



UpStart
BOOTCAMP ...start up smarter

insanely

BUILDING GREAT TEAMS

Jennifer Houser, SM '99

Building insanely great teams

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- ✓ **Serial entrepreneur.** I've founded 5 companies and raised \$40M+ from VC's and angels. My last startup, Motionbox (a consumer video sharing company), was acquired by HP's Snapfish. Investors include Canaan Partners, Accel Partners, RRE, Flatiron, Henry Kravis.
- ✓ **Co-Founder, UpStart Bootcamp.** My current startup helps founders start up smarter with advice, coaching, online courses, books and more.
- ✓ **Sloan '99.** New Venture & Product Development. Elab teaching assistant and host. Founded Sloan Challenge.
- ✓ **Built tons o' teams.** Hired and managed 300+ people for entrepreneurial ventures – C-Level to interns, founders to advisors, salaried to sweat equity, on-staff to out-sourced – you name it.
- ✓ **Have an insanely great partner.** Seriously.

1

It's important to have the right team

Here's why

- ✓ **Bet on the right horse.** Want to maximize your chances of succeeding? Assemble a great team. That's what investors care about most, and so should you.
- ✓ **Prepare to pivot.** Most startups don't succeed with their initial strategy. Instead, they must get a product into the hands of customers, and pivot by tweaking features, pricing, positioning, or other variables. A strong team can adjust to what it encounters.
- ✓ **Cover all the bases.** Every business has a few primary areas of operation – groups of work that are critical to success over the long term. Consider finding one founder to run each area of operations. That way you'll get a lot of effort (founders work hard), with very little outlay of cash (founders typically get paid in equity during the early days).

1

It's important to have the right team

How the experts think about teams



“A **great team** is the first thing I look for in an investment opportunity. I like to see **multiple co-founders**. If technology is an integral part of the product, I like to see at least one of the founders with a strong technical background. It's certainly ideal if they've had prior success, but not a prerequisite. And it's important that they're **still hungry**, no matter how successful they've been previously. I also look for a balance between **tenacity and passion** on the one hand and a **willingness to listen and learn** on the other.”

Mo Koyfman, Spark Capital

2

Partners, and founders, and advisors – oh my!

Think broadly about your team

- ✓ **Partner** = Your co-founder/s, large equity position
- ✓ **Founding Team** = 3 – 5 people, own a core functional area, smaller equity position
- ✓ **Advisors** = experts on the key things you have to get right, ~1% equity

3 Picking the right partner

Co-founding a company is like getting married



✓ **Start off on the right foot (before partnering)**

Get out the mirror

Talk it through (more on this)

Get perspective

Think about what you learned

✓ **Create your “contracts” – social & legal**

✓ **Then, walk the walk**

3 Picking the right partner

Things to talk about before you partner

- ✓ **Goals** – business, professional, personal
- ✓ **Strengths & weaknesses** – skills, personality, management style, handling stress
- ✓ **Values** – personal, role in your business
- ✓ **Personal life & relationships** – successes, interests, commitments, support system
- ✓ **Thinking & decision-making** – methodology, unknowns/changes, handling disputes
- ✓ **Risk tolerance** – comfort with personal & financial risk, time-frames
- ✓ **Day to day** – environment, culture, hours, vacations, limits
- ✓ **Partnership** – why partner, assumptions, desired outcomes, handling failure

3 Picking the right partner

Your legal agreement

- ✓ **A legal agreement is critical**
- ✓ **Plan for the best, plan for the worst**
- ✓ **Earn-ins can be very helpful**
- ✓ **Unequal money/assets does not have to mean unequal shares**

3 Picking the right partner

Take caution when you see these warning signs



BFFs



Unequal relationships



Lack of shared values



Don't want to talk about "this stuff"



Really, really different or difficult personalities

4 Building a founding team

What you need to do

- ✓ Define the core functional areas & the right skills needed to lead them
- ✓ Network to find the right team (referrals matter)
- ✓ Balance selling the vision with evaluating the candidate
- ✓ Offer fair compensation
- ✓ Use the same contract
- ✓ Wait for the right fit
- ✓ Mind the gaps

4 Building a founding team

What to look for in team members

“Expert entrepreneurs are like Iron Chefs - at their best when presented with an assortment of motley ingredients and challenged to whip up whatever dish expediency and imagination suggest ”

*Saras Sarasvathy
Professor at UVA's Darden School of Business,
Featured in “**How great entrepreneurs think**” by
Leigh Buchanan in **Inc.***

- ✓ Experience to go the distance, hands-on to get you there
- ✓ Effectual vs. causal thinking
- ✓ Can do, problem solving skills
- ✓ Values fit
- ✓ Hunger is a good thing
- ✓ Smarts & passion can trump skills

4 Building a founding team

Take caution when you see these warning signs



No questions...or unrealistic expectations



Anyone who doesn't want equity



No passion for the problems you're solving



Not flexible



Doesn't "fit" with the team

4 Building a founding team

Hiring is just the first step...then you've got to lead

- ✓ Smart people are motivated by recognition, challenges & other smart people
- ✓ You get the behavior you reward
- ✓ Clear roles, responsibilities and objectives
- ✓ Non-monetary benefits go a long way
- ✓ Regular check-ins
- ✓ Invest in the people and your relationship
- ✓ Celebrate the wins

5

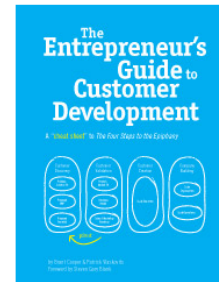
Some thoughts on new-fangled teams

Selective outsourcing can work wonders when you're starting out

- ✓ Consider outsourcing during “customer discovery”



great
read!



The Entrepreneur's Guide To
Customer Development
By Brant Cooper & Patrick
Vlaskovits

<http://amzn.to/gzk2S3>

- ✓ Look for experience working with startups
- ✓ Treat them like part of your team

6 Don't forget about advisors

Consider building a board of advisors

- ✓ 2-5 experts in critical, long term areas
- ✓ Advisors provide advice & intros
- ✓ 1 hour/week for ~1% equity
- ✓ Have a written agreement
- ✓ Earn-ins can be very helpful



7 Some tips on teams

Words of wisdom

- ✓ **Don't go it alone...but keep it small**
- ✓ **You can't outsource leadership**
- ✓ **Skip the low hanging fruit**
- ✓ **Hire slow, fire fast**
- ✓ **Keep your ownership & IP clean**
- ✓ **Have fun!**



You and or your co-founders should be prepared to run the day to day operations of your startup. That's not something you can or should outsource!

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