partner in helping to make things work but I'll only be available about half my time. So the essence of it is that if I choose to take a six-month sabbatical the business shouldn't falter.

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Julia agreed to this arrangement and left IBM in Canada to move to Boston. She took a small base salary with high profit-sharing potential, and planned to work at LFI for three years while simultaneously earning a master's degree in cross-cultural consulting. After that, she planned to open her own consulting firm.

From the beginning, LFI's employees could choose from among several combinations of compensation regarding their level of base pay and how much they shared in the company's profits. To adjust for changed personal circumstances, some employees switched to a higher base pay and less profit-sharing combination. This worked well as LFI hired "really hungry, relatively young people who wanted to learn a ton and make their mark. To them, the company was more of a mission or a calling than a job," Dick observed. They loved LFI and enjoyed their colleagues.

In LFI's first ten years, there were never more than five full-time employees, even when business was at its highest level in 2000. During peak times, Julia and the other employees worked long hours to sell and deliver programs. When the economy weakened, the types of programs companies requested changed to ones where participants brought learning back into their workplaces. This shift led LFI to develop long-term client relationships and to construct customized programs to meet those clients' needs.

THE EMERGENCE OF DIFFERENTIATED ROLES AT LEAPFROG

Though a self-admitted introvert, Dick was an excellent networker. Both he and Julia could develop rapport with

anyone. Their interpersonal skills not only sold clients on the firm, it shaped their company's culture. Dick viewed LFI as a fertile ground where employees explored their skill sets, got mentored, and developed their whole selves. In this vein, he crafted a schedule for himself that included time for personal pursuits: painting, Reiki (a Japanese spiritual healing practice), community service, and his family. He went to LFI's office once a week for the staff meeting. He preferred to maintain a private office off site where he generated client leads, negotiated large client contracts, and developed new program ideas. Julia noted that "Dick had capabilities to do more than that, but he focused primarily on building client relationships and developing marketing and product ideas."

Julia noted, "I considered Leapfrog my baby because Dick was in the distance. While he called it a means of 'early retirement' for himself, I wanted Leapfrog to thrive, not just survive." It wasn't the pay that motivated her, because she had "one fantastic year out of ten." Instead, it was the opportunity to learn an extraordinary amount. Her future goal had always been to build her own firm when she felt ready. Julia didn't want to risk going solo until she had experience and maturity, and building and managing LFI from scratch helped her do just that. She took a lot of pride in her accomplishments at LFI. She managed day-to-day operations, sold programs to clients, handled all the logistics for getting a program prepared and delivered to the client, and usually facilitated them herself. She handled

the development work (turning the concept into a documented program) without Dick, because "figuring out how to work with him was an art." As a big picture thinker, he got mired in details, slowed the process, and made it overly complicated. Given her workload, she couldn't afford any delays in the process.

From 1995 to 1999, LFI hired various people to handle sales and program logistics (see **Appendix 3**), seeking employees who were driven by LFI's mission. Many were referrals from Dick or Julia's networks or people they met through LFI's programs. LFI hired them if there was a fit between the individual's personality and the firm's culture.

Job titles were generally avoided, particularly on the sales side of the business because Dick believed titles would suggest that LFI was a typical training firm that sold generic products. Like many start-ups, its employees willingly took on multiple responsibilities. Matt, the first employee, focused on making new sales—with the understanding that he had to make most of his income through commissions. Together, he and Julia generated more business than ever. This created capacity challenges for managing and delivering so many programs, so Steve was hired to handle program logistics. Julia managed to keep the company afloat by juggling sales, managing the operations, delivering programs, and still motivating the others. Matt was put on salary, which removed the pressure to sell every minute and allowed him to assist with program delivery. He noted, "Dick was great about giving chances and building on people's

skills." When Steve left in 1997, Julia covered his responsibilities until Heidi was hired.

In late 1997, Matt left to pursue an internship for his MBA. Dick and Julia spent two to three months interviewing candidates to find someone who would represent LFI well to its clients and whose skills and personality fit with their own. In September 1998, LFI hired Dave to assist Julia with sales. Dave fielded inquiries from potential clients and worked with existing clients to sell programs to their other departments. Selling involved a needs analysis, recommending a solution, and writing a proposal. He recalled that his job wasn't that narrow: "There was a line in my job description that read, 'Lots of other stuff as necessary,'" an expectation held of all LFI employees. This included brainstorming sessions to tweak existing programs or develop new ones. "One of the best results of my experience was that I realized I had a creative side that, until then, had been untapped." He tried two ideas: marketing LFI at a trade show and offering an incentive program for hotel managers who referred business, neither of which paid off. He characterized the decision to experiment as reflective of LFI's culture—"If you had an idea and felt strongly about something then you had leeway to try it. If you made a mistake, it was not the end of the world. I didn't think I could keep making mistakes, but trying new things was the only way we were going to grow, and the only way I was going to grow professionally." He saw that as one reason why Dick was careful about hiring: "He's the kind of person who

thinks the quality and characteristics of people are just as important as the exact skill set they bring to the table."

CHANGES AND GROWTH IN STAFFING, SERVICES, AND WORK ROLES

Revenues doubled from 1999 to 2000, although LFI's infrastructure was little changed. Heidi left that year to hike the Appalachian Trail. One of the facilitators, Chris, handled logistics until Heather was hired as the logistics program manager. Business boomed and Julia worked sixty to eighty hours every week not counting travel to client sites. Her work ethic was legendary among LFI's employees and facilitators. She said, "The year 2000 itself was the most ridiculous year of my life; it was just insane." Dick suggested they hire a manager so Julia could focus on Total Team Performance Solutions™ consulting, which she now preferred over LFI's other programs. Dick did most of the interviewing that resulted in Allison's being hired, albeit more on chemistry and raw talent than experience in the industry. Dick considered her "a brilliant woman and very talented in so many ways and a great qualitative kind of person." Though she was hired to be the managing director she "had only a general idea of what that meant—nothing in writing ... it was nebulous." Allison took on responsibility for bookkeeping, client invoices, management of the physical location and staff, and the day-to-day operations of the LFI.

Allison also expected to generate revenues, but the learning curve for selling LFI's unique training

programs was steep. Dave noted that it could take a while, especially when coming from a different industry: "It required actually going to the programs and seeing them and understanding how they benefited the client organizations so you could sell them." Allison agreed, "There was so much content to learn ... early on it was a lot of watching Julia and listening and trying to really get up to speed on the programs so I could make client calls and write proposals. There really wasn't any archive of information to access that would give me all the stuff I'd need to know to say confidently to a corporate client, 'here's what we can offer, here's what it looks like, and here's what it's going to feel like.'" Given the exigencies of a busy office with few full-time workers, Allison was soon fielding client calls and trying to figure it out as she went along.

As the "logistics guru," Heather ensured that all program details were attended to in a timely manner once the account executive selected a program and facilitator. She tailored her help to meet the facilitators' individual needs and preferences. She developed forms to track information and rudimentary operational systems to improve program scheduling and delivery. She recruited, hired and trained support staff to aid these facilitators on-site. Allison and Julia mentored her, pushing Heather to gain more knowledge by aiding the facilitators on-site. "It got to the point where Allison said to me, 'Do you want to go to a client meeting too? Make calls? Try managing an account?' I could have done anything. It was up to me to say 'no, I want