

# KORU: A SEATTLE STARTUP USES MACHINE LEARNING TO FIND THE BEST HUMAN FOR THE JOB

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ON COLLEGE CAMPUSES across the country, nail-biting season begins in May. Seniors who should be celebrating instead begin to fret: They're about to face an unemployment rate that's twice as high for them as for people over age 25, and a transition to the workforce that is, says Koru CEO and co-founder Kristen Hamilton, "insanity."

The jobs being done today weren't being done yesterday, Hamilton explains. But applicants are still be screened in a way that's almost guaranteed to exclude those whose talents go deeper than grades. Koru, a Seattle-based startup, is using state-of-the-art technology to level the playing field of talent acquisition.

Hamilton doesn't have the background you'd expect from a Seattle entrepreneur. Raised by a single father in a small town in Canada, her family struggled financially and Hamilton, a championship horse rider, worked on a farm to pay for lessons. "I mucked out stalls and took hay off the fields in August which is incredibly grueling," says Hamilton. She recalls walking to her job during an ice storm so severe, the roads were closed to car traffic. "There was ice everywhere and it was freezing cold," she says. "But it didn't occur to me not to walk to the barn. The work had to get done."

If a candidate told a story like this in an interview, a recruiter would instinctively recognize the personal qualities that could make for a good hire. But traditional screening methods often eliminate applicants on the basis of criteria like GPA and educational pedigree before they have a chance to tell it. This creates a huge disadvantage for many new job-seekers who, Hamilton

says, would actually be superstar performers if given the chance. “If a person was raised in a small town in Idaho, working on a farm and had to fix the combines and the machinery as well as figure out a way to get themselves to school and study and maybe care for an elderly family member, they have more skills that are relevant in a work environment today than someone who given every opportunity and had nothing to do but focus on grades.”

The injustice and inefficiency of this process first landed on Hamilton’s radar in the spring of 2013. From the farm in Canada, her path had taken her to Germany and Cypress, where she worked in a barn and an office respectively before starting college. She attended a prestigious business school and then began working as a marketing and distribution consultant for Fortune 500 technology firms. In 1997, when Hamilton was only 27, she co-founded Onvia, an online retailer for small businesses. The company rose quickly and went public in 2000 but suffered when the dotcom bubble burst.

For Hamilton, the experience was “brutally painful,” and she left in 2001 to serve in senior roles at a Seattle tech giant and COO of a global non-profit education organization. It was there that she learned of a devastating statistic: 50% of recent college graduates are unemployed or underemployed, while 4.5 million jobs remain open in our country. “It really frustrated me,” she says, “I got that feeling of oh boy here we go; I’ve got to do something about this.” Having already taken one business public, she wasn’t eager to do it again but, she says, the desire to make a make a lasting difference in the world “helped me overcome the craziness of the bad idea of starting a company. I had plenty of options for stable jobs but I just wasn’t satisfied working with a large company where I had negligible impact.”

Hamilton made the decision to found Koru in September 2013, and from the beginning she was determined to learn from her experience at Onvia which taught her, she says, the importance of “thinking long and hard about what matters to you as founders and what your non-negotiables are and the things that will live on beyond the current product you’re selling and the current business model you have.” She and her cofounder took an assessment to see

how well they would work together and then, she says, “Before we even wrote the business plan for Koru, we wrote down our principles.” Of crucial importance is the piece of advice she gives most strongly to other would-be entrepreneurs: “Focus on a problem, not a solution. Deeply understand that problem; live in that conundrum. Talk to all the people you can with the problem until the solutions just roll themselves out.”

To deeply understand the problem Koru was hoping to solve, Hamilton spent months interviewing thousands of new college graduates. She was shocked by what she heard: “One person said, ‘The loneliest day of my life was when I walked across the stage and got my degree.’” After delving into the needs of employers who hire large volumes of recent college graduates, a solution arose and in 2015, Koru productized the ability to evaluate job applicants by seven key skills and traits that characterize great performers. “It doesn’t matter how your grades were,” says Hamilton. “What matters more is do you have the ability to operate continuously and not give up in the face of ambiguity or challenge or boredom. We uniquely can measure those better than anyone else can.”

What sets Koru apart, says Hamilton, is their ability to create a set of customized performance drivers for each business they work with. “Because of differences in company culture and leadership,” she says, “What it takes to perform well as an investment analyst at one bank is different from what it takes to perform well as an analyst at another.” Koru uses machine learning and predictive modeling to create a performance “fit score” that helps both candidates and employers figure out if they’re a good match.

American businesses have long been plagued by challenges stemming from traditional hiring processes: it’s expensive to fix bad hires and conscious or unconscious biases can cut companies off from access to diverse pools of talent. But by digging deep into the roots of an old problem and attacking it with new technology, Koru has managed to provide value for not only job-seekers but clients and investors as well. The startup has recently expanded its services to Boston, made GeekWire’s Seattle 10 list of innovative new

companies, closed an \$8 million funding round and is now partnering with 40+ high-growth companies. Says Hamilton, “We’re a venture-backed business with very rigorous financial metrics but we have an alignment where success means our investors and candidates who apply for jobs and our customers all tell us that this has really changed things for the better.”

This kind of deep alignment is directly attributable to choices Hamilton made based on her personal philosophy of learning through doing. Like Seattle itself—a city that’s rebuilt itself in the wake of a devastating 19th century fire, the 20th century lumber industry collapse and the 21st century dotcom bust—she has picked herself up and started fresh time and again. With her second startup, she says, “It was more stressful the second time around because I was aware of the implications of a lot of things I was doing. People talk about how experience can be a detriment because it slows you down and makes you less aggressive but I’ve gotten a lot of good coaching to make sure I didn’t become conservative. Now we have confidence based on experience.”

Hamilton is particularly excited to be a part of Seattle’s burgeoning entrepreneurial ecosystem. Having started two different businesses in the area during similar technological booms, she couldn’t imagine being anywhere else. “If you think about the history of Seattle, it’s a lot of logging and forestry and down to earth things,” she says. “There’s a core puritanical work ethic that persists in the culture. The level of authenticity of founders and people working in the technology community is different from the Bay Area; there’s a lot more loyalty here.”

This authenticity, Hamilton feels, is crucial as both Koru and Seattle grow in lockstep. “The town is growing too fast in some ways. There are all sorts of infrastructure problems that we need to address. But we just learned we’re going to have a female mayor for the first time in a very, very long time.” Diversity and tolerance in the region continue to grow and, says Hamilton, “There’s a spirit of solidarity among founders here that’s really exciting.” The same holds true at Koru, which is named after a Maori concept of growing and evolving but staying the same at your core. “With the talent we

work with, they are growing and evolving but it's very important to be their best self to stay authentic to who they are," Hamilton says. "I hope that as we grow, we remain thoughtful. That's the challenge for us: to say we're still learning versus we know it all."

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