

The First 59 at KidKare: Uncovering the Culture as the New CEO

Introduction

It was nearly midnight on day 58 in her new CEO role, and Kam Phillips-Sadler was sitting on her office floor surrounded by paper. It had been an action-packed first couple of months on the job. And to add to everything, her dog had died unexpectedly two days earlier. She let the thought sit at the edge of her mind and kept working.

The first board meeting of her tenure as CEO of KidKare, a CACFP compliance software company owned by Alpine Software Group, was nine hours away. What she was supposed to be doing was finalizing what the firm called the "First 90 Days" readout, though for her it was actually the "First 59" based on when the board meeting was scheduled for. She would sit with her board and share what she'd learned after 59 days on the ground, what she made of it all, and how it impacted the go-forward plan.

Prepping the readout was the work she was supposed to be doing that night. But the *real* work was way harder. What she had inherited at KidKare looked very different on the inside than it had looked in the deal memo. Her success, and the trajectory of KidKare, hinged on what she did about it.

Background

KidKare was a roughly thirty-person SaaS business that helped daycare centers manage compliance with the USDA's Child and Adult Care Food Program. Real children, real federal reimbursement dollars, real audit consequences if the meal data was wrong. As a highly mission-oriented company, customer love ran deep, and the mission resonated with the people. Employees told you within five minutes how much they cared about the kids.

The growth plan in front of her was ambitious. ASG's initial thesis called for new product launches, state-level expansion, and a serious push to get into payments. To get there, the prior leadership had pushed through a sizable price increase the quarter before Kam arrived, and the way it had been handled had frayed customer relationships more than anyone had realized.

She had been a founder before. Her last venture was a youth-focused nonprofit she had built from zero to sixteen college campuses, and it had been hers from the first hire to the last. Coming into KidKare's deeply engrained preexisting culture felt different.

The Value Creation Challenge

Day one in the role had started almost as scripted. Kam joined the standing leadership meeting that the outgoing CEO was still running when the CEO change was announced, out of the blue. People were shocked.

After the meeting, Kam immediately met with the IT lead, who was supposed to walk her through the systems and get her email set up. He shared his screen. But there, in the corner, was a Slack window he had forgotten to close: *"Another new CEO? Wow. I'm really nervous about what's going to happen here."*

Kam was the fourth CEO in as many years, and needless to say, people were on pins and needles.

Kam did not say anything about the Slack message. She did, however, throw out her week-one plan and pivot. By the end of the next forty-eight hours, she had sat down with every person in the company, one by one, back to back. She told each of them the same thing. *"I'm Kam. I'm a cowgirl from Texas. I'm a real human raised in a barn and caring about kids, and I just want to get to know who you are."* Her goal was to get them to put their guns and swords down, get to know her and let her know them, and recognize that she wasn't trying to evaluate them. She was simply trying to get to know them.

In the Slack message moment, she had decided that the cookie-cutter listening tour agenda she learned in business school was no fit for this situation. The team she had joined was not just skeptical. It was scared. 4 CEOs in 4 years had to mean that something weird was going on. To add to it, in these first 48 hours, the team Googled Kam, watched her TED Talk, and read her amazing academic credentials. Despite Kam's disarming demeanor, they were right to be nervous. It was a lot of change for an already weary team.

What she heard over the two weeks that followed painted a picture of this business that the deal memo had not.

The team was apprehensive, and the assumptions and limiting beliefs running in the hearts and minds of this team ran deep:

The new CEO would bring in her own people.

ASG and this board did not understand the business and had pushed through a price increase that proved it.

The company belonged to insiders, and any outside leader, by definition, would never get the customers the way the founder's daughter had.

And the most quietly devastating one: The last CEO did not stick around. Why should I think this one will?

Naturally, people behaved in alignment with these unconscious beliefs. They guarded information. They weren't straight with her. They resisted early efforts to change the status quo.

She started noticing other concerning cultural themes:

Meetings ran on a casual informality that bordered on unprofessional. Accountability was weak, and most efforts to hold the team accountable to deliver what they committed to was met with defensiveness. There was finger-pointing across functions, and silos that had been allowed to harden.

On the plus side, there was also, to Kam's relief, a deep and authentic care for the customers and the kids the company served. The from-state was not all bad. It was just misaligned with where the business needed to go if it wanted to be a high-performing organization.

By week three, Kam thought she had a pretty accurate read on what the culture was.

She also began to realize that some of what she was seeing was going to be tough to coach. Cultural norms that run this deep can be tough to change without changing the people.

There was, in particular, one employee with fourteen years of tenure whose name had begun surfacing in almost every conversation she had with the team. Her gut had started to register that person's presence as something closer to a cancer than a complication. But she also sensed that this person was important to the organization. *This person is everything to this place. If I move on them, the whole thing comes apart. I'll find a way to coach. I'll find a way to work around it.*

A few weeks before the board meeting, Kam had already made one bold, controversial move. She had fired the company's marketing agency, and she had begun the process of moving on the marketing director, a decision she would execute shortly after the readout. Both moves contradicted what the prior board deck had said about marketing humming. The previous CEO, who had moved into another role within the Alpine portfolio but was still on the board, would be sitting in the room tomorrow morning. Kam was going to have to be more candid than she wanted to be.

And there was one quieter thing she was carrying. As the new CEO, she wanted to be liked. She needed people to like her to buy into her as their new leader. And getting the team to buy into her had not been as much of a challenge when she had picked her own team from scratch. As the outsider coming into someone else's company, with people whose loyalty she had not earned, this quest to be liked was making her slower to be bold and decisive than she needed to be.

The Decision Point

To achieve the type of business performance that investors needed, it was clear to Kam that the culture needed to change. And whether this company would be successful 12+ months from now would depend almost entirely on what she did about the company and culture she had inherited.

The class would put it this way: to make cultural change happen, you either have to *help the people change*, or *change the people*. At 11:47 p.m. on day 58, Kam was deciding which of those two roads she was walking down, and how far down it she was willing to go in the first ninety days.

There was a real case for patience. KidKare had absorbed four CEO transitions in three years. The customer base was still raw from a price increase that had been mishandled. Trust, as Kam liked to say, is earned in drops and lost in buckets. Another wave of disruption from the new leader, on top of all of that, could break what was left of the culture instead of rebuilding it. Build the trust, do the listening, earn the right to act, then act.

There was also a real case for moving now. The behaviors she had observed were not abstract risks to the value creation plan. They could be huge impediments. The fourteen-year employee, for example, was a major cultural issue. There were people on the team, including a young marketer she suspected would flourish the moment certain ceilings got removed, whose careers were quietly in her hands. Every day she did not act, she sat inside the from-state and risked perpetuating the status quo.

She thought about the line she had used on herself a hundred times over the past two months. *I can do anything, but not everything*. The board would convene at 9 a.m. The plan they were expecting needed to answer one question above all others: what she was actually going to do about the company she had inherited?

Case Questions

1. Based on what Kam heard and observed in her first 58 days, how would you describe the "from" state at KidKare? Which attitudes, beliefs, and behaviors are most likely to undermine the value creation plan, and which could be assets if redirected?
2. When it came to the org and culture, the deal memo the investors developed and the lived reality she experienced on the ground told different stories. Why does that gap between perception and reality show up so often in PE-acquired small businesses?
3. Help the people change, or change the people. Where would you draw the line at KidKare, and why? What test would you apply to decide who gets coached and who gets transitioned?
4. Kam said she could do anything, but not everything. If you were in her seat with eight hours until the board meeting, what would the top two or three priorities for the next 90 days be, and what would you deliberately *not* do?
5. What's the bigger risk Kam is underestimating right now: the risk of moving too fast, or the risk of moving too slow? What information in the case is shaping your answer?