Organizational Physics

Structure & Design Consulting for Scaling Companies

CASE STUDY

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sounds true

> " I feel like I now spend my days doing what I am good at and am not engaged in activities I don't enjoy and am not good at. "

Tami Simon
CEO of Sounds True

Based in Boulder, CO, Sounds True was founded in 1985 by Tami Simon with a clear mission: to disseminate spiritual wisdom. Since starting out as a project with one woman and her tape recorder, the company has grown into a multimedia publishing company with a library of more than 3,000 titles featuring some of the leading teachers and visionaries. In more than three decades of growth, change, and evolution, Sounds True has maintained its clear focus on its overriding purpose, which is summed up in its ambitious mission statement, "To wake up the world."

Tami engaged with Lex and Organizational Physics to conduct a strategic alignment and organizational redesign program in 2018. At that time, the company was at $28.1M in sales and it had 145 employees. Three years later, at the time of publication of this book, Sounds True is at $47M in sales, it has a 13-member Leadership Team and 150 employees, and it has twice been included on the Inc 500 list of the fastest-growing private companies in North America. This is CAGR of 18%. Let's hear from Tami.
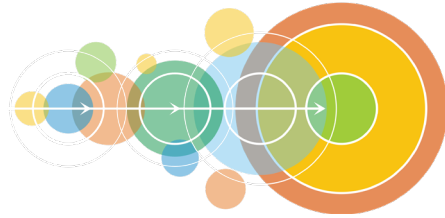
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Tell us about the origin story. Why did you start this business? What was the original inspiration or frustration?

I started Sounds True when I was 22 years old for the purpose of "disseminating spiritual wisdom." Spiritual wisdom had been a "lifeline" to me in my own experience as an alienated teenager drawn to books by authors like Herman Hesse and Alan Watts. I wanted to provide that type of lifeline to others.

Also, I dropped out of college because I realized that the type of learning of most interest to me wasn't going to happen in an academic setting. I wanted to learn about spiritual experience and understand my own inner life. As a college dropout who was waitressing to earn money, I was still super interested in LEARNING, so I volunteered to host a radio show for the community radio station where I could interview spiritual teachers. The show became somewhat popular and people liked it so much that they started purchasing cassette copies of the programs they really liked. I had a very small cottage business (me and my cassette dubbing deck).

My father died when I was 21 and I inherited $50K. I didn't want to put that money in the bank. One of the people I was interviewing suggested to me that I put the money into myself. And quite honestly, when I walked out of his office, I had a strange experience and heard a voice (for real) that said "disseminate spiritual wisdom." I knew that was what I was going to do.

Tell us about the business at the time you engaged Organizational Physics. What were the issues, frustrations, or needs you were seeking to resolve?

I could write a book here ... but will try to be brief.

We had a COO at the company who had lost favor with the staff. People felt that he was not a good organizational leader. He had a lot of vision but people felt like he was incapable of being the operational leader of the business. They "revolted" and said, "We want to report to you. You can keep the COO around if you want as a sidekick, but we won't work for him."

I didn't know how to properly organize the
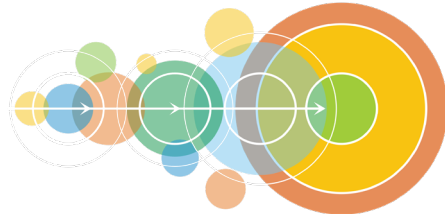
business. How could I have a role for myself that played to my strengths (which are not operational but involve speaking, writing, interviewing, inspiring people)? Should I hire a CEO? Slit my wrists? (Just kidding.) However, I did feel overwhelmed and at sea about how to structure the business so I could also enjoy my life.

At the time, we were also starting to grow a new digital direct-to-consumer business, creating and selling online courses. We built this business "on top of" our existing publishing business (books and audio programs) and quite honestly, WE WERE CLUELESS about how to organize ourselves properly. Which resources should be shared among which divisions?

And we had technology problems. We were doing our own development internally, it was expensive, and we didn't have a clear technology roadmap forward.

We had QA problems, LOTS OF RE-WORK on projects, and a bunch of good people who were FRUSTRATED that it seemed so hard to get stuff done.

We also had a CFO that I was invested in keeping but we had some very real challenges when it came to keeping our payroll costs in check, analyzing our profitability by product line, and creating a strategic financial roadmap for the business.

How successful was your organization at resolving those issues, frustrations, or needs? How is life different or better now?

Life is different in some key ways:

- I feel like I now spend my days doing what I am good at (interviewing, writing, working with authors) and am not engaged in activities I don't enjoy and am not good at (endless 1:1 meetings, etc.).
- I feel like we have a strong leadership team that is shouldering the responsibility of stewarding

the company. I have a role but it is just one role among 13. There is a sense of real distributed leadership where the burden of the stewardship of the company is shared among 13 strong shoulders.

- There are some new positions at the company that have been CRITICAL to our growth and success. We never had a Strategic Finance role broken out from under our CFO. As a result of
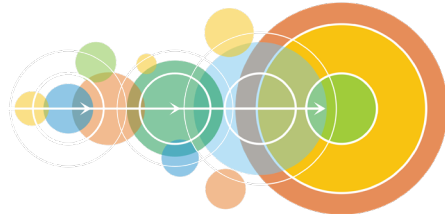
this role being properly animated, we now have a roadmap for how we can double the business over the next 5-7 years. This is JUST HUGE!!!

• We also have an ops scalability role and a PMO. Although it has taken some time for there to be clarity about these functions, these roles are helping us reduce entropy in key areas across the business (as evidenced by our entropy map over the past three offsites).

• The proof is in the pudding, the financial pudding, that is! 2020 and 2021 are BY FAR the most profitable years in the company's 36-year history. I always wanted to run the business at a minimum of a 10% profit margin ... and we finally are at that level!

As a result of your work Organizational Physics, what do you know now that you wish you knew before you engaged?

When you develop a new strategy (in our case starting to grow a digital course division), you can't just shove the work into the old organization structure. The structure needs to change when the strategy changes.

Bring in an organizational wizard like Lex early when the pain starts. (Why wait until the pain is so terrible that it feels like you've been stuck for years?)

It is better to have a staff meeting once a week than 1:1 meetings with leadership. It allows for "shared consciousness" and gets me out of spending my days being the "middle person" in conversations.

What principles of Organizational Physics do you find most helpful to you as a CEO and why?

People should work in their "genius zones" and I want to work in mine and am committed to this.

There are certain roles best suited for business drivers (my language) and certain roles best suited for the Stabilizing/Unifying types. Put people in the right roles that fit their PSIU type.

Know what your strategic imperatives are and stay focused on them like a drumbeat under
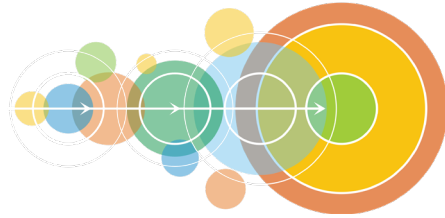
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everything. Have an offsite strategy meeting once per year to review the imperatives and keep them fresh.

Push authority down as much as possible.

I love the section in our Leadership Team meetings where we ask, "Is there anything under the table?"

This has been a powerful part of the meeting for us!

I love the T1 process and people taking responsibility for being the implementers of their own proposals for change.