



Uncovering the Enduring DNA of Zuora

ZUORA'S RISE FROM STARTUP TO UNICORN REQUIRED
A DEEP UNDERSTANDING OF WHO THEY WERE



“With the subscription economy blowing up across a range of markets, companies such as GE, Ford and HBO have turned to Zuora to help them launch or reinvent products to a subscription model. Zuora not only helps close to 1,000 companies implement subscriptions today, but it assists with insights on subscriber behavior, and helps with pricing and new revenue models.”¹

Size: **800+ employees.**

Valuation: **\$1B (Unicorn)**

Need Zuora’s CEO Tien Tzuo needed to find “the enduring DNA of the company” and then get his rapidly growing team aligned around it. He also needed for Zuora to develop and use a common framework for organization learning to retain Zuora’s startup adaptivity as a larger organization in a rapidly changing environment.

Solution Drs. Derek & Laura Cabrera conducted a two-day VMCL (Vision Mission Capacity Learning) offsite with Zuora’s CEO and top 30 executives.

Benefits The VMCL offsite yielded a refined vision and mission statement, with a corresponding articulation of key capacity elements for the business, and processes for capturing and communicating organizational learning. The participants developed a VMCL Map at the offsite. The VMCL is still used by Zuora’s executive team for strategic alignment and assessing organizational performance.

Keywords: organizational DNA, organizational design, change, culture, capacity, learning; systems thinking; systems leadership; vision-mission; clarity of purpose; reading off the same map; VMCL

¹<https://www.forbes.com/companies/zuora/>

Need

Like many start-ups, Zuora began as a small team where communication was organic and personal and the synthesis of ideas to action occurred quickly. As it grew to over 200 employees and a full management team, differing perspectives on the company’s strategic goals began to translate into varying and disconnected approaches to operational responsibilities. Zuora was going through growing pains: everyone was working hard but not necessarily moving in the same direction.

When we were smaller, the DNA of the company simply flowed from me, since I could reach everyone. But when the organization passes a certain threshold, that’s no longer possible. VMCL was invaluable for me to create structures and concepts that allow 1000 employees to come together every day without a strong central control function.
— Tien Tzuo, Zuora CEO

Zuora contacted us hoping that our VMCL systems leadership framework (Vision, Mission, Capacity, Learning) could help them to: (a) get more clarity around its vision and mission, (b) get everyone in the organization “reading off the same map” and (c) clarify its organizational capacity and learning systems.

Zuora could see the future of their expansion, and they sought to resolve the tension between their increasing headcount and the scrappy start-up attributes of speed and adaptivity. To do this, they aspired to “bake in” adaptivity within their corporate culture.

Solution

Zuora’s CEO Tien Tzuo invited 30 of his top executives to a two-day offsite at the restored Fort Baker at Cavallo Point. The relaxed and beautiful offsite environment allowed busy people to relax and “get away” from the daily grind and get them into a mode of thinking big and long term. Offsite participants included the President, CEO, CFO, and the VPs of Sales and Marketing, Engineering, Professional Services, Customer Success. Pre-offsite



“homework” included review of introductory videos on the science of complexity (*plectics*). These videos, along with the deliverables from the session, were later re-used in internal presentations to onboard employees.

Day 1 - V and M:

Participants refined Zuora’s Vision and Mission through a structured set of activities, resulting in concise statements that met a series of VMCL “litmus tests.” The VMCL litmus tests are used throughout the session to facilitate the team in zeroing in and getting clarity.

Day 2 - C and L:

Structured activities and conversations focused around organizational learning through building better mental models and in turn designing internal systems to increase capacity to do the Mission. The team built mental models of their existing and needed capacital systems: the parts of Zuora’s internal operations critical to achieving the articulated mission on a recurring basis. Finally, the NFST cultural change model (Naysayers, Fence Sitters, Supporters, and Thought Leaders) laid out steps for managing the change effort within Zuora.

Synthesizing the two days of work, the two pairs of VM and CL were designed to be fully integrated, where Zuora’s vision and mission functions were systemically linked to its capacital and learning functions.

The magic of VMCL is in the actual things we created: our vision of The World Subscribed; the Mission of helping customers Grow, Flow and Know (GFK). We broke down the company into 8 subsystems which we call PADRE/PPM, which we still use today. We’ve also since created more mental maps: GFK has turned into our 9 Keys; we have a clear customer segmentation map and a succinct “Why Zuora” for each segment; you can now double click on each of PADRE/PPM and see the breakdown of that subsystem; we have a business model for how to look at the financials of a subscription business, that we share with our customers.

— Tien Tzuo, Zuora CEO

Benefits

Enabled by the VMCL framework, Zuora’s leadership developed a practical approach to growing rapidly while remaining adaptive and self-organizing. Applying VMCL, Zuora gained clarity of vision, and a simple, actionable mission. With this organizational DNA decoded, they developed a comprehensive map of their entire organization so that everyone could literally be on the same page and share the same DNA.

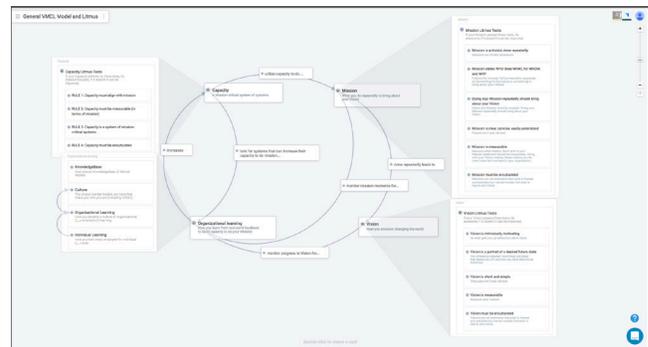


Figure 1: A general VMCL map

Zuora’s VMCL Map enabled everyone at Zuora to be on the same page. The VMCL Map included:

- A simple, clear, concise Vision: The World. Subscribed. Zuora’s Vision is also used in their external marketing.
- A simple, clear, concise and measurable Mission: Grow, Flow, Know.
- A Capacity Map of mission-critical Systems, including “enduring” frameworks and models (PADRE/PPM).
- A Learning Map with specific action steps for Zuora to become an adaptive learning organization.
- VMCL associated collateral for use in onboarding, recruiting, sales, and other functions.

Four years after our offsite VMCL continues to shape my thinking. It works in that we all share one vision and one mission, and everyone is clear what those are.

— Tien Tzuo, Zuora CEO