

HR Issues In a Startup :

Team, Talent, Make/Buy/Rent, and More....

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Agenda

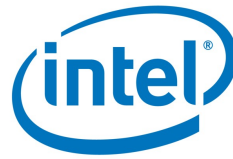
The Executive Team

Technical Talent

Compensation Philosophies

Best Practices

Who Am I?



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Executive Staff

Your ability to scale is directly related to the capability of your direct reports

- Hard to get stars if you are unproven

Think athletic team

Vice Presidents

- Marketing
- Sales
- Engineering/CTO
- Product



Outlier Leaders

Executives who come later

Game changers

Fixers

Smaller pieces, bigger pies



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Managing the Technical Function

Make or buy or rent

Can you judge the deliverables?

Throwing away the MVP

Finding a technical co-founder

- And if you've never worked together before...



Truisms

All that matters is if the product works and is on time

Hire people who have delivered and shipped product before

Development includes customers, product/market fit, QA, scalability



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Paying Your Team

Pay what is fair (cash and stock)

Don't overpay and don't underpay

Assume comp is an open book

There are best practices – you don't need to reinvent the wheel



New Hires – Seed Stage

Non-founding CEO – 4.0% to 8.0%

VPs – 1.5% to 3.0%

Directors – 0.5% to 1%

Managers – 0.2% to 0.4%

All others – < 0.2%



New Hires – Series A

Non-founding CEO – 4.0% to 6.0%

VPs – 1.0% to 2.0%

Directors – 0.4% to 0.8%

Managers – 0.1% to 0.3%

All others – < 0.1%



New Hires – Series B

Non-founding CEO – 3.0% to 5.0%

VPs – 0.75% to 1.3%

Directors – 0.3% to 0.6%

Managers – 0.1% to 0.2%

All others – < 0.1%



Other Data Sources and Perspectives...

<u>Title</u>	<u>Range (%)</u>
CEO	5 – 10
COO	2 – 5
VP	1 – 2
Independent Board Member	1
Director	0.4 – 1.25
Lead Engineer	0.5 – 1
5+ years experience Engineer	0.33 – 0.66
Manager or Junior Engineer	0.2 – 0.33



How to Divvy Up the Pie...

Classic startup – founders

- Not all equal
- Experience, background, skillsets

Mix of title and position is less of an issue with a founding group

- Aforementioned variables more important

It's all about “t-comp”



Holistic POV

Investors

Employee pool

- It needs to be refreshed after each round if you take venture money
- You will be diluted; get comfortable with it

Founders

- What's left over...
- You will be diluted; get comfortable with it



Other Special Attributes of Executives

Early exercise

- Tax benefits

Vesting schedules

- Accelerated vesting upfront if a founder
- Acceleration on acquisition (double trigger)



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Best Practices

Startups are not democracies

HR from Day 1:

Informal feedback

360 degree reviews

Scott Brady methods



Other Random Insights

Your team is a reflection of you

You never heard anyone say, “I’m glad I kept that person around for an extra six months...”

How the CEO keeps his/her job

If there is a problem with the business, figure it out before your Board does



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