H.R. Mixtape: Episode with Jerry Simpson and Nahed Khairallah, Global HR Strategist & Founder of Organized Chaos

Announcer:

If you're listening to the H.R. Mixtape, your podcast with the perfect mix of practical advice, thought-provoking interviews, and stories that just hit different so that work doesn't have to feel, well, like work. Now, your host, Jerry Simpson.

Jerry Simpson:

Joining me today is Nahed Khairallah, global HR strategist and founder of Organized Chaos. With a deep expertise in scaling HR for startups, Nahed is known for disrupting conventional practices and bringing structure to chaos with a people-first mindset. Nahad, thank you so much for jumping on the podcast with me today.

Nahed Khairallah:

Thank you. Appreciate it. Happy to be here and excited for the conversation. Yeah.

Jerry Simpson:

You know, I love this concept of building HR departments and, you know, having been in the roles of an HR department one and then, you know, working for a bigger organization now, There's a lot of complexity and a lot of transition that HR goes through. So, you know, in your experience, as you've gone through and helped people build those HR departments from the ground up, what's one of the first thing leaders actually often get wrong when they're starting to tackle this?

Nahed Khairallah:

Now, I love that question and I agree there's a, there's a big distinction between starting a function from scratch ground zero versus going into an established thing. But what I've seen with a lot of leaders in companies, especially growing companies, and for the most part, the leaders and executives that don't have much experience in HR or have only experienced HR as either an employee or through the lens of other people who have. The biggest mistake I see is that they first think of HR or people function when problems surface. And more times than not, those problems not only are people related, but sometimes even like, you know, compliance related. So that's kind of one of the first mistakes I see is they only address the HR function when it's gotten to a point where it is actually going to start hurting the business in a severe way, as opposed to doing it proactively. So I'm of the mindset that typically when you're a company, you started to grow beyond, you know, 20, 30 employees. It's, it's, it's time to start thinking of it, not necessarily on a full-time basis, at least on a factual and so forth and start building the foundation. But that's, that I would say is the biggest, I would say mistake I see with, with new and growing companies.

Jerry Simpson:

You know, I love that you started there because I can't tell you how many people I've talked to in my life when, yeah, I think we finally need HR. It's that.

Nahed Khairallah:

Exactly.

Jerry Simpson:

You know, policy police, which, you know, I hate that view of us.

Nahed Khairallah:

The necessary evil. Yeah.

Jerry Simpson:

And there's so much more that we can provide. You know, as you've worked with those fast growing companies, how do they balance that idea around structure and flexibility? And you alluded to it a little bit, you know, don't necessarily hire an HR person full time right away.

Nahed Khairallah:

Yeah, so I think that's an important question. Structure and flexibility, there's a very fine balance you need to hit in a growing company because too much structure leads to rigidity and you actually hold the business back. But if it's the wild west, then there's a lot of room for mistakes and really unnecessary things that you can fall into that could have easily been avoided. The most important thing I think for any HR leader, anyone who's handling HR, start with understanding the business and not only what the business does, but where is it trying to get to, when is it trying to get there, and what is the right context and what is the full context of the organization, meaning whether the research is available. Is the level of talents you have going to enable you to do all these things and so forth? Because I think those inputs are a core requirement for you to actually build the right amount of flexibility versus structure and be able to assess that, Hey, if I put an X, if I put a certain policy in place, is this actually helping us move forward and achieve what we're doing or is it going to hold us back? That is really my, from a helicopter view, how I like to approach things and how I advise people to approach things. Because at the end of the day, the HR function is there to support the business, achieve its objectives. It's not there to hold it back and be this ultra risk-averse function, which unfortunately it is sometimes. And in some cases it's the fault of the HR people like ourselves who get us there.

Jerry Simpson:

You know, as you've worked with that idea around talent strategy, you know, I think about the different approaches that I've seen in different jobs, in different places I worked in. And I have definitely walked into places that had full job architecture, full succession planning, full performance management. They knew their pipelining process. We typically don't do a startup and create all that stuff to begin with. But maybe there is some kind of future proof talent

approaches we should be thinking about. So we don't have to work backwards when we need to address talent. What have you seen work there?

Nahed Khairallah:

Yeah. So I think that's an amazing question. That has also something to do with how much structure do I introduce. The thing with job architecture, career pathing, succession and so forth. Realistically speaking, it is very volatile when you're a fast growing company, because there's so much change that can happen. You can build an architecture today and look at it six months from now and think, Oh my God, this is outdated. We need to do something different because our business all of a sudden decided to pivot into this new way of things. There's a new set of capabilities we need, so on and so forth. Our trajectory has gone from, Hey, we want to grow into a $10 million company in the next three years, but investment capital came in and we need to 10x that. So there's a lot of factors that can play into that. One thing that I always try to work with companies on is finding the right balance between what do we know today versus what is the unknown? Because I think you need to sort of build for what you know today, plus a little bit into the future, but not too far out to the point where it's a meaningless exercise and you know for a fact it's going to change. So let's give a practical example here. Let's say I have a software development team, right? I'm a software company. I'm, you know, I have an engineering team. Do I really need five layers of engineers when I only have an engineering team of 30 people and my trajectory is maybe 10, 15% of headcount growth in the next three to five years? Probably not. So I would probably define, let's say the company right now has maybe two layers of engineering. I would like to introduce and clearly define what those two layers are, but also what does the next layer after that look like? And what are the conditions that need to exist for us to even tap into that new rail? And what are the triggers to get us there? So that's how I personally like to approach this because You can't only build for today if you're a growing company because you're always in build mode. But at the same time, you cannot build too far into the future where that output becomes meaningless. You have to redo it again. And it just becomes confusing to everyone in the organization as well.

Jerry Simpson:

That last point about confusing to the organization, I think is so true, especially in startups and fast growing, because you could not have articulated it better that in six months, your whole team could need to be something totally different. And, you know, you might be going through a reorg every 18 months, which is very taxing on your employee population. So I think it's good to think about that framework from that now and next perspective, like you shared and like that you made the effort to mention and what are the triggers we're going to have to watch for to get there so that you as the HR practitioner can go, Hey, I know this trigger's coming, I need to proactively go have this conversation with our leadership team on, you know, what the plan is. I love that. You know, as you've worked with these teams, you know, one of the things that I think that could be sticky is creating that psychological safety in that fast churning environment. How does that development or that concept look differently in a fast-paced environment compared to, you know, you've got people who are working, you know, years in a specific role?

Nahed Khairallah:

Yeah, I think for the most part, transparency and clarity are super important. Not transparency in isolation of clarity, because you need both for this to work properly. Just bloating out everything we're thinking of is great, but if it's not presented in a clear fashion and shows that there's been enough thought put into this where we're actually thinking through what we need and so forth, then it creates a lot of confusion. With clarity it's important first of all for any leadership team, people manager, how to function and so forth, to spend and take the time to think through what is the current situation today, where do they think their function needs to go, but also work with their team to have that understanding because involving them in this conversation is going to add a lot of value. It shouldn't always be top to bottom. It should be bottom up as well to have that line of communication, but at the same time being transparent as to what the expectations are, when could potential changes happen and how, and what could they look like? I think there's nothing wrong with that because sometimes I think not only HR people, but leaders in general fall into the trap of trying to please everyone all the time. And when you're an organization, you're clear with your intent and you're transparent

about it and you are staying true to your word and actually actioning everything you're saying, then if someone doesn't think that's the right environment for them, it's actually better for them and for you for that to be recognized at some point before things, you know, go down the drain pretty much. So that's kind of how I like to articulate and think of those things, generally speaking.

Jerry Simpson:
Well, and I think that wraps right into my next question around inclusion, diversity, equity, equitability, you know, those concepts in general. And I know that, you know, as a country right now, we're going through some complexities on how we're talking about this. And so I want to be sensitive to that. And the idea around inclusion and authenticity is not going away, right? Employees do want to feel included, they do want to feel like they can show up. How do we bake that in from the beginning as we are supporting startups compared to having to, you know, think about it, you know, two years down the road?

Nahed Khairallah:
Yeah, I agree. And I love that question. My personal take on the whole DEI situation, what's been going on and how we got here is that, at least again, my personal opinion is I think companies took this in the wrong direction for so long because DEI became honestly a publicity stunt for many companies. It became an issue of, Hey, how can we advertise and how can you put it out there that we're actually diverse and so forth without it actually meaning anything within the context of the organization. My take on this is if you want to infuse DI naturally into an organization where it is actually a core part of who you are, as opposed to it just being, you know, words on flashy slides and websites is from day one, it should be something which is a value, which is ingrained in leadership to the point where And HR plays a big role here to where you design your processes and things like hiring, right? Interviewing, onboarding, training and development, so forth. You build frameworks and you build guardrails around detecting when those things aren't happening. But what I mean by that is that diversity, we've actually fallen into the trap of thinking of diversity only from what we can see, right? Based on skin color,

sexual orientation, and so forth. Diversity is, in my mind, when you're truly someone who values DI and so forth, it should be something which is ingrained in everything you do. You should never think of anything against any person or actually treat them differently for any reason at all based on certain biases, color of skin, their ideas, where they come from and so forth. The way you do that is every step within your organization throughout the employee experience, from top to bottom, from entry to exit, even before that, has to have processes that are designed in a way to make sure that that is not happening. And HR plays a big role here in terms of making sure that managers not only are aware of this, but also there are structures in place and frameworks to help protect this. But at the same time, also, you need to support managers and people and everyone in there to make sure that you are presenting yourself as an employer in a way where everyone feels safe, they feel seen, and they feel comfortable to bring their true selves to the organization. And that typically translates to the actions of the organization, not only the words that they try to put out there. So if I am opening up the platform for anyone to apply to a job and I will not even consider anything related to their skin color, their name, where they come from, and so on and so forth. And that means nothing to me to get someone into an interview because I feel that they fit the bill in terms of qualifications they're in. Same thing for interviewing, same thing for everything throughout the organization. So it's a very active thing to do. But I think that it's not its own compartment that you need to tack onto the HR function or into the organization. It has to be built in and ingrained. And that's one of the reasons why I personally think that, you know, DEI as a concept and as a function is something that has to be so intertwined with the people function. Because I think splitting, I mean, a lot of companies have split them up together. You have a DEI person, HR person, so forth. I'm one of those people who thinks that they have to be one and the same because with the people function, you are tasked with ensuring, one of your roles, of course, is ensuring that the people experience is enabling people to succeed in the organization. And this is a very core element to get that done.

Jerry Simpson:
Yeah, I couldn't agree more. I think in even visually as we represent our HR

departments, you know, that layer of inclusion initiative should be one of those, you know, table stakes that we talk about, that it's built into everything we do. Because you're right. If it feels like this separate thing, then it is a separate thing. It's not part of what you're doing. You know, that leads into thinking about how you are creating the culture that you want in your organization as you are a startup and you're growing. How do we make sure that that stays tight to what our intent is because of the rapid pace of change that we are living in?

Nahed Khairallah:

Yeah, I love that question. My personal experience in having worked with and consulted with more than a hundred companies, I see this without a fault that culture gets, you know, gets off its rails completely when leadership decide that HR is no longer our responsibility. It is the responsibility of HR and so forth. Culture is the responsibility of every single individual in the organization. It is designed and it is articulated and it is read out throughout the entire organization, of course, by leadership, but also with the collaboration with staff. But at the same time, every single person is accountable with their actions and behaviors and how they work with others in the organization to contribute to the culture. I, I'm going to be impacted as an employee by a culture. If I have a colleague on my team who behaves in a way which doesn't fit our culture, yet it goes unchecked because it is let go when it is accepted. That has nothing to do with the founder that has something to do with that individual employee as well as the manager and so forth. So the way you keep it intact is. It starts with, it's always starts with the leadership team, in my opinion. And specifically when you're a growing company, I like to point out the founder or founding team specifically, because culture is something you have to define deliberately from day one. Because if you don't, it's going to take a shape of its own based on who you're bringing to the organization. Whereas you want to define, Hey, what, how do we need to operate as an organization? What do we stand for and how do we work together and how to do things around here. And then you need to bring in people who align with that and who can actually bring back to life. So that's where I think it starts, but you also need to make sure that as a founding team, a leadership team, as you grow, culture has to be one of the core things you keep your eyes on.

Because as you grow as a team and you delegate more things, this is one of those things you just do not delegate, because it is a shared responsibility between everyone. But I hear so many times that, oh, our engagement scores went down, or we have high turnover. Hey, HR, what's going on here? Why aren't you improving this? HR is one function who can contribute and enable and help you do that, but it's ultimately everyone's responsibility. And the moment it stops being that is when culture starts faltering.

Jerry Simpson:
A good explanation of that because we know that HR often gets that tag, right? Like, oh, it's not what it's supposed to be. You're doing it wrong. And it's like, well, I'm not sitting with your employee all day long. I can't influence at that level. You know, I think about the work that you've done with organizations who have been cognizant enough to realize that they need HR in their, in their organization. What's your advice or coaching specifically for founders or executives who have never worked with HR before? How do we change their narrative when they are looking to build their company that HR is one of the top things on their mind for all the reasons we already talked about instead of that, oh, we reached a tipping point, we must get HR now?

Nahed Khairallah:
Yeah, no, I love that question. So the way I like to describe HR is I think it's, it's, it can be the rocket shield for growth for any business. And the reason I say that is the following. Think of building a skyscraper, right? You can't build a skyscraper with the foundations of a small house or a small shed, right? You need to build solid structural foundations. HR is that people foundation. Companies today, and if you're looking at the knowledge-based economy, which is where most startups today, you know, are popping up and so forth, it's at least 50% of their spend is on headcounts. And a lot of kids, if you're talking like SAS companies and so forth, you're anywhere between 70 to 80%. So my pitch to founders is that. You are not optimizing the usage and enabling your team properly without HR because every function is busy doing its own thing. Especially in the early days, you're trying to bring in revenue and you're focused on revenue and product. But guess what? HR is that rocket fuel that can actually help you accelerate and optimize your usage of your talent and

people. That is where the main value comes from. So. Generally, like I closed it was, don't you want to optimize 80% of your spend to make sure you're getting the best bang for your buck? I mean, if not, then you're in the wrong business, my friend, because it's not a good business decision if you don't want to. And generally speaking, you need to back that up as an HR person when you say something like this. And the only way you don't do that with policies and procedures only. You do that with understanding what, again, going back to where we came, where we started is understand exactly what the business does, the nuts and bolts, how they're put together. But also when you understand that and apply the HR lens to it, there's a lot of value you can add that founders do not see themselves. So, and we can dive into some examples if you want to, but there's a lot of, there's a lot of situations where HR can add so much value, which is invisible to others because also HR has a lot of data at their fingertips. that a lot of people just do not think of, like you have financial data, you have people specific data. With that understanding of the business, you are one of the most information heavy functions that you can leverage to give insights that other functions and even founders can't, can't get on their own.

Jerry Simpson:
I have talked about that so many times in person and on the podcast that if you can come to your leadership team as an HR practitioner and say, you know, I know we are planning to start development on this product and we need this skill set. You know, I've identified we have a gap and we're going to need to hire three people with this specific skill set. And I know that based on past data, when we do this, that our revenue will increase by X percentage because we'll be able to reduce our production time. Whatever the thing is. You have that. You're absolutely right. You have that rich data to tell that story to that leadership in such a way that it's like almost like a no brainer, right? Like, oh, of course we got to go do this because you've made the case for it. You know, as we wrap up our conversation, I think there's probably a couple more nuggets. What are some things that you can give to somebody stepping into that head of people role for the first time inside of a startup? What are some nuggets that they really need to know or nail right away?

Nahed Khairallah:

Yeah, no, I love that question. HR, typically speaking, especially with first-time founders, is not seen as a strategic core function that's going to help them move the business to the next level. And a lot, and we talked about this, right? In a lot of cases, it's like, Hey, I need, I kind of need this function so I don't get into trouble or the headcount is growing to a point where I don't want to deal with the people stuff. Let me get someone to do it. It's more like, let me just get this monkey off my back situation. An HR leader, I think the best thing they can do is show value quickly. And the way you show value quickly is with a few things, and just not to sound very redundant is. Step one, of course, understand the business, but step two, speak and build a relationship with all the key stakeholders in the organization and understand what are their priorities. What are the things that are keeping them up at night? What are the things that if you were able to solve for them, it would greatly improve their ability to execute? on what the company's mission is. Those are the first things I would ask any HR leader to focus on when they come in, because the best way for an HR leader to not only become a strategic partner, but also deliver the most impact is if you actually focus and prioritize things that the business needs, as opposed to only focusing on the stuff that only the HR folks will see, the back end, the back office part of HR. Like when I enter a new company and working with them, they don't think I ever bring anything up about HR policies and procedures and pay will and benefits and all that. Like those are things that literally no business leader cares about in the beginning, especially in the early stages. They just want it to be taken care of. How it gets done is not their problem. They care about, Hey, what can we do to get better salespeople to drive revenue? How can we expand our presence in Europe, for example, and there's all these complexities with how we can get people in, how do we need to hire them? How can we do this in a way which makes sense financially, but also helps us hit our numbers? How can we make sure that our org structure doesn't look this messy and we have some you know i'm cloudy of who's reporting to who's doing well where's the best way to organize this in a way that scales and we don't have to break it down again the next you know the next year so things like this which which will make a difference are the things that i would tell any hr person to focus on and again

prioritize based on what is hurting the most in the beginning. Because again, most HR people, once they step in, something's hurting things more than other, but there's a lot of hurt going on in most cases. So start there and you will be on a path to success because it builds so much trust and credibility for an HR leader in the beginning when they can start showing immediate value and impact their journey throughout the organization's growth becomes much easier and much simpler as well.

Jerry Simpson:

Such great advice for those in that startup role, but in general, for anybody stepping into a new HR role, right? Just those table stakes of what you need to learn. So this has been a great discussion. I really have a heart for startups and the specific complexities that, you know, people leaders have when they step into these roles. So thanks for sitting down with me and having this chat.

Nahed Khairallah:

Appreciate it. Love the questions and hopefully this gave a few HR folks out there some value.

Jerry Simpson:

I hope you enjoyed today's episode. You can find show notes and links at thehrmixtape.com. Come back often and please subscribe, rate, and review.