HIRING AND MANAGEMENT:
HOW SMART LEADERS BUILD GREAT TEAMS

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The Foundation of Entrepreneurship

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For an entrepreneur, sometimes getting "the right people on the bus" can be the hardest part about launching a new venture. Suddenly, it's not just you and your cofounders working to make your business a success. It's five people, ten people, or suddenly 100 people you're trying to get driving in the same direction toward the same goal.

People make up one of the biggest investments, both financially and emotionally, an entrepreneur makes in a business. You have to know how to hire competently and manage proficiently in order to move your business to that next level of growth.

How do you know who will be successful and who will fail? The answer is, you don't. But you can improve your odds by hiring slowly, evaluating efficiently, and firing quickly, if needed.

As the entrepreneurs in this eBook will tell you, it isn't easy. You're bound to make some mistakes along the way, but with the fate of your company in the balance, you must make hiring decisions thoughtfully.

In the course of our work, we've interviewed entrepreneurs from all over the country for our Founder Genius videos, clips where entrepreneurs share insights on specific topics pertaining to starting and running a business. In this eBook, we've gathered quotes from several of these entrepreneurs that demonstrate how you can create hiring processes and construct management systems to build a productive and engaged workforce.

> "People make up one of the biggest investments, both financially and emotionally, an entrepreneur makes in a business."

STELLA MA and AMY NORMAN

Little Passports

Q: Where do you look for candidates that will fit your skill requirements and culture?

A:

Stella Ma: I think the greatest hires are through your personal network. We've found that to be the case.

On the learning side, there's definitely an art and a skill to interviewing correctly. How do you really understand if they're going to be the right fit for you? That's a skill that we're still learning and fine tuning.

Amy Norman: It's not even in the resume. We like to see that somebody either in their cover letter or in their email took the time to understand our company and personalize that letter. Then when they get into the interview, they signal to us that they did a lot of preparation on our company.

Stella Ma: We like to understand how people made different decisions along the way in their career and how they're thinking about it, and how well they understand what they're trying to achieve and why they want to come work at Little Passports.

Becoming a skilled interviewer is a huge factor in the success of any entrepreneur's business. It's the little things that a good interviewer can dig up beneath the surface that can mean the difference between selecting the right person and the wrong one for a big job or management post. Learn more in "**TO FIND THE RIGHT JOB CANDIDATE, DIG DEEPER**".

Stella Ma and Amy Norman are co-CEOs of **LITTLE PASSPORTS**, a children's media company inspiring children to become young global citizens. Their characters travel around the world and send monthly packages to their young subscribers with letters, activities, and souvenirs from where they're traveling.

Q: What is your philosophy on hiring new employees?

A: One of the things I learned from startups, and it's something I tell my eight-year-old son and budding entrepreneurs as they come and ask for advice, is that experience is what you get when you don't get what you want. And, I have a lot of experience when it comes to startups.

Some of that experience is lessons like hire slow and fire fast. I can't tell you how many times the pressure of a startup to go now, act fast, biases toward action. There's all this pressure to do something, but the reality of it is, good decisions take time, and building a team is probably the most important decision that you make in a startup. I know. I've made a ton of mistakes by moving too quickly, hiring people that weren't the right fit, didn't have the right long-term incentives or interests. I've learned the hard way, take your time hiring, whether it's a cofounder or an employee. Getting those right people in the right jobs is hugely important, and it takes time to do that well.

When growing your startup, build a team that complements your skills and personality. Learn more in Steve Blank's "**BUILDING YOUR STARTUP**" video.

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Furqan Nazeeri is a partner at **EXTENSIONENGINE**, a consulting business with expertise in online and blended education technology. Growing up on a farm in Oregon, Furqan was forced to learn to 'build stuff and do stuff' without constant directions. This do-it-yourself attitude and tenacity has led him to found and cofound several startups, as he'll tell you, "both successful and unsuccessful."

JOHN WIRTZ

Hudl

Q: How do you setup an effective hiring process?

A: During the hiring process, we've layered in projects for almost every role. That's one thing that's been hugely valuable.

So, with developers it's pretty straightforward–a coding project. We want the projects to give somebody the flexibility to be creative–we want to see how creative they can get–and leave plenty of leeway for them to really show off their firepower.

For our project managers, we sit down in the room and we spend an hour and a half just playing out the beginning of a project. We bring a coach in the room, an actual coach, and have them interview that coach to build up their footing. That's like thirty minutes. Then thirty minutes for them to get their thoughts together and talk with us about some ideas. At the end, we pull up a Google doc and have them start typing. Tell me what you would start doing right now. They start typing out assumptions or risks or some user stories that are emerging. It's a great way to see how that person thinks.

The other thing it does is show you if they whither up a little bit during this high-pressure time. That tells you a lot. If they are smiling and having a ton of fun and embracing it, it's great for them because they know this is going to connect. I'm a big proponent of finding any way you can, in an accelerated way, to do a project that actually feels real.

> "Would I want to be brainstorming with this person for years if I'm not engaged in doing it for an hour?"

If we're looking for somebody on the business development side, we'll sit down in the room and have them go through a project of, "how would you go develop our soccer business in France?" Then we actually talk through it. I mean, a full brainstorm, not just explain to us the project build. Let's brainstorm on soccer in France. How do you tackle it? Would I want to be brainstorming with this person for years if I'm not engaged in doing it for an hour?

John Wirtz is the chief product officer and cofounder of **HUDL**, a sports video analysis company. He and his cofounders got the idea while studying at the University of Nebraska, notorious for their football program. Seeing the coaching staff still rummaging through hours of play footage on tapes and DVDs, the guys saw an opportunity to bring it all together in a digital platform.

KIMBER LOCKHART

One Medical Group

Q: How do you assess if someone is the right fit for your team?

A: I believe in hiring a variety of different people with different motivations, ideas, and backgrounds. I like to hire a good balance between people who have been in the industry for a long time, and have that depth of experience, and newbies who have new ideas that sometimes work and sometimes don't.

At the same time, you have to have a level of consistency around collaboration and culture. If you put together a team that can't work together, you're ultimately less productive than the sum of its parts. So, I have a "no jerk" policy. Which means, if you show any signs of not being collaborative during the interview process, you're going to get a no, no matter how good you are technically. Alongside that, once people are in the organization, you get to know them. You learn more about how each team member thinks and what they're motivated by, and you put together small working teams that are optimized for the people on them.

> " ...you have to have a level of consistency around collaboration and culture. "

We've gotten pretty good at figuring out before someone comes on to the team whether or not they are going to be difficult to work with. Of course, we're not perfect. Nobody is. We've had people come onto the team and be not particularly collaborative and challenging for the rest of the team to work with, ultimately lowering productivity. When that happens, we have a heart-to-heart to try to understand why the behavior is what it is and ultimately try to fix it. But if I can't, we're on a pretty limited timeline. It's more important to me to bring people in that are going to be collaborative. And that's when you have to make some hard decisions.

Kimber Lockhart is the VP of Engineering for **ONE MEDICAL** and the cofounder of **INCREO SOLUTIONS**, which was acquired by Box. Being a founder gave Kimber her education in leadership and team management, handling first a team of four, then ten, and suddenly, fifty. It was a fantastic opportunity "to build out a team that I would want to be a part of."

BRAD JANNENGA

WebPT

Q:

A:

How does culture play a role in your hiring and management system?

The first three years of the company, we got to over $1 million with fifteen people. Early on in that process, we hired a lot slower. Because we were bringing people in slower, they almost kind of organically, or through osmosis, got how we did stuff. When there were suddenly seven new people on Monday morning that were starting in these various positions we were literally creating on the fly. A lot of people brought a certain degree of baggage from their last job. We started noticing that the energy and the approach on how we did things was waning, and it was concerning to us. This was before we ever had a conversation on culture.

The pivotal moment for me was when I was walking through the office and one of the member care reps was getting off the phone. A physical therapist had called with what they thought was a dumb question, and they were making fun of the PT to the person next to them. I stopped for a minute, and it just hit me like a freight train. I'm like, "Do you realize that that person is generating your paycheck? It's not us. That person is paying you and you're making fun of them."

Shortly after that, we had a spunky college student that came in to apply for an executive assistant position. Heidi actually interviewed her and just fell in love with her energy. She was a little fireball. Heidi said, "Would you be interested in doing something other than assistant type work?" She's just now finishing up her degree in exercise physiology and wellness, so she was already focused on living healthy. So Heidi brought her on as a culture captain.

We knew that we had this growing problem. We knew that we didn't want to let it persist. We knew that we needed to be focused on it, but we didn't necessarily know how to do that. This was 2009. There were a lot fewer books out there [on the subject].

We took those seventy-five to eighty people, put them in our conference room, and started asking the staff these really open-ended questions. What kind of company do you want to work for? How do you want to be managed? How do you want to be thought of by your coworkers? How do you want our customers to think about us? Just a bunch of open-ended stuff. We'd write it all down, and then we distilled that down and grouped those together. From there, we derived our core values, and as a company, we live by those.

So, in order to be interviewed for a position, you have to have a skill set, but the next thing we evaluate them on is the cultural fit. The idea behind that is, I can hire a project manager and I can send them through all kinds of training and get them a mentor, but I can't get them to culturally identify and sign up for who we are as a company. Cultural fit for us is the most important thing that we look for in recruiting talent. We've let people go purely on core values.

BETTINA HEIN

Pixability

Q: How has your team changed from the time you started your business until now?

A: Pixability started out, obviously, with only me, and then I was able to start hiring a team. From that original team, there are two people still with the company, and they have adapted their roles and skill sets along the way. Not everybody can do that though, and not everybody wants to do that. There's a saying that I recently heard that I like: "The people that got you here won't get you there." You have to think about that with your team as an entrepreneur. It's not just saying, "You don't fit here any longer," rather it's an honest conversation you need to have with employees about where they want their career to go, and whether they can, for example, accept the mentorship of hiring somebody above them.

You can't typically grow your business without growing the number of people with whom you work. Your success will depend on your ability to put together a team of highly qualified people who are committed to the goals and objectives of your firm. Learn more in "**RECRUITING AND HIRING CAPABLE, SELF-MOTIVATED PEOPLE**".

"**[People] have adapted their jobs and skills along the way. But not everybody can do that.**"

Bettina Hein is the founder and CEO of **PIXABILITY**, a video ad buying and marketing technology company that helps global brands and their agencies run effective online video advertising campaigns. What started out as a company that collected video footage from people and edited it into family videos, turned into a technology platform that handles Cloud-based big data.

FURQAN NAZEER

ExtensionEngine

Q: Not everyone will remain with the company as you grow. How do you recommend handling the unfortunate task of firing people?

A: I have two things to say about firing folks. One is that the hardest time to fire somebody is not when somebody's, you know, incompetent or lazy or isn't interested in doing the job. That's actually rarely the case. And those are, frankly, the easiest ones to deal with because I think it's pretty clear.

The hardest thing is when you get the right people on the bus and then you realize five miles down the road it's not a bus, it's a Lear jet, and you have a bus driver in the cockpit. That's actually the hardest thing to deal with. So you're going to somebody who's a great person, doing a great job for the company one or two years ago, and you're having to say, "You know, I'm really sorry. This isn't the right position for you, and in fact, we don't have that old position that existed. And so you have to not work in the company." That's like the boiling a frog problem. It creeps up on you, and that's really difficult.

The other lesson I've learned about firing people is that there's no point in pulling the bandage off slowly. I used to go into these things; I couldn't sleep the night before. I would have a session with the person that I was letting go, and they would sometimes last one, two, three, or five hours, going into all kinds of details, and bringing up the past. I'd come out of it with sweat rings on my shirt and just completely exhausted. Nobody felt good. The real trick is to get it over quickly. Go in, sit down for five minutes, say, "This isn't working out. You know, in two weeks we can have a conversation about this when emotions are calmed down. But right now, this is what we're going to do," and then go spend time with the rest of the organization. Because that's really what you're trying to do. What I'm trying to do as an entrepreneur is to progress and grow the organization, and sometimes that means making personnel changes.

> "The hardest thing is when you get the right people on the bus and then you realize five miles down the road it's not a bus, it's a Lear jet, and you have a bus driver in the cockpit."

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