Columbia University – Cultural Psychology Final Project

Providing Context to Startup Culture

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INTRODUCTION

During the past 20 years, technology startups have proliferated throughout the country. Hundreds of companies have sprung up, each hoping to leave an indelible mark on society. As the startup scene has grown, so to has the conversation regarding a "startup culture" that permeates all new ventures. However, as the "startup scene" has developed, many companies attempted to demonstrate their own specific brand of culture, one dictated by the "special" people that worked there and the vision that guided the goals of the business. Creating and marketing a startup-specific culture has become not only a method for employee recruitment, but also, it seems, a tool in convincing investors to finance ventures, as well as a means to sell the company's product. As a result, culture has become an important underlying factor in most startups' business decisions. As such, we intend to study the culture of three New York-based startups in an attempt to correlate culture, media coverage, finding, and all around success. The three startups that we investigated were Betaworks, PowerToFly, and Estimize.

Research Question:

How do the internal cultures of PowertoFly, Estimize, and Betaworks align with the external culture presented on external information sources such as the social media and various Internet sources, if at all? Are there differences that arise between the perception of these startups as they portray themselves in a public forum and what we are able to observe internally in meeting directly with them? Are there discrepancies between between their internal structure and their external appearance?

Hypothesis:

Given observations obtained through social media and news outlets and observations obtained through direct contact with the startups members and office atmosphere, the outlook on the startup will be more positive when evaluating the external information sources versus the observations gathered. This results in a startup looking more likely to be funded, have higher stronger media presence and ultimately be more successful.

AIM

Startups are known for having collaborative environments, encouraging open communication and transparency within their teams. People often choose a job or particular role at a company because they have a desire to dedicate their time and diligence to this company. Likewise, employees are often chosen for a role at a company because the employers view them as a good fit and predict future success. Both of these instances can be flawed when a company's culture is not genuine or transparent. It is important for start ups to align their internal work culture with their external presence to the outside world.

METHODS

Where? Betaworks, PowertoFly, and Estimize

Betaworks (taken from their website): "We are an internet start-up studio based in New York. We make essential products that thoughtfully combine art and science."

PowertoFly (taken from their website): "PowerToFly is the first global platform connecting accomplished female talent with companies that recognize how diversity and flexible work fuel innovation. We focus on building distributed and hybrid teams that produce superb results."

Estimize (taken from their website): "Estimize is an open financial estimates platform which facilitates the aggregation of fundamental estimates from independent, buy-side, and sellside analysts, along with those of private investors and students."

How? One field visit to each of the three start ups

Assessed the internal culture of these start ups by asking one of the founders of each start up a series of questions, such as "how would you describe your company's culture" or "what would you say are your company's most important values."

Assessed the external culture by evaluating the company's social media presence in comparison with the expressed internal values.

To Find What?

To understand the internal and external culture of each start up and what factors lead to success in tech startups in NYC.

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RESULTS

Betaworks:

- **Internal:** The culture is always changing: Betaworks supports and works with many companies. When these companies come to work at Betaworks, they bring their own culture along, which is integrated into the culture at Betaworks.
- **External:** This rapid pace of development is made possible through collaboration. Young companies can leverage the huge amount of data Betaworks has built up on the real time web. They also share engineering and design talent (Popper, 2013)

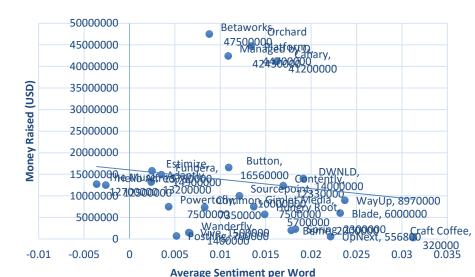
PowerToFly:

- **Internal:** The culture at PowerToFly is very unique, considering it is predominately femalebased and a remote company. As described by the founder of the company, Milena Berry, PowerToFly's culture is aligned with its core brand message and every decision made is based on the mission of the organization, which is to help women. In addition, the startup greatly values feedback and transparency among its employees, as well as a work-life balance.
- **External:** "Flexible schedules and remote work gives companies an opportunity to tap into a broader and more diverse talent pool. That includes mothers who would otherwise stay at home as well as women around the globe who live in remote areas far from big cities." - Forbes (Wirthman 2015)

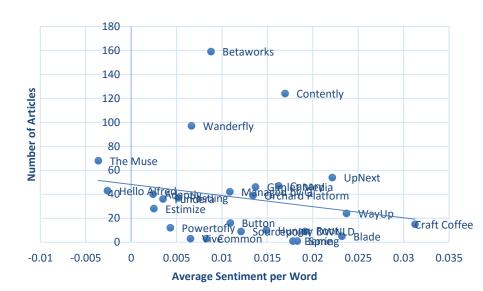
Estimize:

- Internal: The Estimize "culture" has remained stable throughout its 5 years. There has been, and continues to be, a concerted effort by the founder, Leigh Drogen, to foster an "eclectic" or "nerdy" environment, one where entrepreneurial spirit, independence, and a willingness to "fail until you succeed," are as valued as creating and selling a great product.
- **External:** "For discretionary traders, specifically of the event driven persuasion, having a set of M&A expectations should allow them to take advantage of their own beliefs if they see that they are significantly different from the crowd."

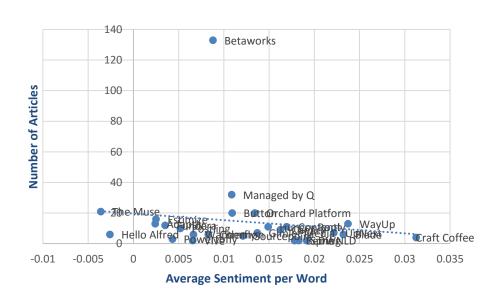
Money Raised



Number of Articles Written



Number of Investors



Quantitative Data

All three graphical presentations show a negative correlation between sentiment and their observed output. The data we have collected is inconsistent with the hypothesis and requires further analysis and data collection. We found that the average sentiment per word for the internal observations was consistently lower than the articles score, however Estimize was the most consistent.

Consistency Scores			
Company	Score	Funding	Sentimen Consistenc
Betworks	1.0	\$47.5M	4.90
Estimize	1.0	\$15.78M	1.04
PowerToFly	0.6	\$7.5M	-0.33

Consistency Score Analysis

We calculated the consistency score for each startup by taking observations that were made at the startup and finding similar observations made in articles written about the startup. We then took the percentage of consistent observations out of total observations. We found that the companies we interviewed that had a higher consistency score also had much larger funding amounts. More data is required to form a conclusive analysis.

CONCLUSIONS

Seeing consistency in media coverage can be indicative of a successful startup strategy in that the company has successfully managed, manipulated, or otherwise handled its external image as experienced by the layperson. In other words, consistency is indicative of a successful marketing and PR department.

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ACKNOWLEDGEMENTS

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