

Building a Winning Team

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General Ideas

Building the team starts at the top

"Observe all men; thyself most."

—Benjamin Franklin

"No man is the worse for knowing the worst of himself."

— Thomas Fuller

What we'll be talking about today

The entrepreneur determines the kind of company, which determines the kind of team

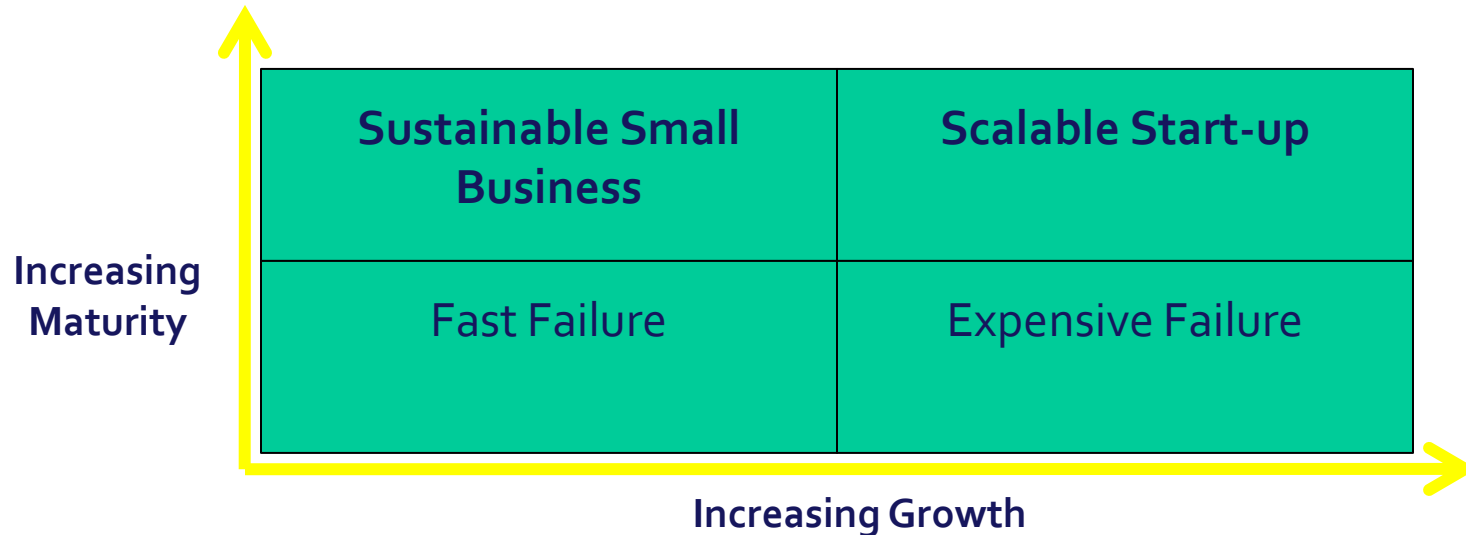
The maturity of the venture determines the skills your team will need

Some strategies to pursue: Use your advantages!

Some mistakes to avoid

Stating the obvious

- Your vision for what you want your company to be determines what sort of team you need to build.

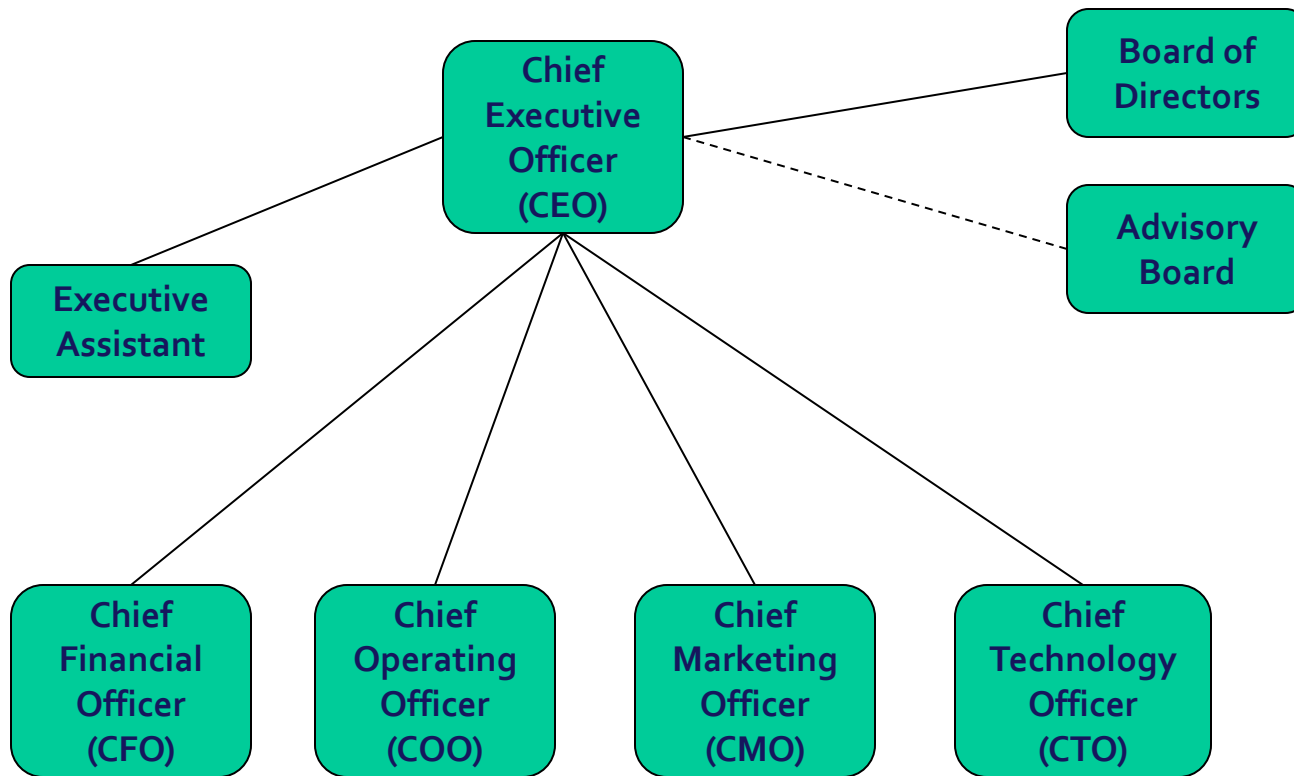


- Not all companies have to grow to be successful!
- All companies have to mature to become sustainable ...

Which type of entrepreneur are you?

	Personal Risk	Financial Goal
<i>Sustainable Small Business</i>	High	Create wealth for the family, retire comfortably
<i>Scalable Startup</i>	High	Get rich, implement vision
<i>Large Company</i>	Low	Stable income, get promoted
<i>Social</i>	Moderate	Save the World

What does a team look like?



Job Descriptions

Chief Executive Officer (CEO) = set strategic vision and guide towards a central objective.

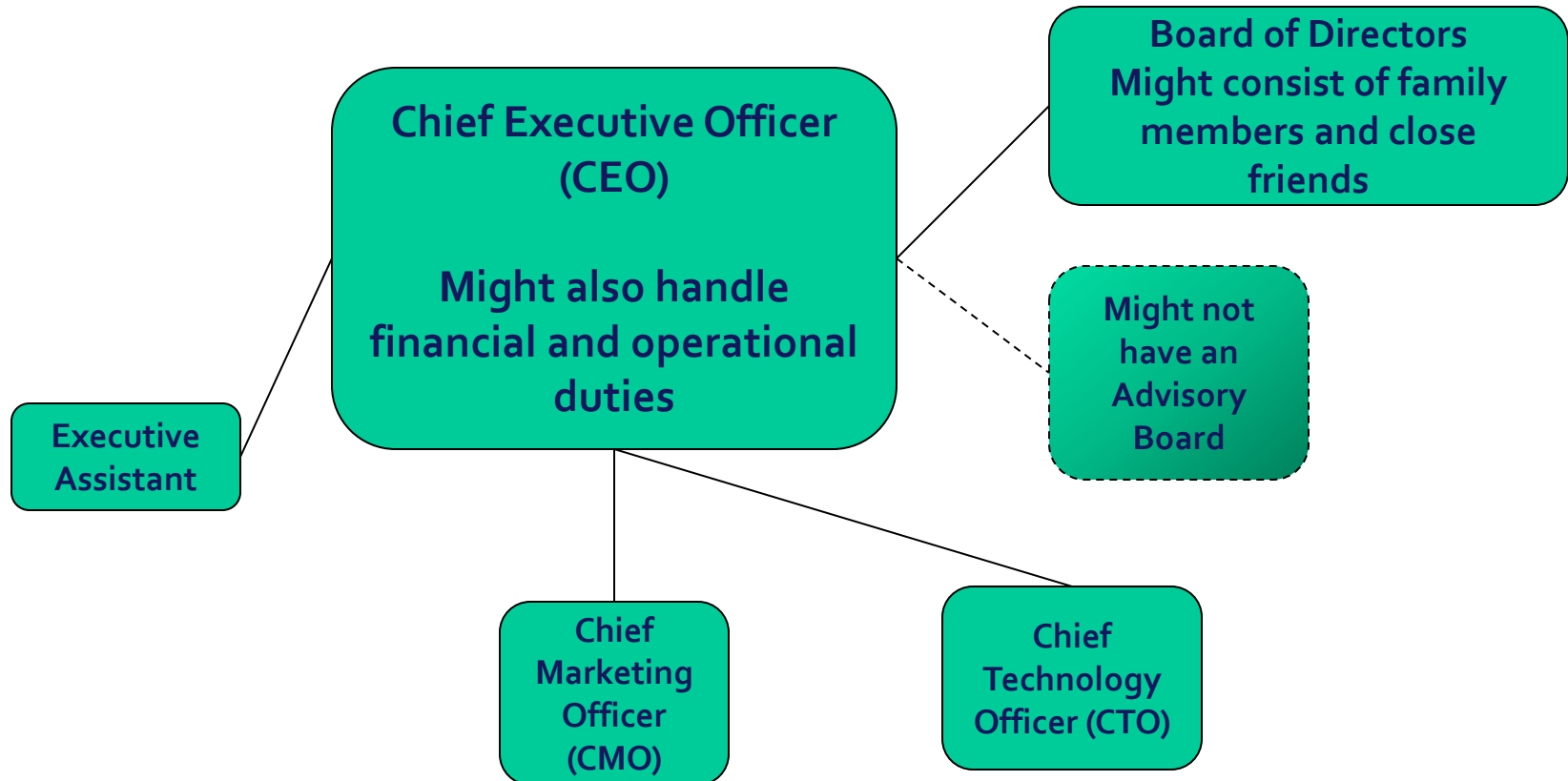
Chief Financial Officer (CFO) = manage financial risks, financial planning, record-keeping, and reporting

Chief Marketing Officer (CMO) = market and sell

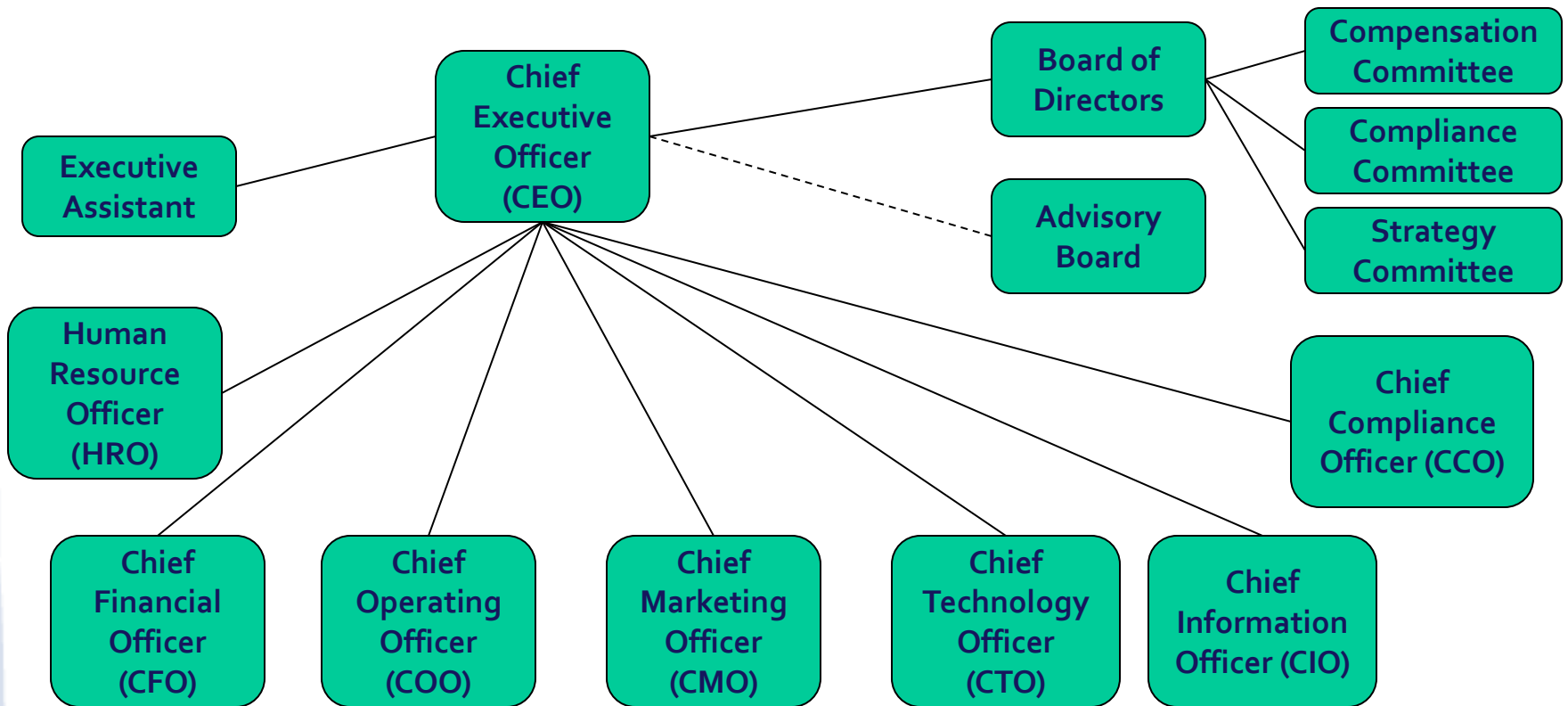
Chief Technology Officer (CTO) = oversee R&D and formulate product development visions and strategies

Chief Operating Officer (COO) = manage daily operations, allocation of resources, quality control, and customer service

A Sustainable Small Business might combine functions



A Scalable Start-up might add functions as it matures ...



Remember ...

The entrepreneur determines
the kind of company, and the
kind of company determines
the kind of team!

The first person you need to hire is ... yourself!

20 Core Functions/Skills that need to be considered

<ol style="list-style-type: none">1. Team Building2. Ability/Willingness to Delegate3. Articulating a Coherent Vision4. Build and Maintain Momentum5. Perceptions	<p><u>Leadership</u></p>	<ol style="list-style-type: none">11. The Core Technology12. Keeping it Safe13. Technology Assessments14. Managing the Techies15. Priming the Pump	<p><u>Technology</u></p>
<ol style="list-style-type: none">6. Using the Tools7. Managing the People8. Building the Organization9. Working the Numbers10. Making the Deals	<p><u>Operations</u></p>	<ol style="list-style-type: none">16. The Overall Market17. Marketing Channels18. Market Assessments19. Sales20. Managing the Brand	<p><u>Marketing</u></p>

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Entrepreneurial Personality Profile

Are you curious about whether you would make a good entrepreneur? Wondering how you would cope and what you would be like if you decided to start your own business? The Entrepreneurial Personality test will provide information both about which aspects of your personality are well-suited for owning a business, and which aspects could be problematic.

Examine the following statements and indicate to what degree they apply to you. In order to receive the most accurate results, please answer each question as honestly as possible.

After finishing the test, you will receive a Snapshot Report with an introduction, a graph and a personalized interpretation of one of your test scores. You will then have the option to purchase the full report.

I agree to use this test for personal purposes only. [more ...](#)

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Things to worry about RIGHT NOW!

- Which core functions can you handle personally, and which do you need to hire and delegate?
- Which core functions can you defer until the technology is mature, the contracts are in place, or you need to build operational/customer support?
- Can you identify a small number of Advisors willing to help?
- How will you organize your Board of Directors?
- How will you compensate key employees, Advisors, and Board Members?

Advisory Board

- An Advisory Board is an informal group of former entrepreneurs and technical/financial/marketing experts who meet with you and your team periodically to hear your progress and problems.
- **Building an Advisory Board is one of the first things you should do!**
- An Advisory Board offers:
 - Practical, real-world, trusted advice and counsel
 - “Buzz” about your venture
 - Networks of relationships that you don’t have and can’t develop soon enough
- Advisory Board members will often work for free or for a small equity stake in the venture.

Board of Directors

- Board of Directors is a formal, legally-required group that has ultimate responsibility for the performance of the company
- **Board of Directors must meet periodically and make formal decisions that are reported to investors and regulatory bodies.**
- The CEO generally reports directly to the Board of Directors, but is often also a Board Member.
- A Board of Directors can consist of as little as 2-3 people, or as many as is necessary to satisfy the needs and desires of investors, management, and other stakeholders.
- Directors will rarely work for free ...

Some advice

- Start with a Board of Advisors and a small Board of Directors ... migrate trusted Advisors to the Board of Directors as you learn more about them
- Premature scaling of sales and marketing is the leading cause of hemorrhaging cash in a start-up.
 - Early sales are great for morale, but may not be indicative of a sustainable business model.
 - **A start-up should scale sales and marketing only after the team has found a repeatable sales model**

When you're ready for employees

- **New businesses struggle to attract top talent:**
 - Some candidates are scared off by the perceived risk
 - Some will be confused by the lack of a stable business model
 - Some will be uncomfortable with ambiguous job descriptions
 - New ventures can't always pay competitive salaries
- **How will you convince someone to work for you?**
 - Convey the exciting potential of the venture
 - Ask them to help look for the right business model
 - Make sure they know they can help define their own duties
 - Offer equity in exchange for a competitive salary.

The best entrepreneurs hire ... other entrepreneurs!



You have a few advantages

- The first step is realizing the advantages new/small businesses have over mature/bigger businesses:
 - Typically less bureaucratic with closer relationships between leadership and employees
 - Jobs typically have more breadth, less specialization
 - Many entrepreneurs treat their work force as if it's an extension of their family
 - New companies often offer more flexibility, more job diversity, and the possibility of high growth
 - Jobs can be designed to deal with employees' individual needs (days off, flexible hours, work-from-home, etc.)

Make your case

- Convey the success and the high potential of your company.
- Figure out what aspects of the job or the business to emphasize that would appeal to a particular candidate or candidates.
- **Tap your network to find referrals.**

Seven Deadly Hiring Sins

- 1. Entrepreneurs mistakenly hire someone they like rather than someone they can work with.**
 - First-time entrepreneurs quickly learn that an impetuous hire can be an expensive and lingering mistake.

SOLUTIONS:

- (a) Interview several candidates;*
- (b) Have your Advisors interview the candidates and rank them;*
- (c) Conduct a background check; and*
- (d) Get professional help*

Seven Deadly Hiring Sins

2. Entrepreneurs make one-time compensation deals that cause future problems.

- Entrepreneurs usually regret agreeing to terms that later become impediments to recruiting others and raising capital.
- Taking shortcuts when designing compensation packages for key positions can be very expensive and wasteful.

SOLUTIONS:

- (a) Make certain that any discussion of compensation during the interviewing process is not final until the offer letter is completed;*
- (b) Seek expert legal/financial advice; and*
- (c) Invest the time and effort to develop a consistent compensation philosophy and structure.*

Seven Deadly Hiring Sins

3. Entrepreneurs too often ignore the need for non-compete protection.

- Entrepreneurs often don't want to risk complicating the deal by inserting a non-compete provision in the written agreement.

SOLUTIONS:

- (a) Include confidentiality, non-compete ,and non-solicitation provisions in employment agreements; and*
- (b) Make certain all employees are aware of their responsibilities under the agreements.*

Seven Deadly Hiring Sins

4. Entrepreneurs go to excess in creating a “family environment.”

- Cohesion is difficult to maintain even in very close relationships.
- Good intentions often produce unintended consequences.

SOLUTIONS:

- (a) Create a human resources policy that describes how the company will treat its employees;*
- (b) Communicate the information to all employees in writing, and*
- (c) Stick to it.*

Seven Deadly Hiring Sins

5. Entrepreneurs often ignore local rules about how to treat management and lower-level employees.

- Employees will be expected to work long hours and perform many different functions.
- Many countries have complex rules for when employees can be asked/forced to work extra hours and when they can't.
- Ignoring the rules can be very expensive.

SOLUTIONS:

(a) Don't assume that you know the rules – check to be sure!

Seven Deadly Hiring Sins

6. Short-sighted entrepreneurs delegate employment issues to unqualified underlings.

- When something goes wrong you'll wish you had a professional managing the human resources.

SOLUTIONS:

- (a) Get as familiar as possible with benefits and compensation plans, local laws for hiring and firing, etc.; and*
- (b) At the beginning you can hire a firm to manage things, but hire a professional when your revenues justify a significant staff.*

Seven Deadly Hiring Sins

7. Entrepreneurs make the same mistakes over and over.

- At the beginning, every new hire puts the entire venture at risk.
- Entrepreneurs often assume that they are “excellent judges of people” and so maintain control over the routine human resource functions.

SOLUTIONS:

- (a) *Stay closely attached to the hiring and firing process, but leave the details to the professionals.*

Questions?

