



15.390 New Enterprises Mini Case Study #8: Building Insanely Great Teams

By Peter Levine

Vignette 1: Impact of character on hiring and team building

Marc, the CEO of a start-up called Connexus has decided to hire a new VP of Marketing. Marc has concluded that having product, field, and corporate marketing all under one new executive is the best go-forward approach for the company. Prior to now, these three functions were separate, all reporting to him.

After meeting with Spencer Stuart, a well-known retained search firm, Marc learns that hiring such a person will cost about \$250k/year, anywhere from 0.75-1.0% equity, and the search will likely take 6-9 months to fill. In addition, Spencer Stuart is going to charge Connexus a year salary to do the search, with 50% due on signing and the remaining 50% due after the candidate starts. At a high level, Marc wants someone who has at least ten years of experience, marketing leadership, a top-tier MBA, and a technical background. Additionally, he wants to complement the team with some “Adult Supervision”, given the lack of formal big company experience the rest of the founding team has.

At the next board meeting, Marc gets the search approved and commits to having the new VP start in three months. The board recognizes the need and encourages him to make this a top priority and fill the job ASAP.

Over the next several months, interesting resumes start to appear, but time is ticking. The board is constantly on Marc’s case to hire someone, but he is busy with lots of other priorities: in and out of sales meetings, meeting with customers, spending time reviewing product plans, and managing the board’s expectations. Marc can’t possibly spend a great deal of time on this search. Finally, Marc narrows down the search to two reasonable candidates. They each interview with him and several other people in the company. Spencer Stuart offers to check references for both candidates and Marc is happy to have their help. Both candidates get pretty good if not super-enthusiastic reviews from the internal interviews, but the references come back excellent for both. Given the pressure from the board and Marc’s desire to fill the position, he narrows down the final choice to the candidate who has a stable, ten year career with Oracle and an MBA from Harvard. Six months from the time the search was started, the company now has a real VP of Marketing on-board. What a relief!



Marc is thrilled to have his new “rock star” from Oracle. A few weeks later, at a dinner meeting with a close friend, Marc mentions that he has hired a new marketing person. The dinner friend tells him that he’s made a big mistake. “I know this person and he’s really lazy. You should have called me.” Oh well, the VP has an MBA, was at Oracle and the references came back really strong. Maybe the VP has changed—or maybe his friend had an axe to grind.

Six months later, the laziness starts to show. Marc’s “rock star” now becomes a “project” and he has to manage his weekly performance and deliverables. Not something Marc wants with a senior person and not something he does with the rest of the management team. The VP is just not working very hard and does not have the strategic insight into the nuances of the business. That said, he’s certainly ok and it’s better than having no one in the role and the VCs on his back every week. He gives great speeches and always says the right things in 1-1 meetings. However, Marc doesn’t really feel good about him and the marketing team is not delivering at the level the company needs. Additionally, the other VPs are complaining that marketing is more broken than ever and Marc needs to do something. Marc talks with Human Resources and there are a few options: Find an internal job for this person and re-hire, put him on a plan and re-assess in three months, fire and re-hire. HR suggests that firing now, without a performance plan and documentation, could result in legal action against the company.

What should Marc do?

What are the effects of Marc’s decision on the team/culture?

How would you describe Marc’s character?

What did he do wrong prior to the hire?

How did the background of the new VP impact the team?

How does character and a resulting “wrong hire” impact the company?