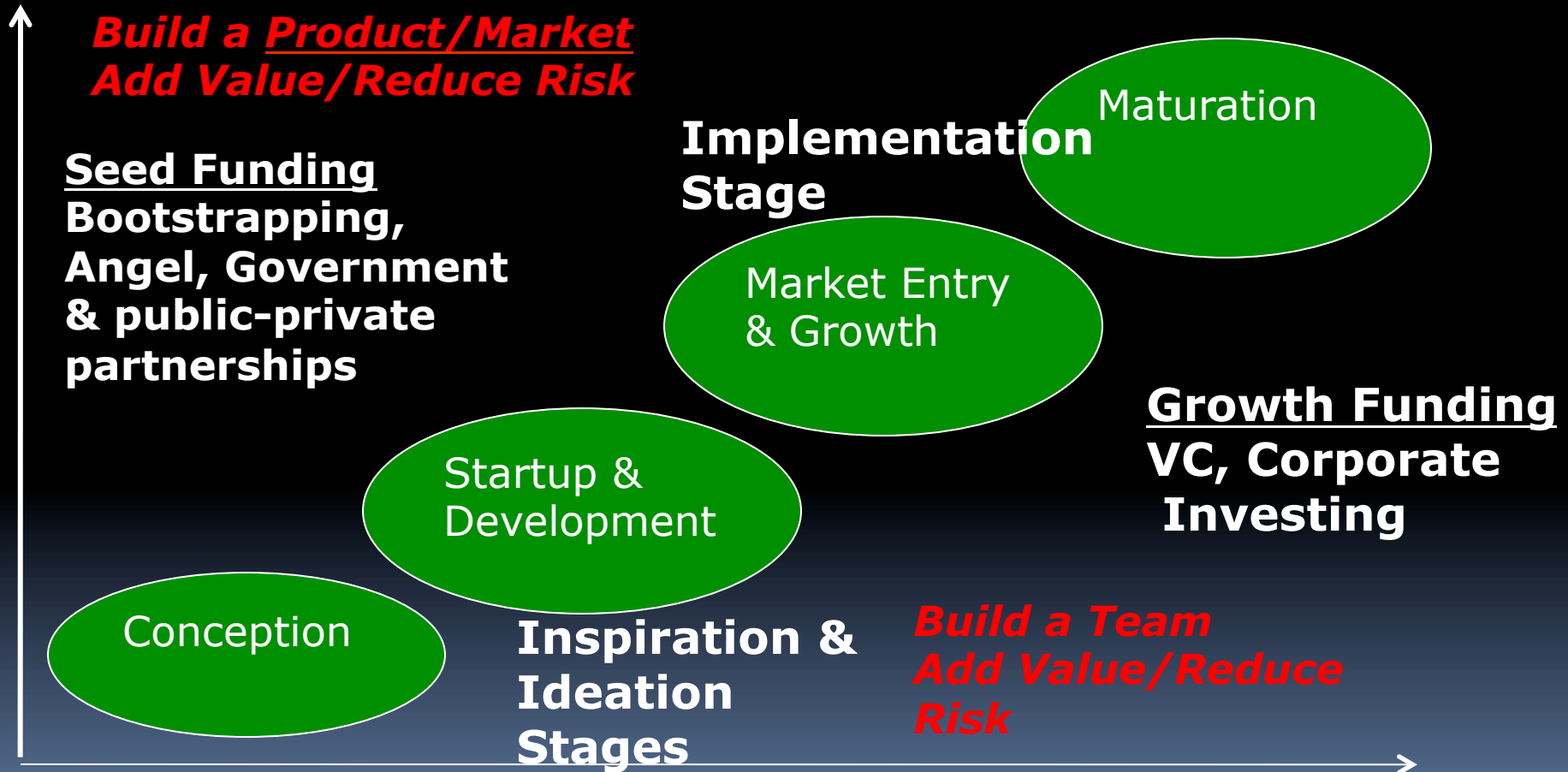*Arthur A. Boni, Ph. D. John R. Thorne Distinguished Career Professor of Entrepreneurship*

BUILDING AND GROWING AN ENTREPRENEURIAL TEAM – WORKSHOP VERSION

From Idea to Opportunity Creating Value

Innovation/Company Life Cycle Technology, Traction, Team

Build a Product/Market Add Value/Reduce Risk

Seed Funding Bootstrapping, Angel, Government & public-private partnerships

Implementation Stage

Maturation

Market Entry & Growth

Growth Funding VC, Corporate Investing

Startup & Development

Conception

Inspiration & Ideation Stages

Build a Team Add Value/Reduce Risk

# "startups are not versions of larger companies" – *Steve Blank*

- "a startup is a temporary organization in search of a scalable, repeatable, profitable business model"
  - Requires different rules, roadmaps, skill sets, and tools to minimize risk and optimize chances for success
    - Experimentation over elaborate planning
    - Customer feedback over intuition
    - Iterative design over traditional development
      - Product/service – market – business model

The Scalable Startup
From Steve Blank

Startup   **Growth**

Development/market entry

| Scalable Startup | → | Transition | → | Company |
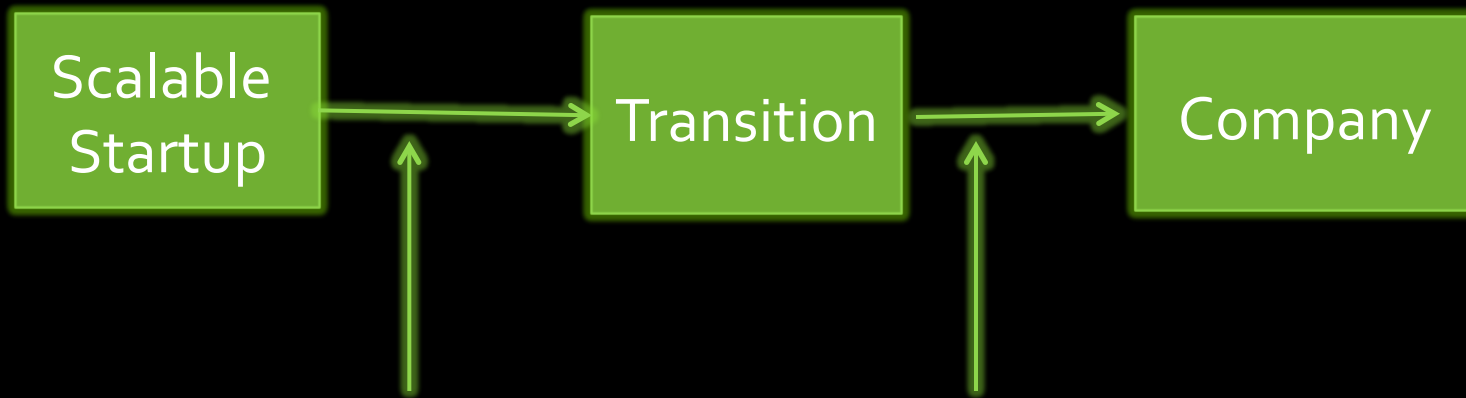
Business Model found
Product/Market fit
Repeatable sales model
Manager hired

Cash-flow breakeven
Profitable
Rapid scale
New Sr. Management
- 150 people

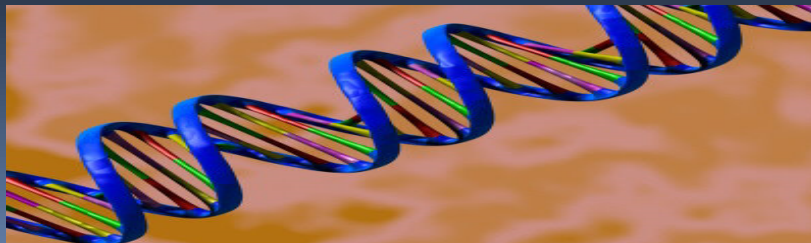# *SETTING THE CONTEXT FOR BUILDING A TEAM*

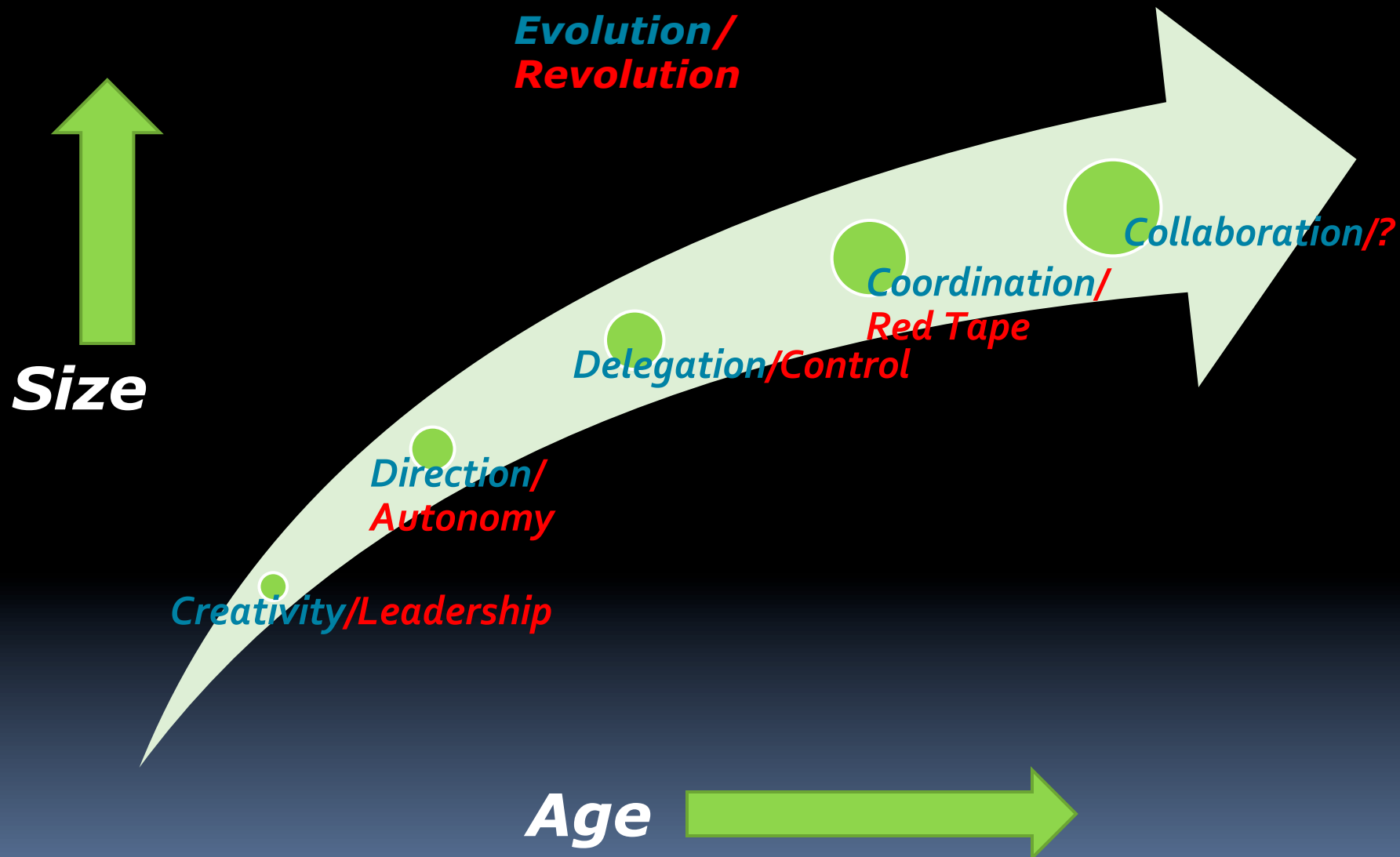*Evolution and Revolution as Organizations Grow (from Greiner, HBS 98308)*

Greiner's Message
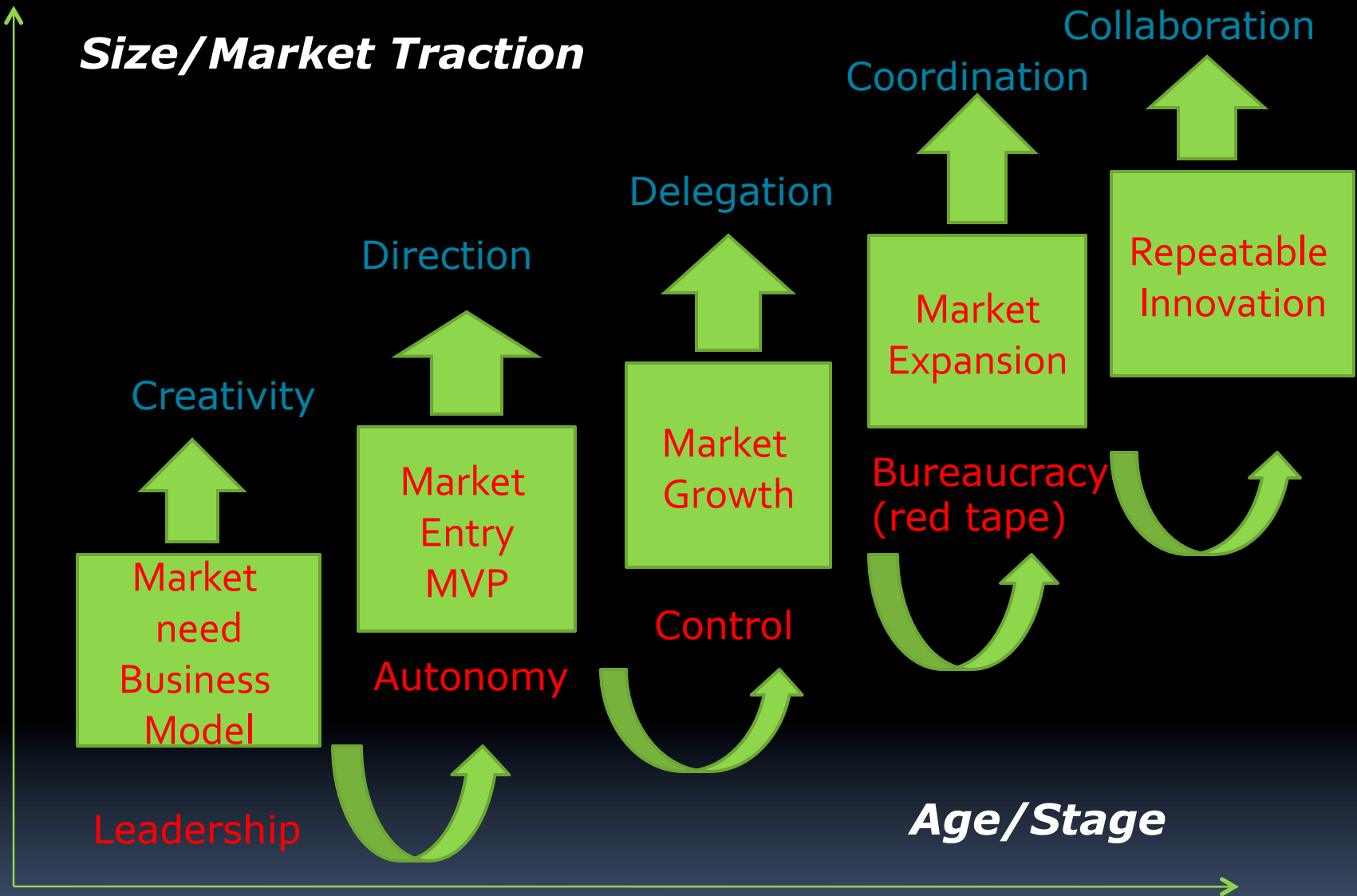

- Companies go through development and growth phases
  - Each phase begins with a period of evolution (steady growth and stability)
  - Each phase ends with revolution (turmoil and change)
  - What led to growth then triggers instability

Five Phases of Growth

Size

Age

Evolution/
Revolution

Collaboration/?

Coordination/
Red Tape

Delegation/Control

Direction/
Autonomy

Creativity/Leadership

Leading Change Across the Company Life Cycle

"Leading change" across the company life cycle

- **Consider some early stage and growth companies where changes have been made in the team**
  - **Who leads change?**
  - **What are the effects on the organization?**
  - **What does change do to corporate culture?**
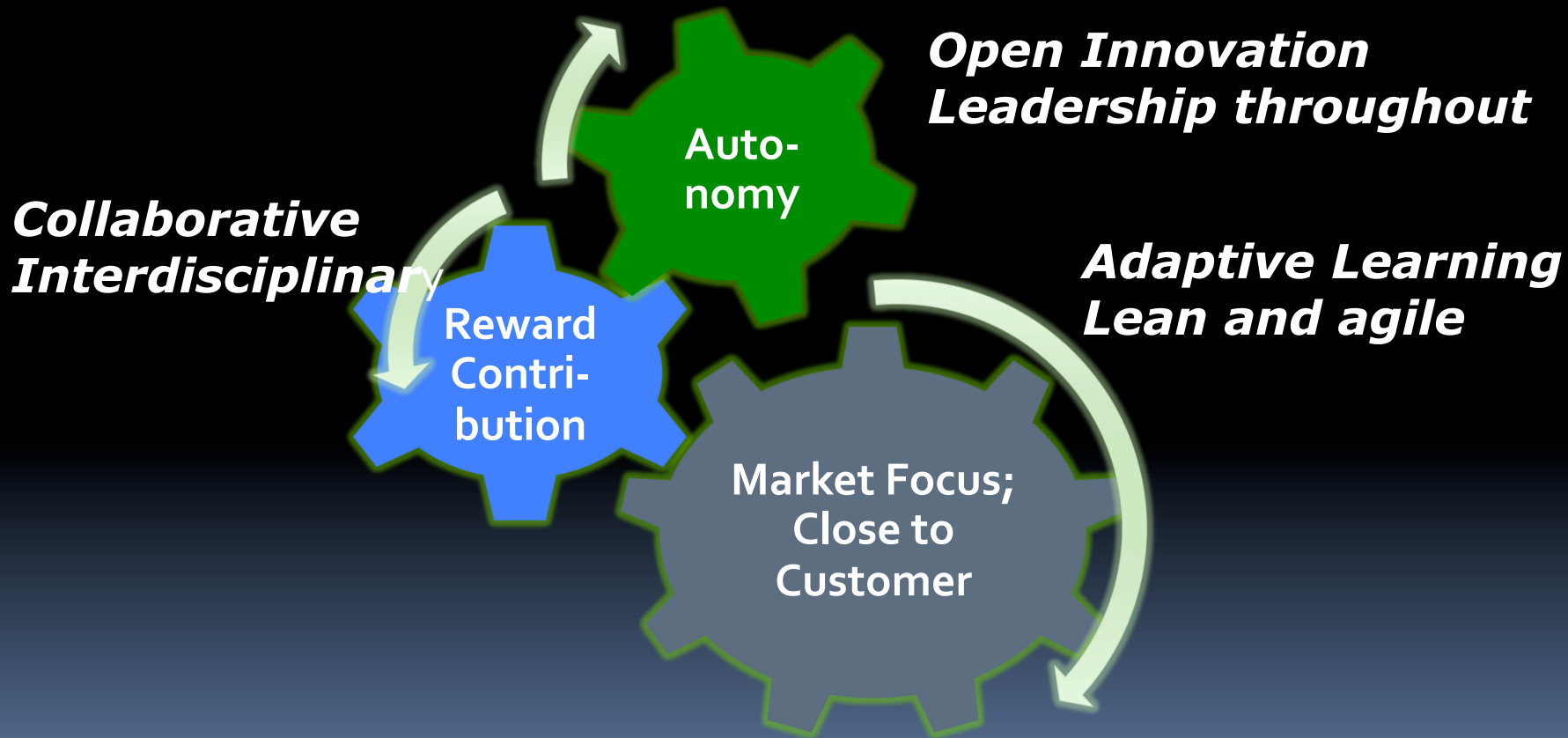 - **What about founders?**

On Teamwork

The strength of the team is each individual member...the strength of each member is the team.

- **Coach Phil Jackson - Chicago Bulls & Los Angeles Lakers (11 NBA titles)**
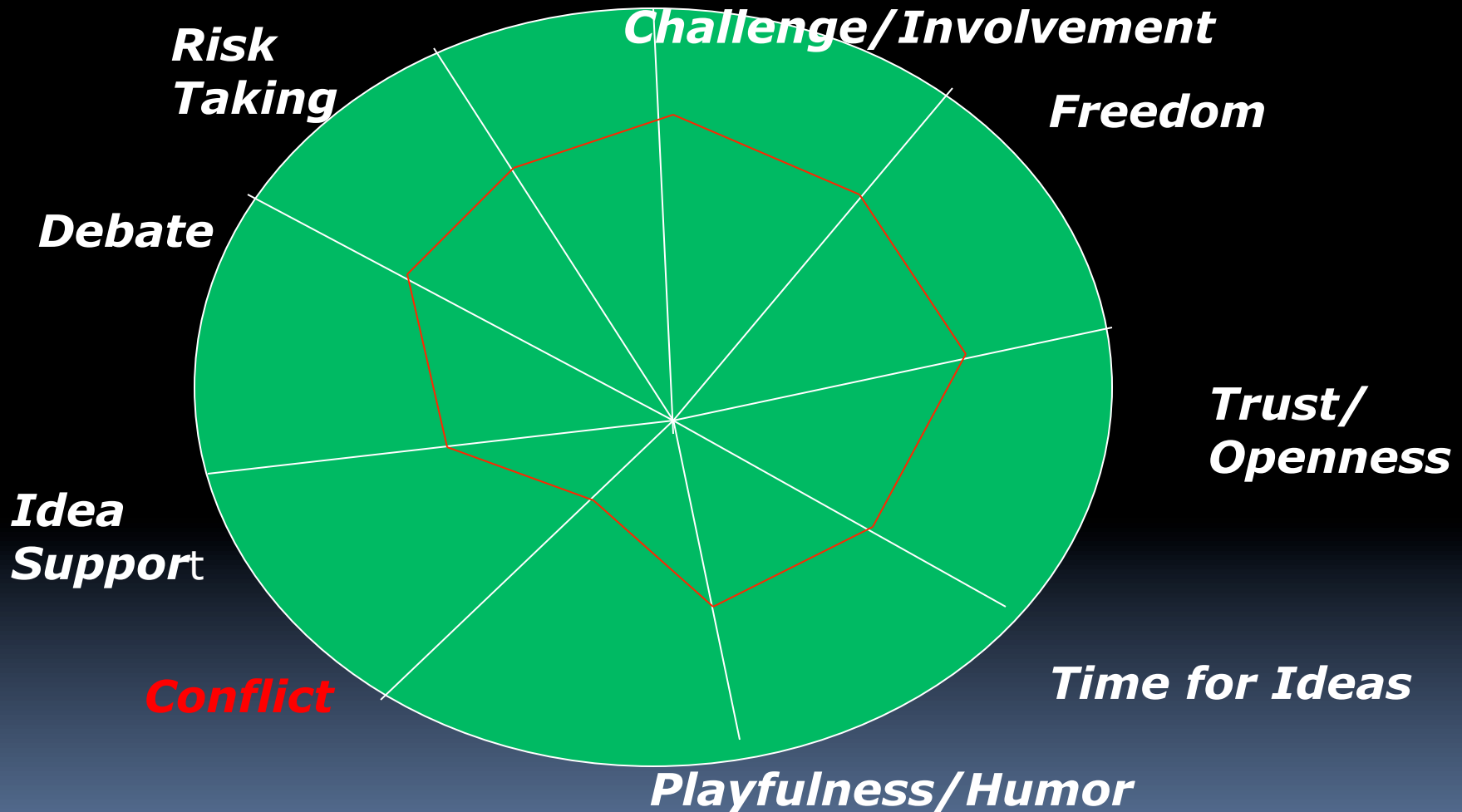
Knowledge-Based Ventures

- *"Your most precious possession is not your financial assets. Your most precious possession is the people you have working there, and what they carry around in their heads, and their ability to work together."*

  - Robert Reich – former Secretary of Labor

Building an Organizational Culture

Auto-nomy

*Open Innovation
Leadership throughout*

*Collaborative
Interdisciplinary*

*Adaptive Learning
Lean and agile*

**Reward
Contri-
bution**

**Market Focus;
Close to
Customer**

Attributes of an Effective Organizational Culture
"How GE Teaches Teams to Lead", HBR Jan 2009

Key Considerations for Team Building

Work Tasks to be Performed

Customer need

MVP development

Fund raising

People Skills Needed

Market development

Product development

Processes

Team and advisor collaboration

Change management

Key Questions to Ask When Building the Team

PHASE 1	PHASE 2	PHASE 3
Task Analysis	***People***	***Processes and Procedures***
• **What work needs to be performed?**	• How many people should be on the team?	• What are the explicit (spoken) norms of the group?
• How much autonomy?	• Who is ideally suited to do the work?	• What are the implicit (unspoken) norms of the group?
• What is the focus of work the group will do?	• **What technical, task management, and interpersonal skills** are required?	• Which norms are conducive for performance?
• What is the degree of interdependence among team members?	• What types of diversity are optimal in the team?	• What is the process by which ineffective norms can be revised?
• Does there exist only one correct solution?		• **How much structure is required?**
• Are team members' interests aligned or competitive?		

Extended Teams
(important for early stages)

- The Team is the most important predictor for company success
  - Failure rates attributed to technology, market, team?
- Consists of
  - Founders
  - Leaders for technology, business, design → 2(3)
  - Advisors (for technology, business, legal)
  - Directors (including investors)

What do you need from the team?

- Expertise, Networks, Perspective
  - Access to people, capital, partners, market/customers
  - Access to counsel and expertise for IP, regulatory, reimbursement, clinical trials
  - Advice, experienced perspective, mentoring
  - Adherence to plan, changes to plan, fiduciary responsibility

Team Member Characteristics

- Knowledge/Skills/Experience
  - Market/Industry/Domain specific experience
  - Previous experience in building entrepreneurial companies
- Interpersonal Skills
  - Team oriented; works well with people in cross functional teams → diversity
  - Good communication skills
- Shared value system
  - Can be trusted
  - A sense of common purpose and vision
  - Check egos at the door!
  - Good sense of humor

Diversity is Good

- Many skill sets will be required to build a successful company
- Don't hire everyone who has similar skill sets and experiences!
  - Encourages associative thinking
- Hire those who come from "big company" backgrounds for industry knowledge
  - But, can they integrate into entrepreneurial company?
- Actively manage the diversity – don't leave synergy to chance

Motivation

- Hire "infected people"
  - Passion and commitment
- Then create an environment where people know that their contributions are valued
  - Working conditions, interpersonal relations, compensation, status, security, policies, supervision, honest performance evaluation and feedback

Some Motivating Factors

- Recognition
- The challenge of the work itself
- Achievement of goals
- Responsibility
- Personal growth
- Contributions
- Making a difference
- Changing the world

The Three Essentials of an Effective Team
Ref. Jim Billington, HBS U9701A (1997)

- Commitment
- Competence
- Common goal

Commitment

- Shared dedication to achievement of specific performance goals
- Shaping a purpose owned by all
- Shared ownership

Issues for Consideration

- **Building the team**
  - CEO, CSO/CTO + key team members
  - Part-time members (university ties and conflicts)
  - Building and working with your BOD and SAB
- **Managing through transitions**
  - "Evolution & revolution"
  - Growing the team, subtracting from the team

- **Balancing science vs. commercialization**
  - Role of the CSO or CTO

- **Team dynamics and process**
  - Creating a productive work environment and company culture
- **Compensation Issues and Equity Incentives**
  - Founders, later key hires - vesting and option pools

Panelist Introductions

- Pete DeComo
  - Renal Solutions
  - Alung Technologies
  - ClearCount Medical (as BOD member)
- John Dick
  - GSP Consulting
  - Civic Science

Discussion Q&A

- Discuss issues as follows:
  - Building a team - skill sets required, timing?
  - Building and using a BOD and advisory group
  - Additions and letting go across company life cycle (transitions)
  - Equity distribution – how to structure for short and long term needs
  - Building and validating a product/service, entry market, business model