# HR startups helping companies engage workers, avoid workplace issues

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Amy Errett wanted to gauge employee happiness at her e-commerce startup, but surveys weren't working. Responses were often vague, unhelpful or, worse, deceitful. And even if she promised anonymity, some workers didn't trust the process.

"It just never had consistency and objectivity," said Errett, who runs the 75-person San Francisco e-commerce hair care company Madison Reed.

So she called in outsiders for help.

A new breed of human resources startups is cropping up to help companies figure out how their employees feel. By building and licensing software that has the specific purpose of measuring employee engagement, they allow companies to do snap polls, target specific teams and demographic groups, offer employees anonymity and complaint hotlines, and in some cases allow whistle-blowers to bypass C-suite executives and go straight to the board of directors.

"You've now got tools such as Strava and Fitbit for tracking your health, but where's the Fitbit for your company?" said Jim Barnett, co-founder and chief executive of Bay Area startup Glint, whose software analytics tools are used by companies to measure employee engagement.

Errett said she gained more insight into what her employees were thinking and feeling in three years using Glint. In addition to the snap surveys and polls of specific teams, it offers a heat map of the company

showing at a glance which units have the most complaints and which managers have low approval scores - allowing her to drill down on why.

Companies are coming to realize they must stay on top of their workplace culture, lest they become the next Uber, which has been enmeshed in scandal since a former employee published a blog post describing an environment of harassment in which those who spoke out were punished.

For startups such as Glint, this desire for oversight is a lucrative business opportunity. The global governance, regulation and compliance industry could be worth more than $118.7 billion by 2020, according to finance tech insights website Let's Talk Payments.

Denver, Colo., startup Convercent, which helps companies prevent and detect bad behavior, saw an uptick in interest and activity earlier this year amid Uber's fall into disrepute. Convercent has nearly 600 clients, including Airbnb, Microsoft and Tesla. Uber recently signed up as a client. Like Glint, Convercent lets companies send customized "pulse" surveys, gather confidential responses in real time and view heat maps of its problem areas. It also offers an anonymous texting hotline that lets employees report bad behavior. And if the chief executive is implicated, complaints go straight to the board of directors.

"The court of public opinion has usurped regulators," said Patrick Quinlan, the founder and chief executive of Convercent. If a company is found to treat its employees poorly or behave unethically, even if regulators don't step in, it can face costly consequences from consumer boycotts, employee attrition and lawsuits, Quinlan said.

Ruby Tuesday, the restaurant chain with more than 25,000 employees across 500 locations, has used Convercent for more than a year to ensure employees are aware of policies and procedures and offer an easy way to

reach its corporate headquarters.

Previously, if an employee wanted to report a problem, he or she had to find a phone number or email for corporate headquarters, lodge a formal complaint, and hope it was taken seriously. It was often an intimidating and uncomfortable experience, said James Vitrano, Ruby Tuesday's general counsel, who said there was no good way of tracking employee complaints.

Now that the company is using Convercent, though, problems that were previously hidden from executives who sat in offices cities or states away - such as discrimination, harassment or unfair wage practices - can be more quickly identified and addressed.

"I can get closer to that holistic, 360-degree view into the employment experience," said Vitrano, who oversees Ruby Tuesday's risk management group. "And we're protecting our shareholders from employment litigation."

Companies started taking ethics, values and employee engagement more seriously in 2002 after accounting firm Arthur Andersen collapsed because of ethical violations from the Enron scandal, Quinlan said. But it wasn't until "social media came into its own" that companies realized they couldn't stop their dirty laundry from going viral online.

"Prior to using technology to monitor ethics, people used hope as a strategy," he said.

Both Glint and Convercent offer their software as a service, charging companies recurring fees to use their products. It's a business model and opportunity that has the approval of venture capital investors, who have propped up both startups. Convercent raised $10 million in funding in February from firms such as Sapphire Ventures and Tola Capital,

bringing its total capital raised to $47 million. Glint secured $10 million in November from Bessemer Venture Partners, bringing its total funding to $60 million.

These investments hardly come as a surprise, given the interconnected nature of companies, culture and venture capital.

There's a growing body of research showing today's employees expect more from their workplaces than before. In competitive markets such as Silicon Valley, high salaries and interesting projects are merely table stakes. Employees want to feel that they're accepted and valued and that they're giving their time to a company with a positive mission.

"When people are happy to be at a company, feel their voices are heard, and that the work they are doing is rewarding, they are more committed to making that company successful," said Nina McQueen, vice president of global benefits and employee experience at LinkedIn, which uses both Convercent and Glint.

Investors achieve returns when their portfolio companies do well; companies do well when employees are committed and engaged. If third-party analytics tools promise to increase employee commitment and engagement, it's no wonder they're finding backing.

Having data on employee engagement is important, according to workplace culture experts. But the data are useless unless a company's custodians take action. In fact, if a company asks employees for their feedback, it can set an expectation that change is on the way. And if change doesn't come fast enough, or at all, it can breed disappointment and make employees disengaged.

"If you're going to ask for 4,000 suggestions, you need to be prepared to have 4,000 conversations," said Russell Raath, president of consulting at

business management firm Kotter International, who has seen companies make the mistake of relying too much on data collection. "Because if you don't follow through, employees will wonder, 'Did you really hear me? Do you care? And if you don't care, why should I care?'"

Madison Reed, which now does monthly employee surveys, has been able to take action the same day a problem is reported on Glint, according to Errett. And, after gathering feedback from employees frustrated by the speed of decision-making and the quality of communication, she was able to reorganize several teams within the company and add communication training to address the issues.

Over at Ruby Tuesday, the company is getting new insight on its employees, and it's hoping that in the long run, this will convert to better retention of workers in an industry known for high turnover.

"If you're not committed to creating a culture of transparency, you're going to lose people," Vitrano said. "And if you lose people, you're going to lose customers. And when you lose customers, you're going to lose companies."