From Start-Up to Grown-Up

Tags: #entrepreneurship #management

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Dialogue

A theory about people who are founders and the intersection in our audience.

The job has changed.

> It's Not Easy to Tell Someone They're Not Doing Their Job. But That's Your Job.

There's a tendency to side-step problems. (Kevin example?)

> The brutal truth about firing is that most often by the time you get around to firing someone you're probably months late. That means it's become apparent to multiple members of the team that the person isn't doing their job.

Mistake that leaders make is that they assume that the issue is isolated to that person or that person's team.

Assumption: that someone was great in the role for awhile (or the prior role) so they are good.

Checkpoints:

> Every eighteen or twenty-four months is a good time to do a sanity check: Are these the right executives for the company right now? Is anyone a gating factor? Has everyone grown?

90 day checkpoints.

Have a straight conversation:

1. Will -- does the person want to do the job.
2. Skill -- can they develop themselves to do the job.

It's helpful to be prescriptive at this stage.

You might have options other than firing.

> There's no way to do it painlessly. Don't pretend that it's not dispiriting and awkward and painful. You have to make peace with that before you do it.

Guilt comes up here a lot. Leaders are frustrated with themselves that this is so hard.

What have you changed your mind on?

Reserve

> Again and again, I've had founders come to me and say, "So-and-so just quit,"
> in a tone of voice that suggests the world is about to end. Again and again,
> the world has failed to end. And often, it's had a new beginning.

Do you dismiss someone right away or do you have a transition period -- or move them into a new role?

Quotes

Highlight [page 88]: Nobody sets out to hire the wrong people, obviously. Kevin certainly didn't. Kevin was the charismatic founder of a collectibles marketplace. Kevin was like a pied piper—he raised a lot of money and was able to get top executives to join his team. These are amazing qualities for a founder/CEO! As the company grew, Kevin knew he needed a technical executive to rearchitect the product to get ready to scale. He hired a CTO who looked great on paper. Sean had worked for the fancy companies in Silicon Valley. He came highly recommended with references from those same fancy companies, and Kevin thought he had found the answer to the question of how he was going to scale to millions of users. All seemed well for about a year. Sean got his arms around the problems in the technology and hired a team. Kevin thought it was an awfully big team, but Sean convinced him that's what he needed to rearchitect the site. After those twelve months Sean told Kevin that the work was more extensive than he had realized and that he'd need another three months to complete a solution. At the end of those three months, Sean said he'd need another three months. By this time Kevin had, understandably, lost trust in Sean. However, rather than addressing Sean directly about why he was slipping deadlines and finding out what the real problems were, Kevin had a side conversation with the VP of engineering, who reported to Sean. Kevin asked him to take on a special project to check Sean's work, and to keep it secret. This VP of engineering hired other engineers and before you know it, they had a shadow team of thirty trying to check the work of the formal engineering team. Does that sound like a mess? It was a mess. Kevin ended up firing Sean anyway, and it took several years to unravel—years of precious time fixing issues rather than moving forward. Kevin could have saved himself a lot of time and money if he had fired Sean earlier. The brutal truth about firing is that most often by the time you get around to firing someone you're probably months late. That means it's become apparent to multiple members of the team that the person isn't doing their job.

Highlight [page 89]: Although this is uncomfortable, it's normal. Every eighteen or twenty-four months is a good time to do a sanity check: Are these the right executives

for the company right now? Is anyone a gating factor? Has everyone grown?

Highlight [page 89]: When you don't address situations like this because you don't quite see the root cause (and believe me, although it seems obvious as I lay it out for you here, when you're in the middle of it, it is far from clear) or you don't know what to do, the issue festers. As the CEO, you will probably get frustrated with your executive who is not performing and either seethe silently in resentment or blow up at her. Your other executives will definitely start wondering why you're not doing something about this. What you may not quite realize is that the underperforming executive herself will know she's not keeping up but not know how to solve these problems. You may have to part ways with her, but before you do that you should have a straight conversation with her.

Highlight [page 90]: Very often, even when the CEO knows that there are problems, he doesn't quite know how to address them. He hopes the executive will figure things out. He wants to help her solve the problems. He dreads her defensiveness. He's afraid that if she leaves maybe her team will leave with her or maybe the company will lose some important institutional memory. He doesn't really want to hire someone new, given all the other things he needs to do.

Highlight [page 91]: You do have a few options that don't include terminating your underperforming employee. If she is fantastic and open to growing but not at the job they have, there might be a better fit in your company. Or this person could do very well if she had a manager over her to provide the training and experience she needs. As long as you're legitimately bringing in a good manager, it's a great opportunity. You can say, "One of the great things about start-ups is that we can grow and change. We think you're great, but the company has reached the point where we need to bring in more experienced executives. What I'd like you to do is hire a more experienced

Highlight [page 92]: Please do not copy or distribute. 91 executive to run your area, who you will be the right hand of, and who will teach you the things you need to know." I'll talk more about layering in Chapter 6.

Highlight [page 92]: I once worked with a CEO who had a very strategic head of product named Zak. In fact, Zak was so strategic that he couldn't get all that much done. He loved sitting at his computer and creating wonderful PowerPoints. His passion for the product and the company was off the charts. Everyone liked Zak and was in awe of his intellect, but they were also frustrated that he never got back to them on time and didn't share with them what he was working on. The product managers he was supposed to manage learned not to turn to him for help, and they became increasingly out of step with the efforts of the company because there was no executive coordinating their efforts with everyone else. When the CEO finally had a conversation with Zak, there was already a lot of irritation around him. The CEO and he had a series of discussions that let both of them see that he could add a lot of value, but he was in the wrong role. The CEO hired a new head of product and moved Zak to a more creative and strategic role that didn't require so much coordination with other

people. That did the trick to unblock the flow of work and let Zak's great energy and passion be channeled productively.

Highlight [page 92]: The specifics of how you do it depend on the person and the situation. Should you ask them to stay for a few months and transition, or should you insist that today be their last day? Should you give them severance and give them extra time to vest their options? Is there anything they were promised when they were hired in

Highlight [page 93]: Please do not copy or distribute. 92 case they got fired? Make sure you decide all this in advance. Work out your plan before you actually do it, not only about what you are going to say, but what happens before and what happens after. If there's a contract involved, be sure you know what its terms are. (There's a script for firing your friend in the Sample Scripts at the end of the book.)

Highlight [page 93]: There's no way to do it painlessly. Don't pretend that it's not dispiriting and awkward and painful. You have to make peace with that before you do it.

Highlight [page 94]: People often ask me, "Is it better to have someone finish up quickly and move on, or is it better to have them complete as much of their work as they can?" The answer is it depends. How much do you trust them? Do you have a good relationship with them? How likely are they to operate at a high level even as they're walking out the door? What is the mission critical nature of their projects? Is there a successor in house, either interim or long-term?

Highlight [page 94]: Again and again, I've had founders come to me and say, "So-and-so just quit," in a tone of voice that suggests the world is about to end. Again and again, the world has failed to end. And often, it's had a new beginning.

References