

***Building and Growing
Entrepreneurial Teams
the most important predictor of success***

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John R. Thorne Distinguished Career
Professor of Entrepreneurship

“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

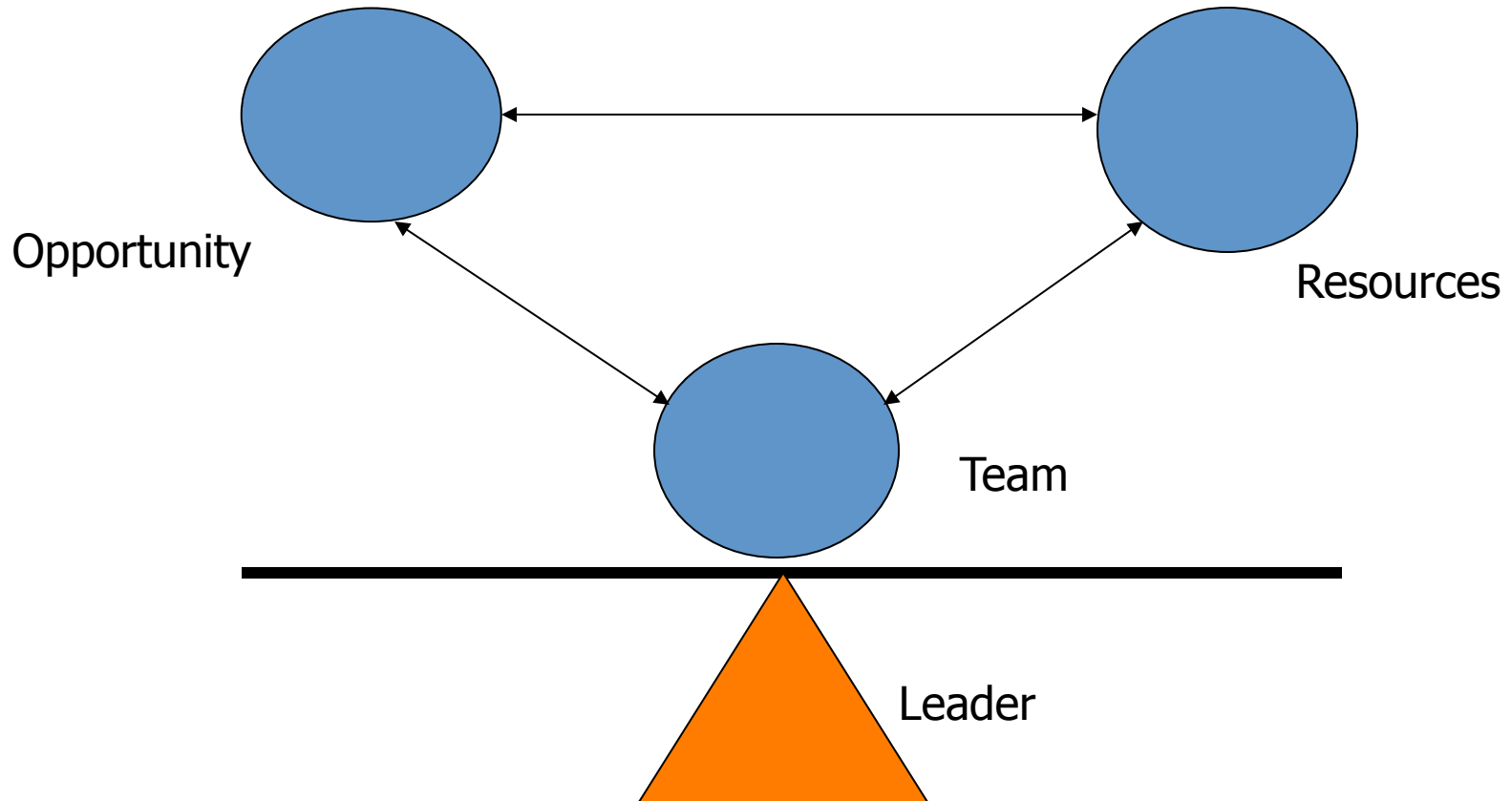
From Idea to Opportunity

Creating, Delivering & Capturing Value

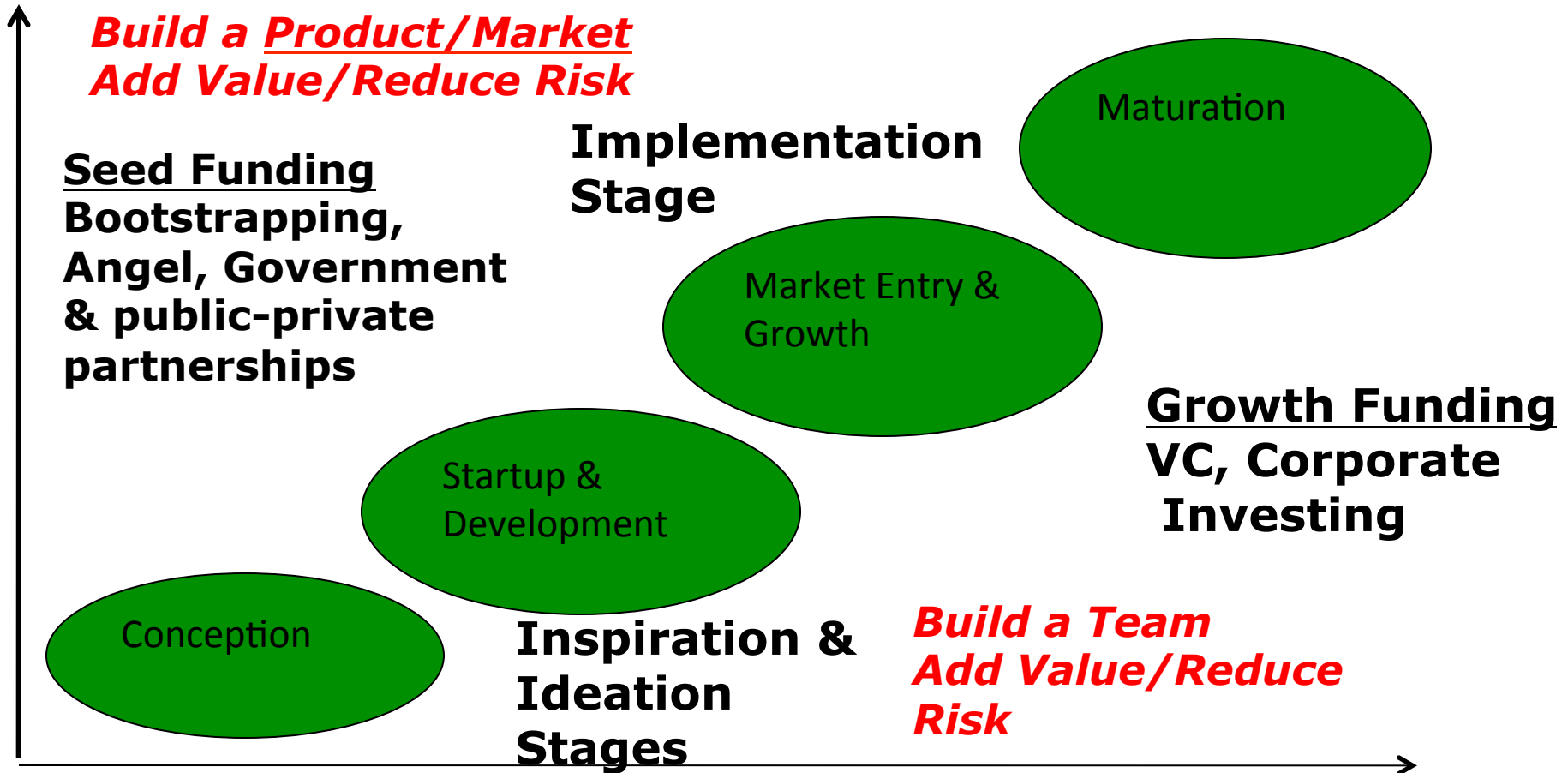


Entrepreneurial Process Model

Key Elements of Value Creation



Innovation/Company Life Cycle ***Technology, Traction, Team***



“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

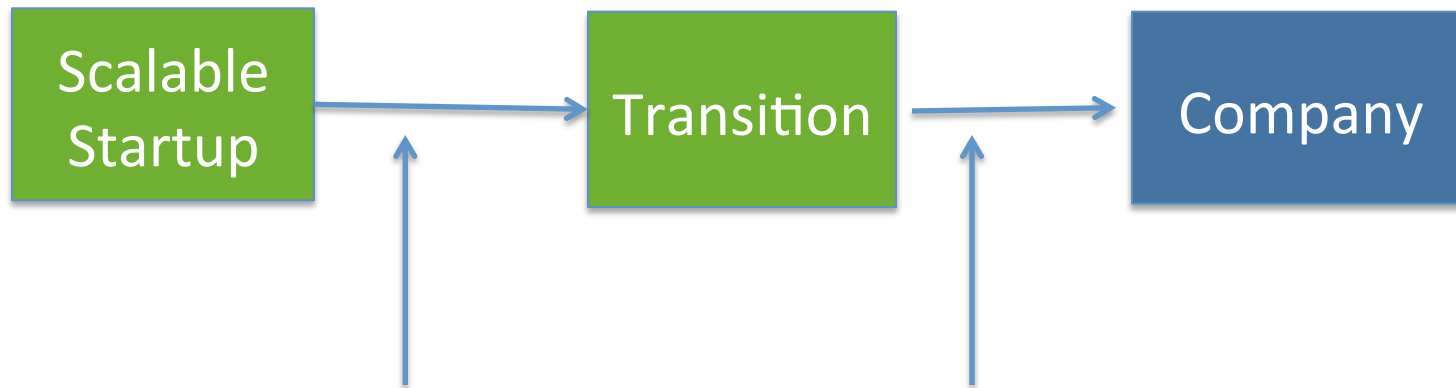
The Scalable Startup

From Steve Blank

Startup

Growth

Development/market entry



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

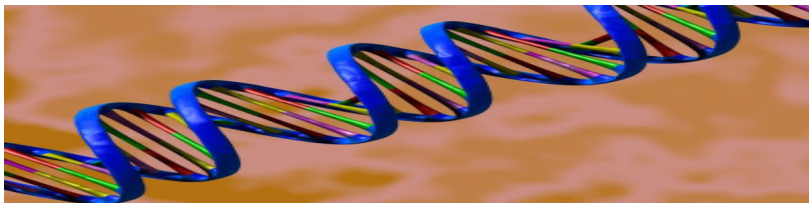
*Evolution and Revolution as Organizations Grow
(from Greiner, HBS 98308)*



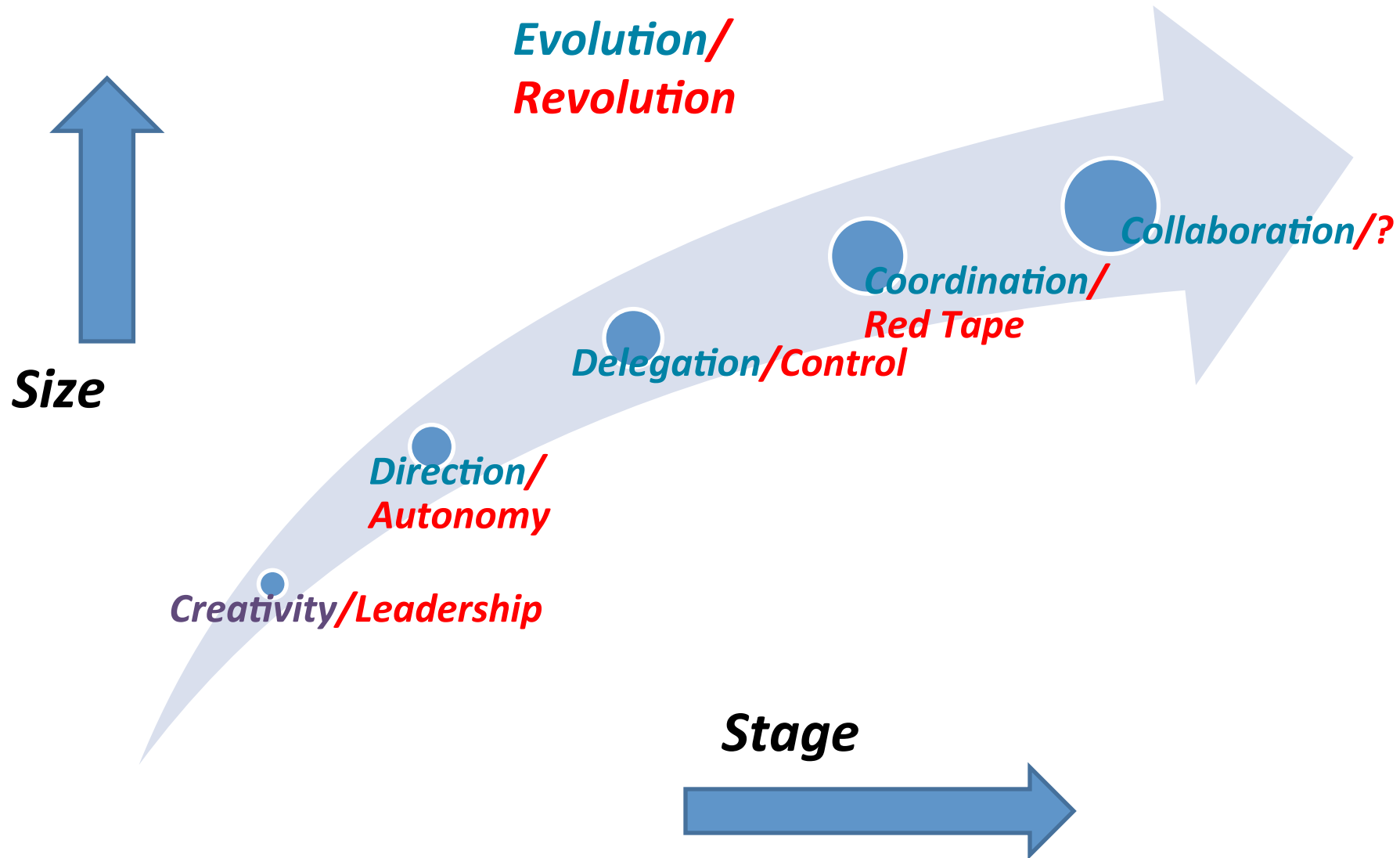
Greiner's Message

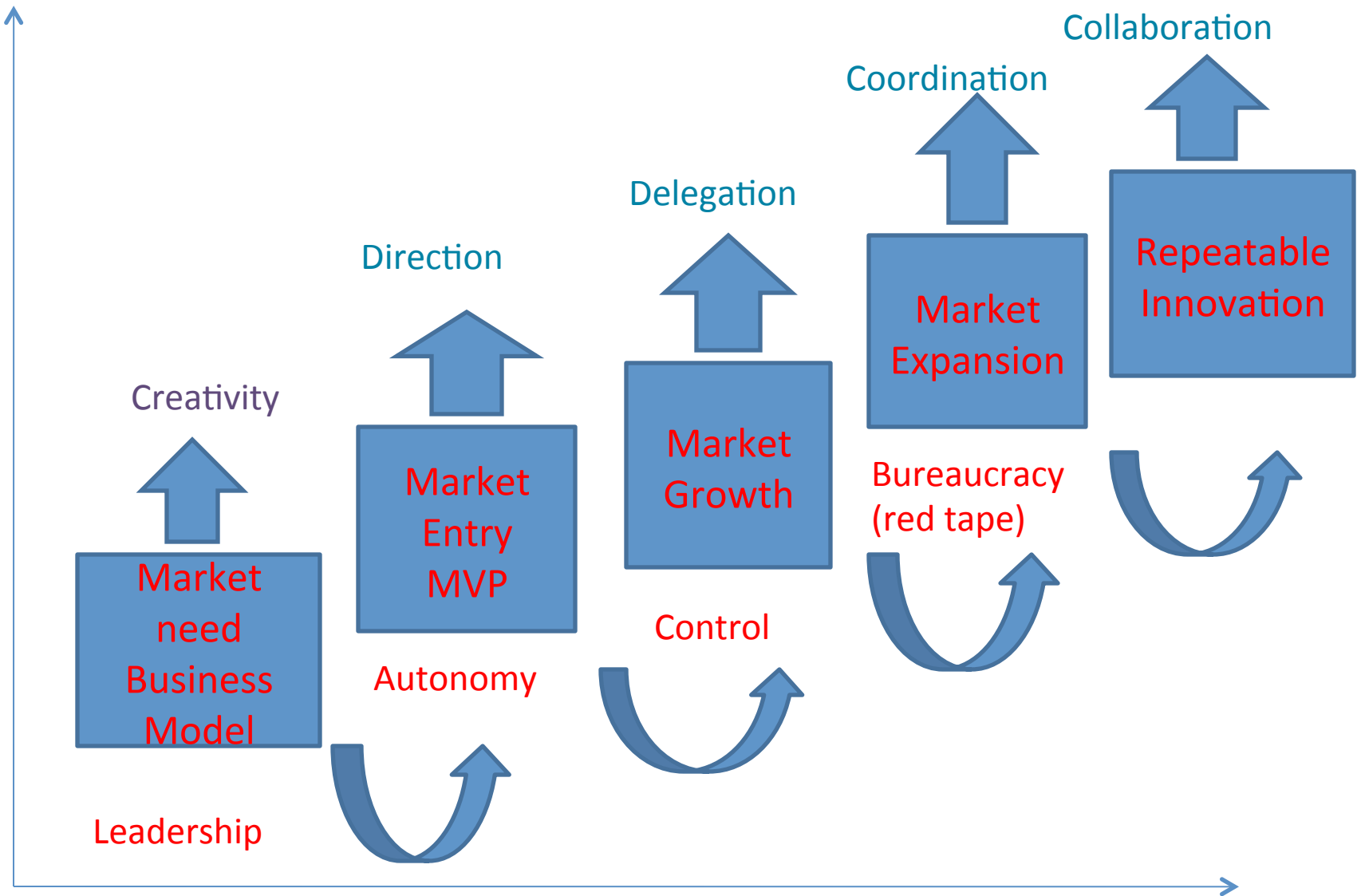


- Companies go through development and growth phases
 - Each phase begins with a period of evolution (steady growth and stability)
 - Each phase ends with **revolution** (turmoil and change)
 - What led to growth then triggers instability?



Five Phases of Company Life Cycle



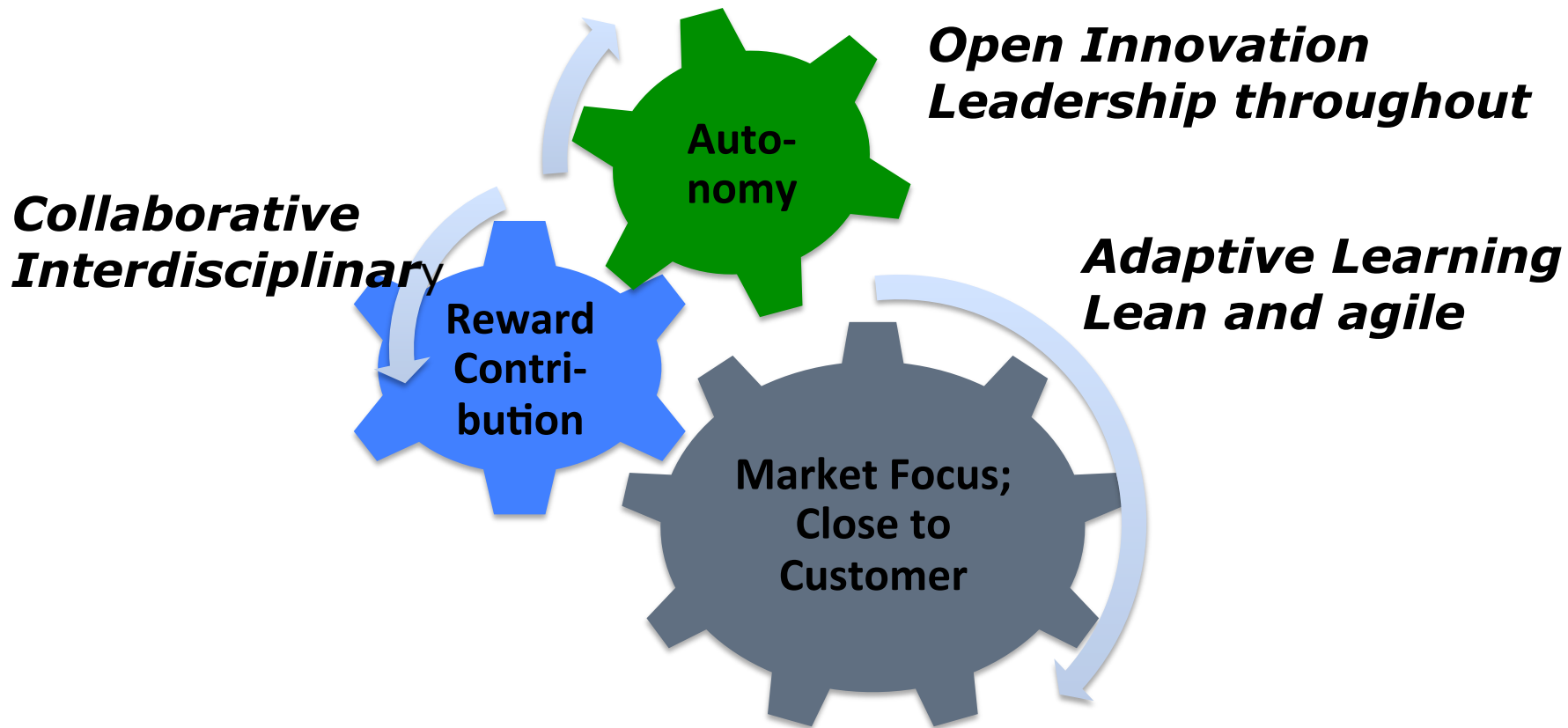


Leading Change Across the Company Life Cycle

“leading change” across the company life cycle

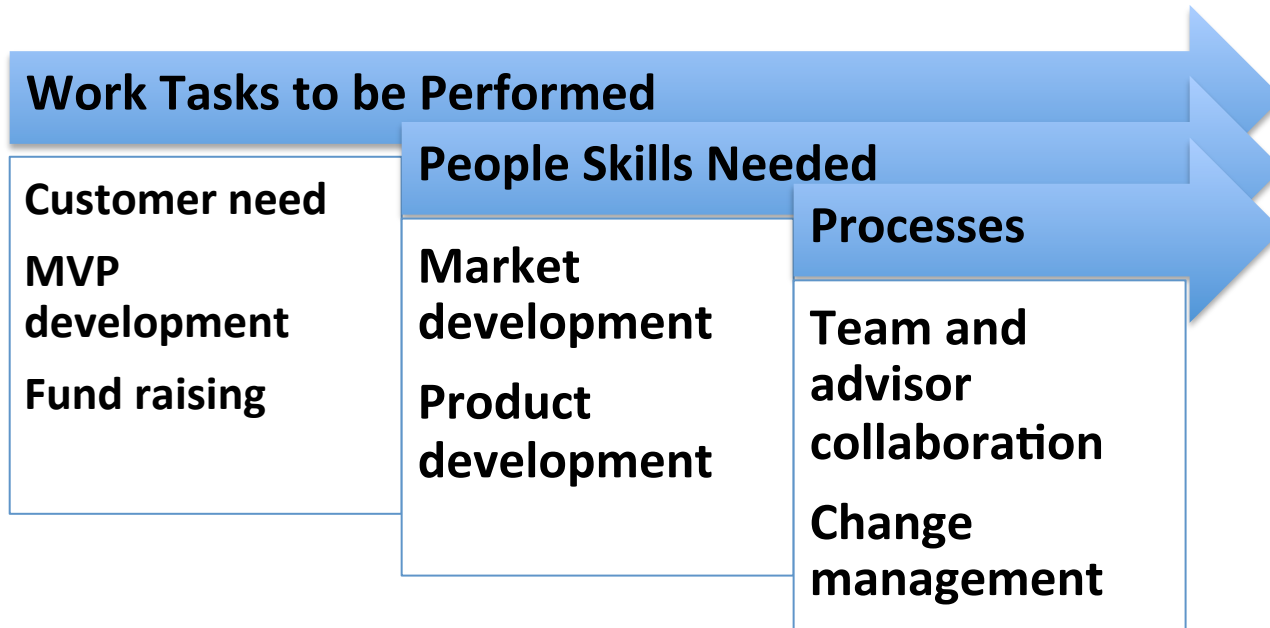
- **Consider some early stage and growth companies where changes have been made in the team**
 - **Who leads change?**
 - **What are the effects on the organization?**
 - **What does change do to corporate culture?**
 - **What about founders?**

Building an Organizational Culture



Key Considerations for Team Building

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

Ref. Jim Billington, HBS U9701A (1997)

- **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