

**HOW THE
NORTHSTAR
OPERATING SYSTEM
DROVE CLASSY FROM \$1**  **\$100M**

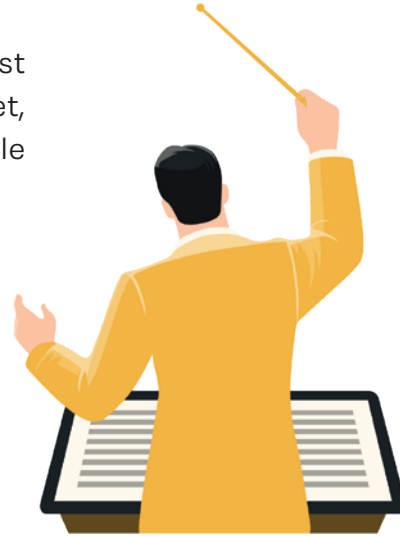
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The Core Challenge

When scaling Classy, a brutal truth emerged: Most companies don't fail because of product, market, or cash. They fail because their leaders can't scale themselves fast enough.

Classy nearly became one of those statistics.



Understanding Operating Systems

Think of a company like an orchestra. Without a conductor and sheet music, you just have talented people playing their own tunes. That's what most companies look like - talented people working hard but not in harmony.

An operating system is a company's sheet music and conducting pattern. It's how everyone plays the same song, at the same tempo, creating something beautiful together.

Specifically, an operating system consists of three parts:

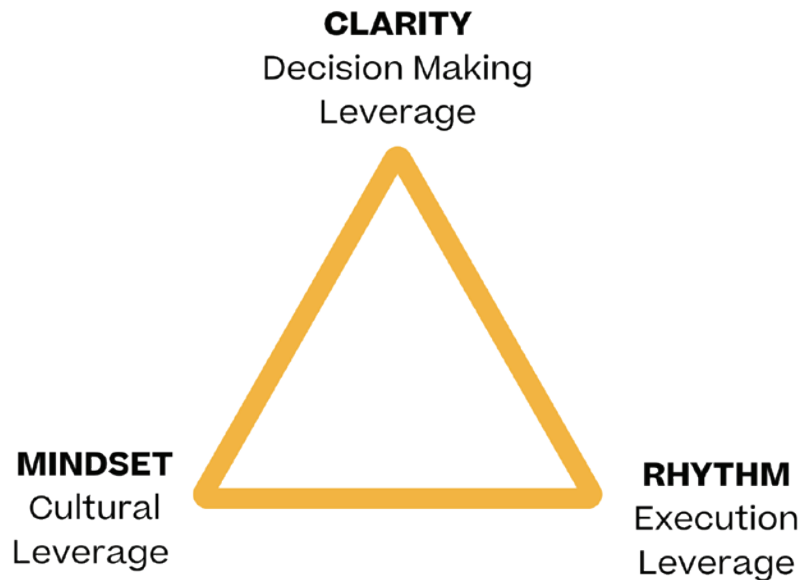
- Framework: The structure that defines what success looks like
- Rhythm: The flow of operations that ensures you get there
- Mindset: The attitude and environment that enables high performance

Most companies try to wing it. They implement random "best practices" and hope for the best. But hope isn't a strategy. A real system is needed.

Creating Leverage Through Operating Systems

Here's the brutal truth about scaling: Time is the biggest constraint for any leader. There are only so many hours in a day. If a leader is involved in every decision, they become the bottleneck.

The only way to scale is to create leverage - getting more output than what's personally put in. A proper operating system creates this leverage in three ways:



1. Clarity Creates Decision-Making Leverage

When a team understands the mission, vision, and goals at a deep level, they can make decisions without constant leadership involvement. At Classy, they went from leadership being involved in 80% of decisions to less than 20%. This wasn't because they stopped caring - it was because the team had the context to make great decisions themselves.

2. Rhythm Creates Execution Leverage

With the right operational cadence, issues get spotted and resolved without constant leadership involvement. Classy's quarterly business reviews caught problems two levels down that would have never been seen otherwise. The system became their early warning system.

3. Mindset Creates Cultural Leverage

When everyone understands what "great" looks like, they hold themselves and others accountable. Culture stops being this fuzzy thing and becomes a tangible force multiplier.

Popular Systems and Why They Fall Short

EOS (Entrepreneurial Operating System)

While EOS provides good structure, it's too rigid for most high-growth companies. It was designed for traditional businesses, not startups that need to move fast and adapt quickly. The quarterly "rocks" system is particularly problematic as it forces artificial timelines on important initiatives.

Scaling Up (Rockefeller Habits)

Verne Harnish created a solid framework, but it's overwhelming in practice. Four "decisions" (People, Strategy, Execution, Cash) with multiple tools for each creates unnecessary complexity. When everything is important, nothing is.

OKRs (Objectives & Key Results)

OKRs aren't even an operating system. They're just a goal framework. Yet companies try to use them as their entire operating system. This creates three major problems:

No Strategic Context OKRs focus on what and how, but completely miss the why. This leads to misalignment as teams create objectives without understanding the strategic context.

Too Much Complexity The quarterly cadence of OKRs creates massive overhead. Classy tried this and ended up spending two weeks every quarter just on goal setting. That's 8 weeks a year just on OKRs!

Artificial Metrics The "stretch goal" concept in OKRs often leads to sandbagged metrics or completely unrealistic targets. Neither helps the business.

How the Northstar OS Transformed Classy

Purpose

- Must be actionable
- Classy's purpose was "to mobilize and empower the world for good"

Direction

Define 4 clear vision statements for 3, 5, 10, and 20 year benchmarks.

Progress

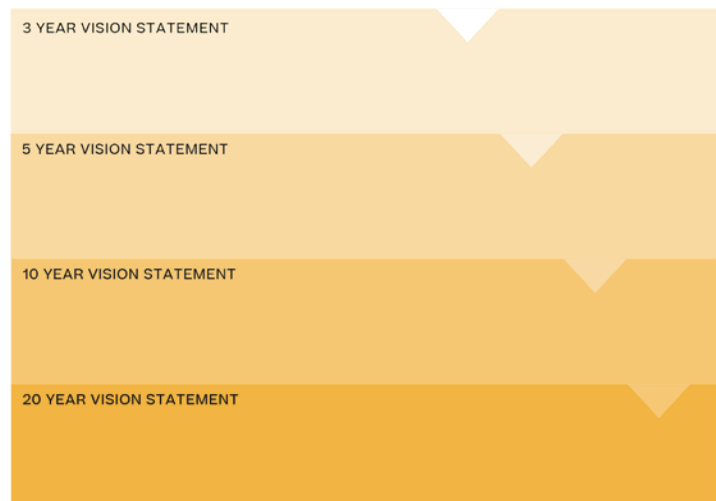
Establish crystal clear indicators of progress against the company vision.

1. Absolute Clarity Drove Alignment

First, they got crystal clear on three things that every single person in the company needed to understand: Purpose, Direction, and Progress.

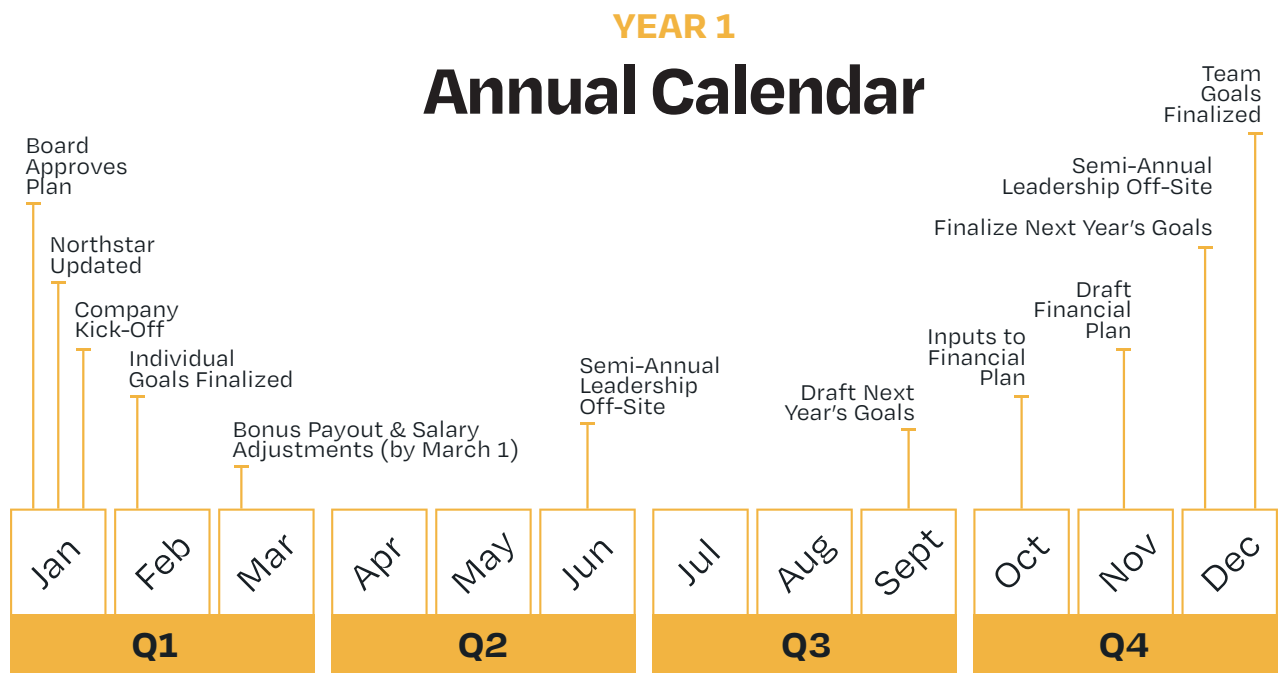
Purpose | They started by refining their mission and values. Not the corporate bullshit kind that sits on a wall collecting dust. Real, actionable values that helped people make decisions. Their mission became "to mobilize and empower the world for good." Simple, but powerful. It gave context to every product decision, every sales call, every customer interaction.

Direction | They implemented the "1-4 vision method" - one slide with four clear vision statements for 3, 5, 10, and 20 years. This wasn't some vague "we want to be the best" nonsense. It was specific and sequential. Each timeframe built on the last, showing exactly how they'd achieve their long-term ambitions.



Progress | They established crystal clear metrics for measuring success. Not vanity metrics, but real indicators of progress against their vision. Every person could track how they were doing at any time.

The impact was clear - employee engagement improved significantly because people finally understood where they were going and why. The sales team could articulate their value proposition with perfect clarity. And customer retention improved because their entire organization was aligned on delivering value.



2. Operating Rhythm Created Accountability

Next, they established a consistent rhythm through three interlocking calendars. This wasn't about more meetings - it was about the right meetings at the right times.

Annual Calendar | This became their strategic planning cycle. They used it to refresh their Northstar, set annual goals, and align resources. No more random planning throughout the year.

Quarterly Calendar | This drove execution through structured business reviews, all-hands meetings, and board updates. They could spot issues early and course-correct fast.

Monthly Calendar | This kept operations tight through team meetings, 1:1s, and weekly updates. Everyone knew exactly what was expected and when. The results were immediate. Revenue growth accelerated because they had clear priorities and could execute faster. Sales productivity increased because they eliminated wasted time and unclear expectations. Product delivery improved because teams were aligned and focused.

3. High-Performance Mindset Drove Culture

Finally, they focused on three cultural elements that turned good performance into great performance:

Mission-centric Decision Making

Every decision, from product features to hiring, was weighted against their

mission. This wasn't just talk - they actually turned down opportunities that didn't align, even when they could have made money short-term.

Continuous Learning Environment

They built learning into everything. Regular knowledge sharing sessions, dedicated training budgets, and a culture where mistakes were seen as learning opportunities, not failures.

Uncompromising Quality Standards

They set the bar high and kept raising it. This wasn't about perfectionism - it was about continuous improvement and never settling.

This approach led to strong employee retention, high customer satisfaction, and consistent growth quarter after quarter.

The Secret Sauce: WhyGo's

The game-changer was their goal-setting system called WhyGo's. Unlike traditional OKRs which often become a checkbox exercise, WhyGo's connect strategic context (the Why) to measurable outcomes in a way everyone understands.

At Classy, this meant:

- Only 3 company goals per year - forcing real prioritization
- Clear strategic context for each goal - the "why" behind what they're doing
- Measurable outcomes everyone could track - no ambiguity about success

Here's a real example from Classy:

Goal: "Launch big into enterprise."

Why: "Classy has proven to be a great platform for enterprise customers, validating the direction. Now it's time to advance more aggressively with a combo of new features and dedicated go-to-market."

Outcomes:

- New enterprise bookings target
- Sales win rate target
- Product attach rate target

This level of clarity helped them close their largest deals ever, reduce sales cycles, and win more competitive situations because their whole team was aligned.

The Results

By 2021, Classy had:

- Grown to \$100M+ in revenue
- Raised over \$1B annually for nonprofits
- Built a world-class culture recognized by Fortune
- Achieved a successful exit to GoFundMe

The Takeaway

But here's what matters most: The system scales. Whether a company is at \$1M or \$100M, whether they have 10 employees or 1,000, the Northstar OS provides the operational clarity and rhythm needed to scale. This isn't just theory. The system has now been implemented across multiple companies and helped hundreds of founders achieve similar results. The results are consistently impressive because the fundamentals of scaling don't change - you need clarity, rhythm, and the right mindset.

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