

The gospel according to Bruce

By Joanna Pachner | October 07, 2011

“If you were to be stuck on a desert island for five years, what three things would you not bring?”

Not bring? I laugh, but the trio of faces in front of me show no signs of levity. I’m undergoing a “culture fit” interview at Gap Adventures, the necessary final step in getting hired by the world’s largest eco-tour operator. At least, it’s still Gap on this day in late July. On October 1, the company to which socially conscious tourists have flocked for two decades became G Adventures, and one of Canada’s most celebrated entrepreneurial stories acquired a new title.

It wasn’t done by choice. Last June, Gap Adventures lost a trademark infringement lawsuit filed by apparel giant Gap Inc. and was ordered to change its name in the U.S. market within 90 days. But even as the company pursued an appeal, founder Bruce Poon Tip decided to rebrand—globally—in the belief that the true brand, and Gap’s source of competitive advantage, was its painstakingly cultivated corporate culture. “I’ve been on a soapbox for 15 of our 20 years telling our staff that our culture is our brand,” he says. “This is the ultimate test: if our culture is our brand, it doesn’t matter what we’re called.”

Since 2008, Poon Tip has been crafting what he says is “a business model that’s never been seen before in this country.” In a nutshell, it revolves around changing people’s lives—both customers’ and employees’—by giving their experience with the company a greater meaning than just seeing the world. To do that, he has devoted enormous energy to fostering an internal culture in which the roughly 1,350 staffers dispersed throughout the world uniformly see giving back and doing good as part of their fundamental mission.

Which is why I’m sitting on a beanbag chair in the glass-walled Rubik’s cube room at Gap’s Basecamp (a.k.a. Toronto headquarters) under the guise of being a fresh recruit. I want to see what makes this culture so unique, so productive and so central to the company’s success that it can treat a major corporate challenge like a name change as a mere operational hiccup, as Poon Tip claims. This isn’t really about the many zany perquisites, such as the annual employee Gapstock weekend featuring a costume party or celebrations such as the recent Hotdogs, Haircuts and Ice Cream event. This group, to an eerie degree, has adopted a corporate religion. “A lot of companies only measure hard dollars. That’s an easy scorecard to keep. But that’s very insular. Here, we look outside ourselves.” That’s Alex Keung speaking—the CFO.

Poon Tip believes giving staff the higher purpose of, quite literally, spreading happiness throughout the world isn’t just good for morale but great for the bottom line. “I can’t lead the best adventure service in the world without investing in the happiness of the people executing it,” he says. Gap’s values and culture are its key differentiators, he argues, helping it grow into a \$140-million-a-year business in an industry dominated by large, mature players. While it wouldn’t work for every business, Poon Tip’s culture experiment offers lessons that any entrepreneur can apply—including, perhaps, how to recognize when a culture is growing out of control.

Last year, Toronto held two mayoral elections: Rob Ford took the city's top office by a landslide, and Todd Rogerson, in a closer vote, was elected mayor of Gap Adventures. The 30-year-old sales rep triumphed over three other contenders in a two-week campaign involving custom-made videos and websites. Running on a platform of "pursue passion, connect culture," he promised, among other things, a panini press for the Basecamp lunchroom. Now, the tall, warm-voiced teddy bear of a guy is the full-time face and voice of the company, to the staff and the public.

"It could have been taken as a joke," concedes Rogerson. "A mayor of a company? When I try to explain my job, it's weird." But he's well suited to be Gap's cheerleader-in-chief. "Creating happiness and community is how I live my life. That's why this isn't a job for me. I wake up in the morning and it's like I come into a secondary home."

Poon Tip chuckles at the mention of Mayor Todd. He was delighted—surprised, even—by how enthusiastically the staff took to the election. He no longer guides the culture activities at Gap, leaving that to the Culture Club he created last year. But, seated in the Dian Fossey meeting room across from a life-size toy gorilla in a "We ♥ changing people's lives" T-shirt, Poon Tip says corporate culture must come from the top. "All companies, especially entrepreneurial companies, take the shape of the owner," he says, his ankle dancing with restless energy as he tries to make his six-foot frame comfortable in a classroom-style chair.

The 44-year-old is a charismatic mix of self-doubt and self-aggrandizement. In his public appearances—he does 25 speaking engagements a year around the world—he likes to pace and ad lib, charming audiences with self-deprecating jokes even as he paints Gap as perhaps the most innovative company on the planet. He contends that he's the best—no, the only—person right now who can realize his company's potential, and often talks about himself in the third person. Yet, he admits to recurring worry about the changes he has set in motion.

Born in Trinidad to Chinese-Spanish parents who moved the family to Calgary, Poon Tip had three ventures under his belt by the age of 16. He was 22 when he came to Toronto, planning to start a record label; but instead, the inveterate backpacker—he visited 100 countries before his 30th birthday—saw more promise in taking travellers off the beaten tourist paths.

From the start, the company was one of those fun but intense places to work, built by a tight group of passionate world travellers who disdained the passively voyeuristic tourist mentality. But it wasn't until about 2000 that Poon Tip took a rigorous approach to culture-building, in which just having cool, like-minded people around wasn't enough. He introduced the 20/70/10 performance metric—the 20% best performers are the "shooting stars," the middle 70% are "stars" and the bottom 10% are "black holes" ("We have to think of a better name," Poon Tip says with a giggle) who have to move up or out. "We had to fire the culture vultures—people involved in every committee, every sports team, going out for drinks. People who were culture fits but not productive." Most of these black holes had grown up with the company, and several were among his most senior executives.

Gap grew fast through the '00s, averaging 30% annual revenue growth. By late 2007, it had \$87 million in sales and was offering almost 1,000 tours around the world. He'd been named Entrepreneur of the Year and one of Canada's Top 40 Under 40. But a series of events shook Poon Tip's confidence.

First, Gap's Explorer icebreaker sprang a leak near Antarctica, stranding 150 passengers and crew

on icy waters and leaving ugly PR in its wake. Poon Tip also was realizing that Gap's triple bottom line—"profit, people, planet"—was no longer a differentiator in the tourism business, in which everyone was offering eco-friendly, "authentic" tours. What's more, the industry was in upheaval, with U.K. giant TUI Travel acquiring many of Gap's rivals as a brutal recession mauled the sector.

Despite the challenges, Gap grew its sales by 40% in 2008, and was registering customer-satisfaction ratings north of 95%. Poon Tip was being heralded as a wunderkind and besieged with acquisition offers, the price eventually rising well above \$100 million. And yet, he says, "I didn't like what we'd become." He calls mid-2008 "the summer of great despair."

Poon Tip views entrepreneurs as the artists of the business world, and he felt as if he'd created a painting that didn't feel like his own. "Our values as a business were not documented," he says. "Gap was growing differently in every region, and the product wasn't consistent." For 17 years, he'd been making decisions based on what he could afford, some of which, like subcontracting trips to local operators, diluted the experience quality. Once, during a flood in Peru, a tour guide hoping to boost tips from passengers told them he had to cover the evacuation costs because Gap wouldn't pay. "He wanted to create a hero experience," says Poon Tip. And this, to Poon Tip, was symptomatic of the larger problem: his staff, drawn to the company because of its sexy niche, were more focused on getting the most from their jobs than on building an important enterprise with a mission. Gap was becoming just another tour operator—very good at what it did, but not necessarily better than others. So, what would sustain its growth in the future?

Employees were puzzled by their boss's dejection. When Gap's annual brochure came out in 2008, with its first 16 pages waxing about amenities and hotels, Poon Tip, by his own admission, "flipped out"; that wasn't what he wanted Gap to be about: "But it was what we'd done for 20 years, so they're like, 'What's up with Bruce now?'" He started visiting companies he admired, such as Amazon, Dell, Oracle and Netflix, to learn the principles behind their approaches to business. (He ended up borrowing some of their ideas.) "I realized that those companies are ridiculously easy to run compared with mine," he says. "I have trips and employees in more than 100 countries. I have GE-size problems and a medium-size-business budget." He seriously considered selling the business or hiring a professional CEO to run it.

Instead, he started polling his staff about what the company meant to them. Based partly on that, he formulated five core values for Gap: to change people's lives, do the right thing, lead with service, create happiness and community, and embrace the bizarre. Now, he needed people who embraced and embodied those values. And to embody them himself, as the boss, he had to invest in giving his employees what they needed. This, as he learned by studying research into happiness, required providing workers with four universal drivers of fulfillment: a sense of progress, connectedness, control and, most important, being part of something greater than oneself.

The value of common goals and beliefs to a company's performance is well documented. The Canadian Institute for Advanced Research has found, for example, that a one-point improvement in trust in the workplace is worth more to people than a 30% increase in salary. The most effective way to boost staff engagement isn't by paying them large salaries, points out the institute's president, Chaviva Hosek, but "to have a set of shared goals they really want to achieve together."

At Gap, those goals were to transform travellers' views of the world and benefit the communities they

touched. Naturally, not everyone was on board. Some people just wanted to do their jobs; some preferred to help the world in more private ways; some were just tired of Poon Tip's constant reinventions. That summer, he took groups of staff to Las Vegas, to feel them out on whether they were in sync with the new direction and, if not, to swing the ax. He'd tell them, "I need new energy. I understand if you don't have it to give right now, but if I stay [as the leader], I have to make changes." The first group were his 12 directors. Within a year, half were gone. Most of the original staff still at Gap also left or were pushed out around then. "The older crew started to seem jaded," says Poon Tip.

Jeff Russill, a 10-year veteran of the company who is now director of operations, recalls that time with fierce partisan loyalty: "The people who really believed in what we were doing, they were excited. We had this new path. And I thought the right people were leaving." Poon Tip spent six months travelling 150,000 miles to get in front of as many employees as he could to explain the new vision. He gave up the CEO title for "founder" and made every employee who interacts with customers a CEO: chief experience officer. That put the onus on tour leaders or sales reps to take responsibility for making Gap's values a reality.

Cindy Zesk, acting global VP of marketing, who joined the company last year, recalls overhearing one of the sales CEOs explaining to a manager why she took a particular route in resolving a customer issue. She answered, "Because it was the right thing to do." "And that's when it sank in," says Zesk. "This company really does make decisions this way; it's not something they put on a T-shirt or the wall." Russill goes further, saying staff autonomy is a key part of the business model: "It's not that we let them [make decisions]. We expect them to." Sometimes, those decisions might seem imprudent, but Russill insists that if they're taken with the right intent, Gap supports them. "We don't manage exceptions," he says. "Yes, every once in a while, a tour leader will exploit that openness and trust. We deal with that. But we don't punish the business."

Last year came another turning point when, at an ad hoc funeral at Basecamp, Poon Tip announced the death of HR. "HR is an evil practice intended to take away people's freedom," he says. As companies grow, they acquire layers of bureaucracy and rules that stifle staff innovation and creativity. So, he divided HR functions between two new departments: the Talent Agency, which is charged with recruiting; and the Culture Club, whose members (called Karma Chameleons) evangelize the culture through newsletters, broadcasts and company events. (Some necessary bureaucracy remains, Poon Tip concedes, to keep order in an almost 1,500-staff organization, but those functions are split among various departments.)

The hiring process also changed. To ensure that all newcomers share Gap's values and sense of purpose, recruits undergo culture-fit interviews, conducted by three randomly chosen employees. "People have to respect each other as human beings first and connect on values—that's the price of admission here," says Poon Tip. "We no longer hire what we call 'brilliant jerks.' I get offers all the time from people who want to work for me who say they can bring in new channels of business. But it's not worth [the impact] on culture."

Still, Gap is not some idealistic NGO. The firm is consistently profitable, says Poon Tip—although the environment, from earthquakes to volcanic eruptions, and political uprisings have undercut the 8% profit goal over the past two years. The beauty of a purpose-driven culture, Poon Tip argues, is that it spurs actions that benefit the world but also burnish the brand, strengthening both customer

and staff loyalty.

For example, Gap has funded an eyesight-restoration camp in Tibet and a house for homeless children in Peru with money donated by travellers—there's no cost to the company but plenty of goodwill generated when news of another fundraising mission accomplished is broadcast to staff and customers. After the 2010 Haiti earthquake, staff organized a planeload of food within 48 hours. Gap does no business in Haiti but, says Poon Tip, "I couldn't have stopped them." The effort dominated staff time, with emails and tweets about logistics interspersed with others such as "This is why I love working for Gap."

Leah, Linden and Will, my culture-fit panelists, grow passionate as they describe other charitable initiatives. I ask how much personal time people spend on such activities, and joke about the touchy-feely vibe of the place. Their dead-earnest replies are my first hint the interview isn't going well.

Effective corporate cultures come in many flavours, but tend to have one thing in common: a set of priorities and values that are more than words in a dusty corporate manual. (Enron, infamously, had the word "integrity" carved in marble in its lobby.) Those goals are bound to vary, and so do the tools for accomplishing them.

Netflix, for example, doesn't shy away from being ruthless in enforcing its high-performance culture of recruiting (at market-topping salaries) the very best people. "Adequate performance gets a generous severance package," states its 128-page PowerPoint presentation on culture. "It's about effectiveness, not effort." Whole Foods focuses its culture on agility—the ability to pivot quickly with changing market forces.

In the end, though, a consumer buys a product or service. Can the brand be synonymous with a company's culture, as Poon Tip argues is the case for Gap? Ted Matthews, a 35-year veteran of the branding business in Toronto, answers with an emphatic yes. "Brands are built from the inside out. Your brand is what people think of you, and 'people' means all stakeholders," says Matthews. "In effect, Bruce doesn't own his brand; we own his brand in what we think of his company. At the core is how people deliver the brand."

For a company to succeed in this age of communication transparency, the inside must match the outside. That is particularly crucial for businesses that deliver a service. Jeanette Hanna, a Toronto brand strategist and author, points out that truly successful service brands have long hired based on values. Four Seasons, for example, has its own version of culture-fit interviews that test job candidates' attitudes. Do you like to serve? Are you empathetic? "It's really about clarity of why we are here," she says. "Most organizations still don't get that. You could be a tire company, something very prosaic, but if you don't have a clear sense of purpose, there is no North Star to steer by."

The Gap crew feels proprietary about the culture they've created. "It's shocking how we've embraced the movement, the revolution," says Mayor Todd as he leads a tour of Basecamp. "Pick anyone here, and I guarantee they'll have the same passion." That's true enough: the core values are inescapable at the three-storey head office, from walls to banners to staff's clothing.

We make a pit stop at CFO Keung's office. A former Bay Street investment banker who arrived here

only in November, he admits to initial culture shock. But he's already a fervent believer: "We could be doing anything—selling hotdogs or building cars—as long as we have our core values, we'll make it successful. The name or logo is just the physical skin of a brand. But our brand is who we are, what we represent—and that's our culture."

The culture has, no doubt, been a boon for Gap. Employee polls keep putting the company among the best places to work in Canada. Staff turnover is 5% annually, compared with the travel industry average of 35%. But, Poon Tip concedes, Gap's culture wouldn't work everywhere. Bank and insurance executives regularly traipse through the office looking to learn about Gap's happiness-based business model. "A lot of them think we're a cult," he laughs.

Conversely, the standard corporate workplace is an enigma for Poon Tip. In fact, he has never been a full-time employee. He was fired from each of the only two jobs he ever held—at McDonald's and Denny's as a teenager—within days for "total insubordination," he says. "People tell me about office intrigue and politics and management teams creating silos. It's one of the biggest holes in my game as a leader."

This may explain why he sees nothing odd about random staffers vetting senior hires—and why the difficulties this is starting to pose are taking him by surprise. He has been trying for more than six months to hire a global VP of marketing. After having gone through 600 resumé's, he found someone he wanted. But the candidate failed the culture-fit interview. The same thing happened with his next choice. "I've created this monster and it's coming back to kill me!" he jokes. But, he admits, it's becoming a serious concern, especially at a time of a global rebranding. Culture-fit interviews nixed five hires in the most recent quarter, including one that caused a frustrated Gap executive to vent in Poon Tip's office. (I would have been the sixth; my answers were deemed too safe and I came off as skeptical of the core values.)

But, Poon Tip says, he has never overturned a culture-fit verdict, and wouldn't. Still, he jokes that he's not sure he would pass culture fit: a harried executive who could probably recite the values backwards might have his answers deemed "too pat."

Could the culture be running away from him? It can happen. Peg Neuhauser, a San Diego-based management consultant and author of three books on this topic, says companies need to guard against fostering a monoculture. "If a company is just cloning themselves, that's recipe for disaster," she says. Were a shift in market dynamics to require a significant strategic change, an inflexible culture could put a dangerous drag on reinvention. "Without the ability to move in new directions and be agile in your culture, you're not going to survive." Hanna agrees: "Cultures have to evolve, like any ecosystem. If a culture is too homogeneous, it'll fight something new that feels like a virus. That's where leadership is important. You need to know when to intervene."

The focus on culture also can go too far. Culture shouldn't be the goal, says Neuhauser, but a tool for accomplishing goals. "Culture is a how, not a what. Strategy is what we are, what we're going to accomplish. And, sometimes, in powerful corporate cultures, culture becomes an entity in and of itself, and can undermine that strategy," she says. "The strategy/culture connection can be magical, or it can be deadly."

Poon Tip admits the renaming exercise has highlighted a weakness in his executive team. "When it

comes to something that big, they just gravitate to deer in headlights: ‘Tell us what you want us to do.’”

That raises the question of how essential Poon Tip is to Gap. He hopes to double the company’s size within the next four years, and muses about a possible IPO, “maybe in a couple of years.” If he is, as he says, “at this present time, the only one” who can realize the firm’s potential, that would not sit well with investors and a board.

Poon Tip argues that this may not be the case by the time the company is ready to go public: “I don’t think I’m unusual or unique.” As it grows, Gap will rely more on its culture infrastructure in the form of Culture Club, and Poon Tip will need to raise his game. “My leadership has to grow. [The company] will only grow if I grow.”

To his employees, though, Poon Tip is already larger than life. Those who gathered in late September at Gapstock, the annual meeting-cum-pep rally held this year in Niagara Falls, Ont., listened to him speak for seven hours, and greeted his announcement of the new name with cheers, buoyed by faith that their culture would carry them through.

But Poon Tip was nervous. “Everyone comes from all over the world and expects a happy Bruce,” he said. Yet, he knows that for all the focus on culture, a name change is a big risk. Since his final choice went against the advice of consultants, he’ll wear the result in more ways than one.

The rapt looks on the faces of the Gapstock crowd suggest it would take a huge misstep to shake their faith in their leader. But their leader struggles with doubts and second thoughts. “Every day. Every hour. Twice jogging this morning,” Poon Tip had said over lunch in August in discussing the new name he’d chosen at the time. (It was not G Adventures.) “It’s a big move. But I have to believe. Like with the culture fit, I have to believe in the process.”

Read the inside story of Gap’s topsy-turvy renaming adventure at PROFITguide.com/gap.