Building and Growing Entrepreneurial Teams

the most important predictor of success

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“Cliffs Notes Version”

- “Building, Managing, and Motivating Great Teams” – Boni, Weingart, Todorova, Chapter 7 in Biotechnology Entrepreneurship (Ed. By Simasaki, 2014)

- “Building Teams in Entrepreneurial Companies” – Boni and Weingart, J. Commercial Biotechnology, Vol 18, April 2012
From Idea to Opportunity
Creating, Delivering & Capturing Value
Entrepreneurial Process Model
Key Elements of Value Creation

Opportunity → Team → Resources

Leader
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

Startup & Development

Market Entry & Growth

Conception

Inspiration & Ideation Stages

Build a Team
Add Value/Reduce Risk

Maturation

Growth Funding
VC, Corporate Investing

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Designing & Leading a Business
“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**

Scalable Startup

**Development/market entry**

Transition

**Growth**

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 and growing 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 Company Life Cycle

1. Creativity/Leadership
2. Direction/Autonomy
3. Delegation/Control
4. Coordination/Red Tape
5. Collaboration/?

- Evolution/Revolution
- Size
- Stage
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?
Building an Organizational Culture

- Open Innovation Leadership throughout
- Autonomy
- Reward Contribution
- Collaborative Interdisciplinary
- Market Focus; Close to Customer
- Adaptive Learning Lean and agile
Key Considerations for Team Building
Understand the importance of will, skill and fit

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

Understand the importance of will, skill and fit
Extended Teams
(important at all stages)

• The Team is the most important predictor for company success
  – Failure rates attributed to technology, market, team?

• The Team consists of
  – Founders
  – Leaders for technology, business, design → 2(3)
  – Advisors (for technology, business, etc.)
    • Service providers (accounting, 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 Characteristics
  – 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 (Will)

• 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


• Commitment
• Competence
• Common goal
Commitment/Common Goal

– Shared dedication to achievement of specific performance goals
– Shaping a purpose owned by all
– Shared ownership
Issues for Discussion

• 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/technology 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