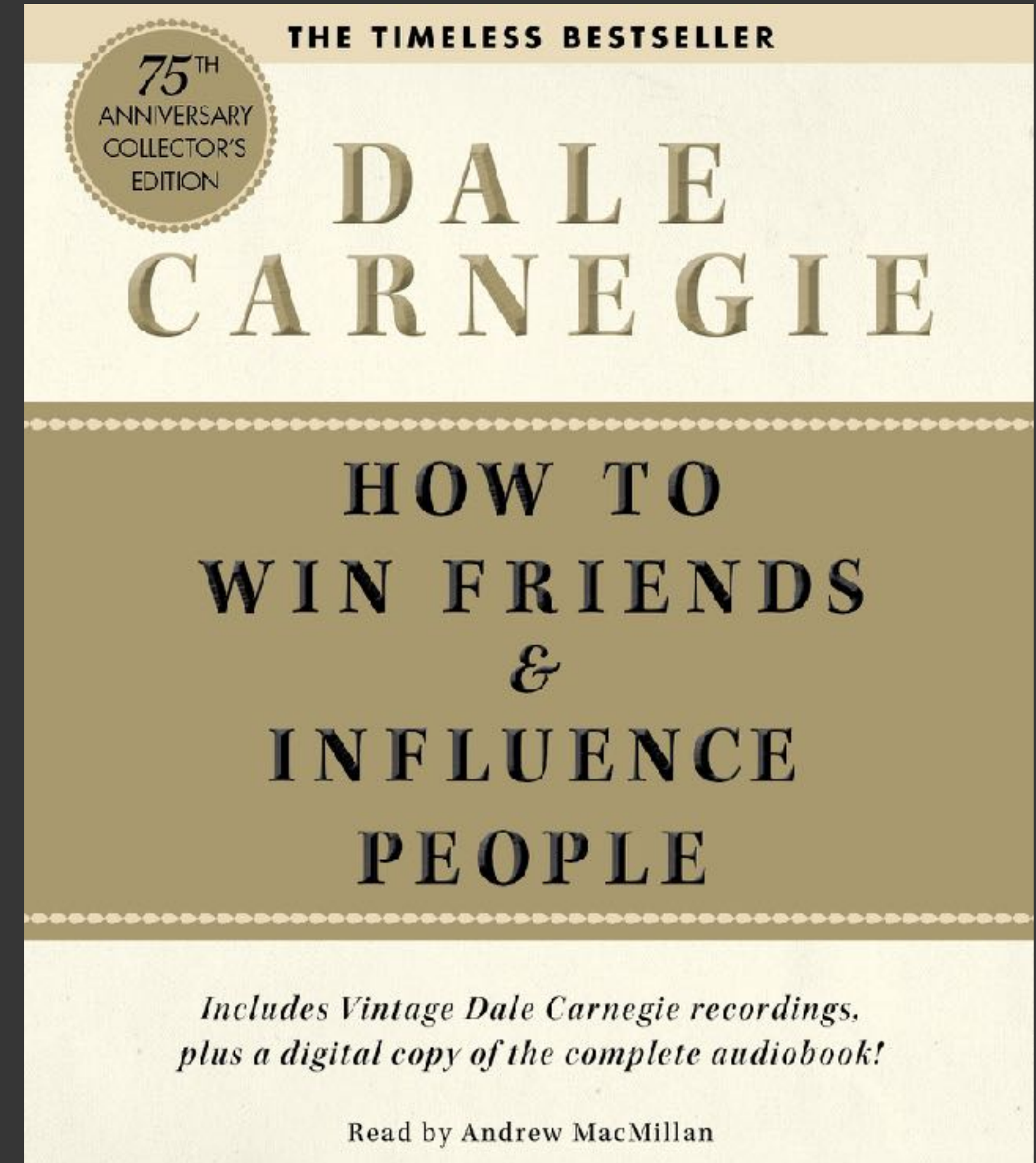
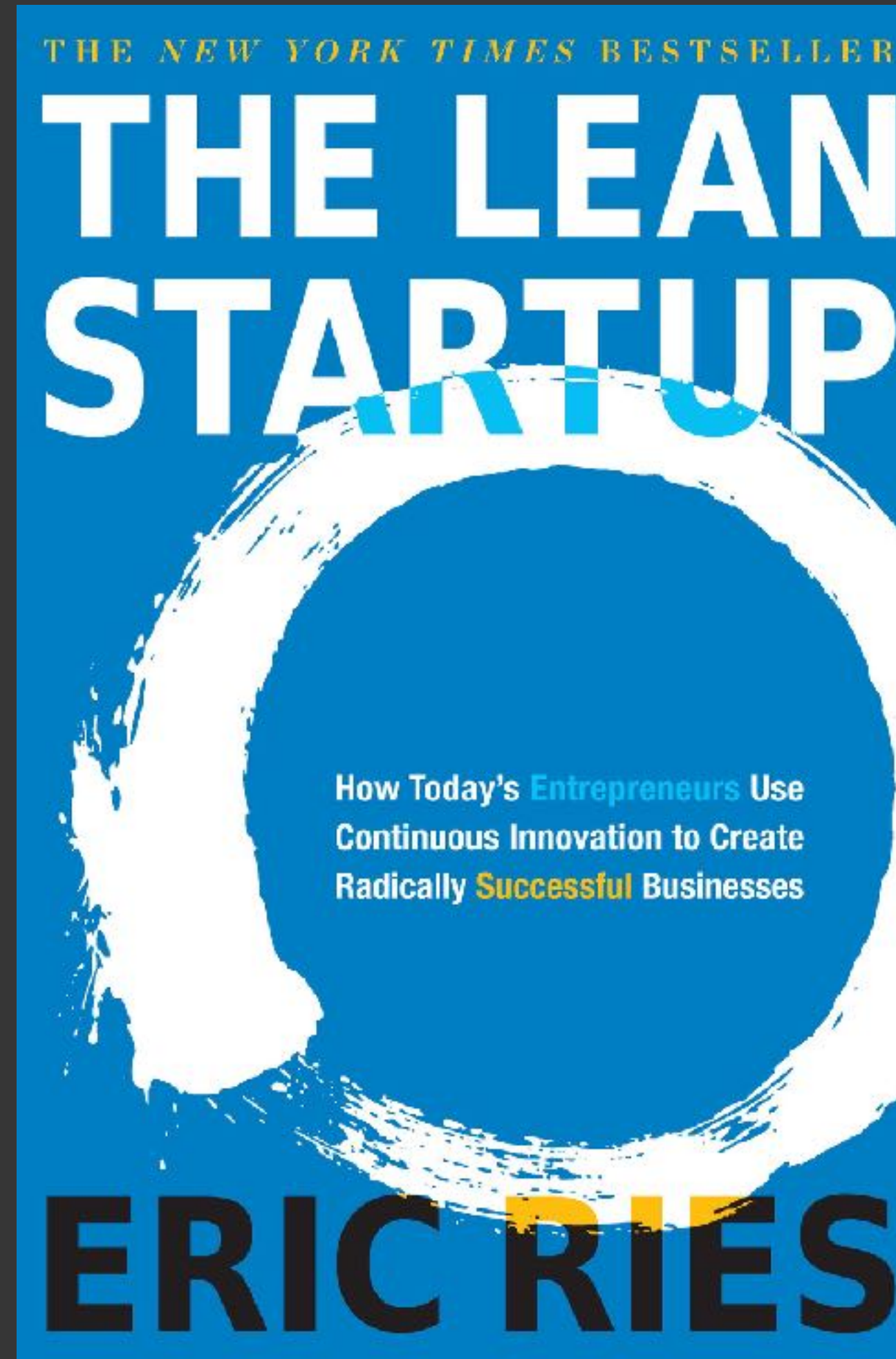


eShares 101



Prerequisite Reading

- The Lean Startup
Eric Ries
- How to win friends
& influence people
Dale Carnegie



Agenda

9:40 - 10:30	What is eShares?
10:30 - 10:50	The Organization
10:50 - 11:00	Email Break
11:00 - 12:00	How we Work Part 1 (as individuals)
12:00 - 13:30	Email/Grab lunch
13:30 - 14:20	Business Principles
14:20 - 14:30	How we Work Part 2 (as a team)
14:30 - 15:20	Org Chart & HR
15:20 - 15:50	Career Management Tips

The eShares 50-year vision.

Our Organization



VS



eShares is managed like a professional sports team, [not a startup or a company.](#)



Show up on time. Every day. We start at 8:30am.

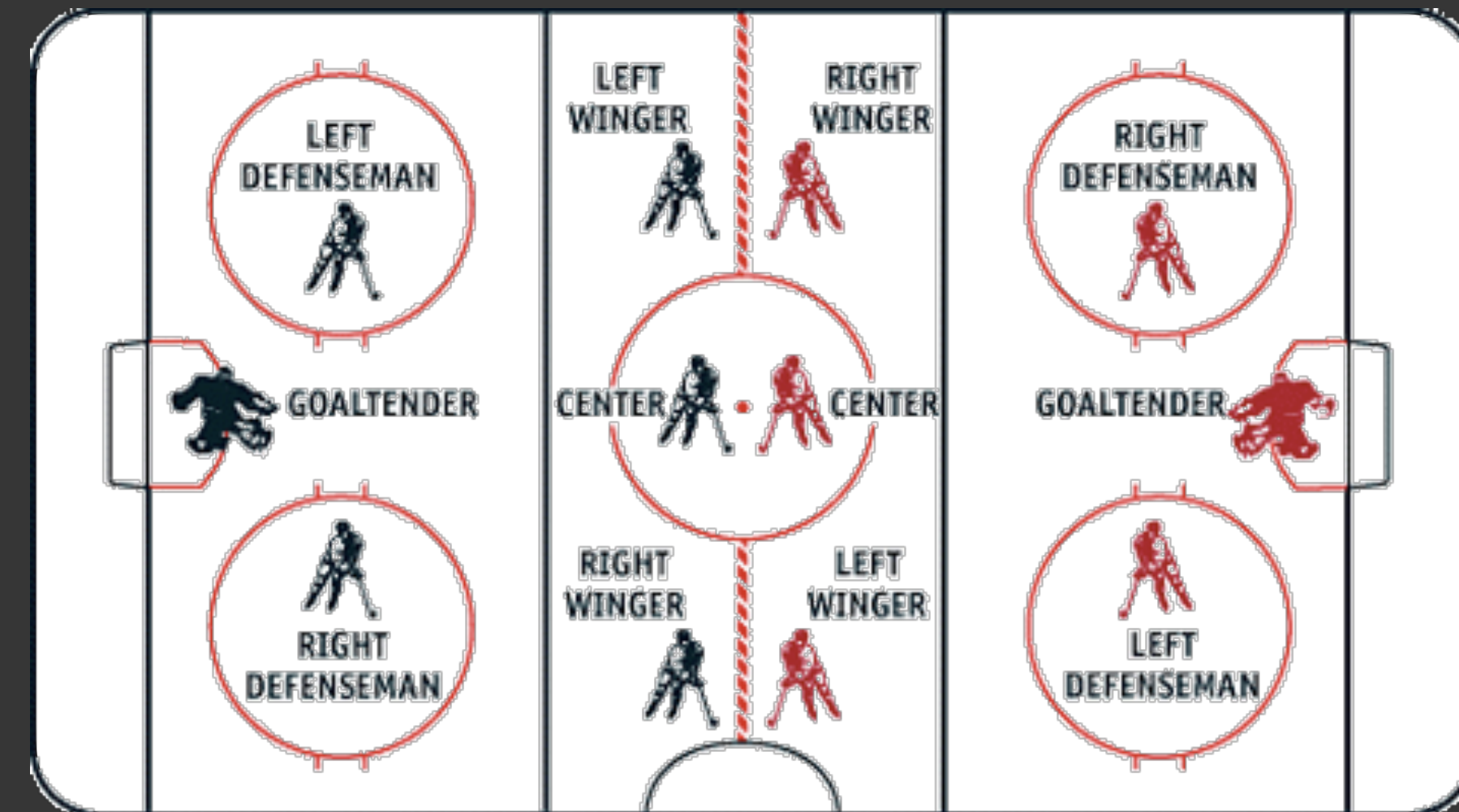
Practice get better

- Individual skill is the only thing that matters.
- Practice. Get better at what you do.



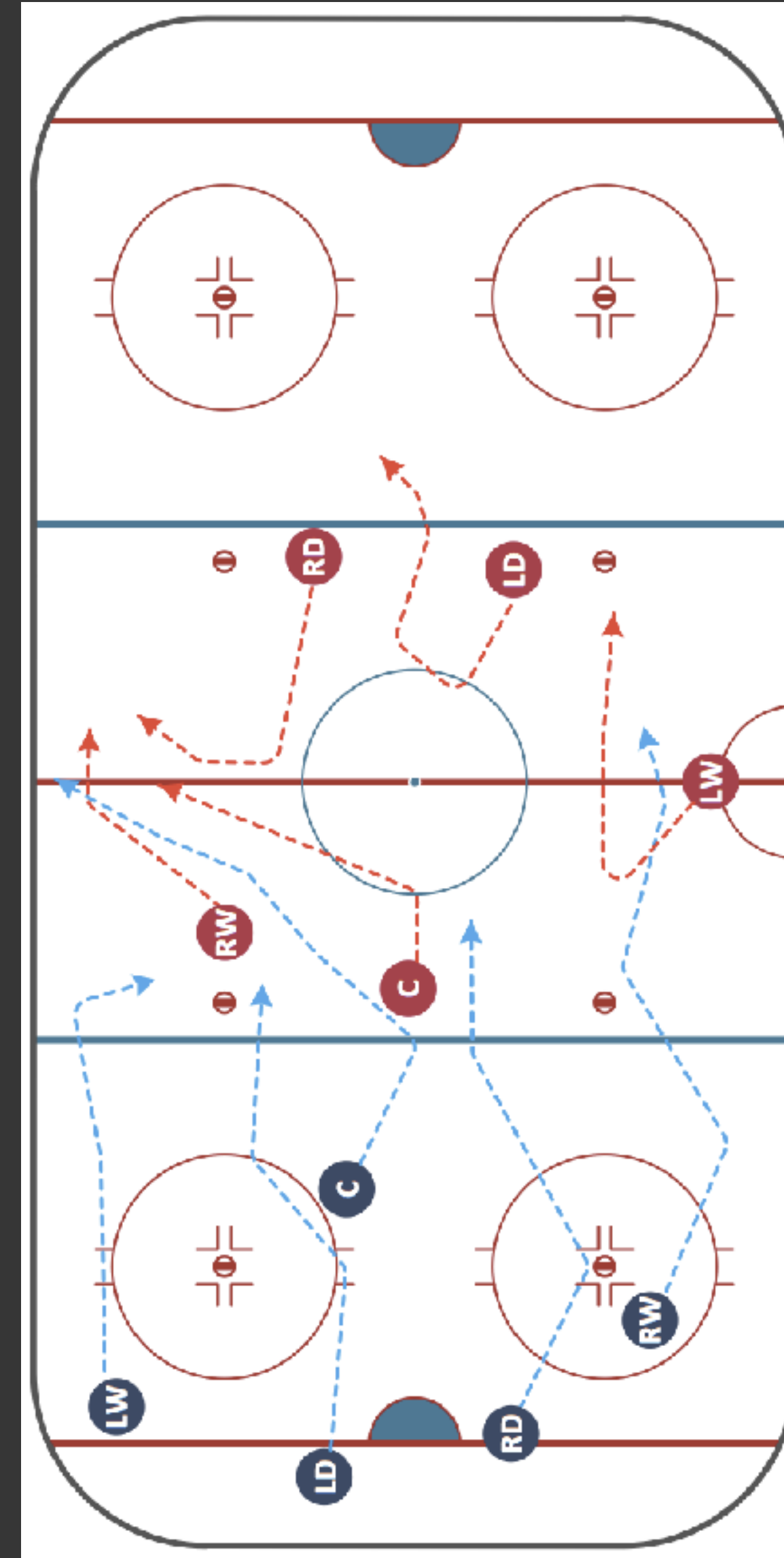
No titles just positions

- We are all defined as eShares employees.
- We play positions like “Sales”, “Product”, “Dev”.
- We are not defined with titles like “Vice President” or “Senior Analyst”.



“Org chart” is our current formation.

- The “org chart” changes depending on the goals of the organization.
- We change the org chart frequently (sometimes every month).
- People move groups and change managers frequently.
- People are tied to positions, not titles.



Teams are limited to 8

- Amazon calls it the “two-pizza rule.”
- Nobody is allowed to have more than 8 direct reports.
- If a team has to grow past 8, then it splits.
- It is impossible to “empire-build.”



We operate in public for everyone to see

Success is a grind

- 90% of success is a grind.
- Practice, training, and conditioning is repetitive and hard.
- Doing the hard work is what makes you (and the company) more valuable.



How we work (as individuals)

We are software people
(even if you are not an engineer)



- Watch Jeff Lawson
- <https://www.youtube.com/watch?v=ReSIJ5cq5D0>

Discussion

Do things that don't scale

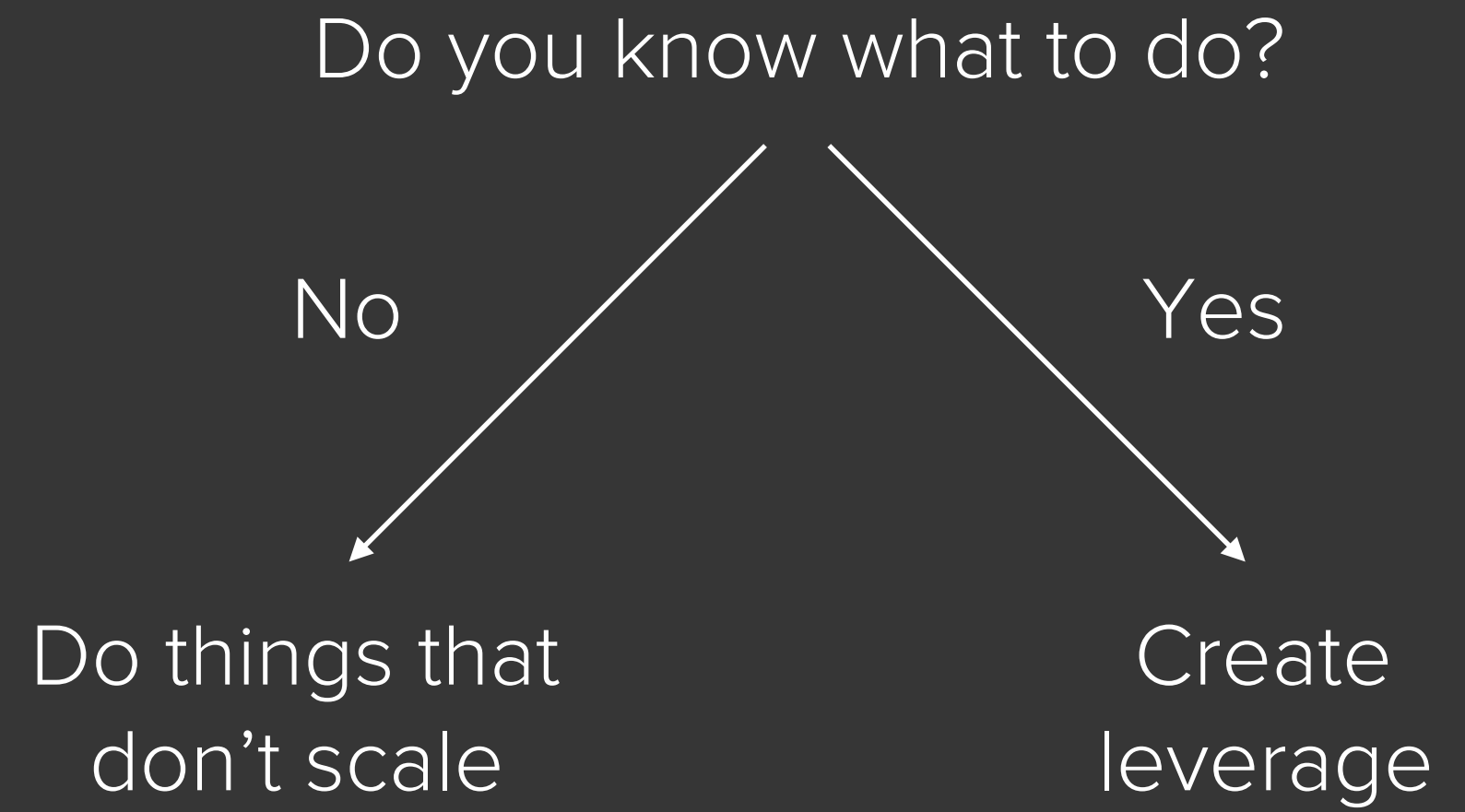
- Read “Do things that don't scale: <http://paulgraham.com/ds.html>
- Learn by doing. There are no shortcuts.
- Intuition matters. Develop it quickly and early.

Create Leverage

- Efficiency is not the same thing
- Efficiency is minimizing effort for a given impact.
- Leverage is maximizing impact for a given effort.
- **CREATE LEVERAGE** in everything you do



Learn or Leverage



“Learn” vs “execute”

Iterate Quickly

- Meerkat's frantically dig, but every 20 minutes they stop to look around.
- Stop and ask "am I heading in the right direction?"
- Get feedback early and often
- Everyone waits too long to get feedback.
DON'T WAIT.



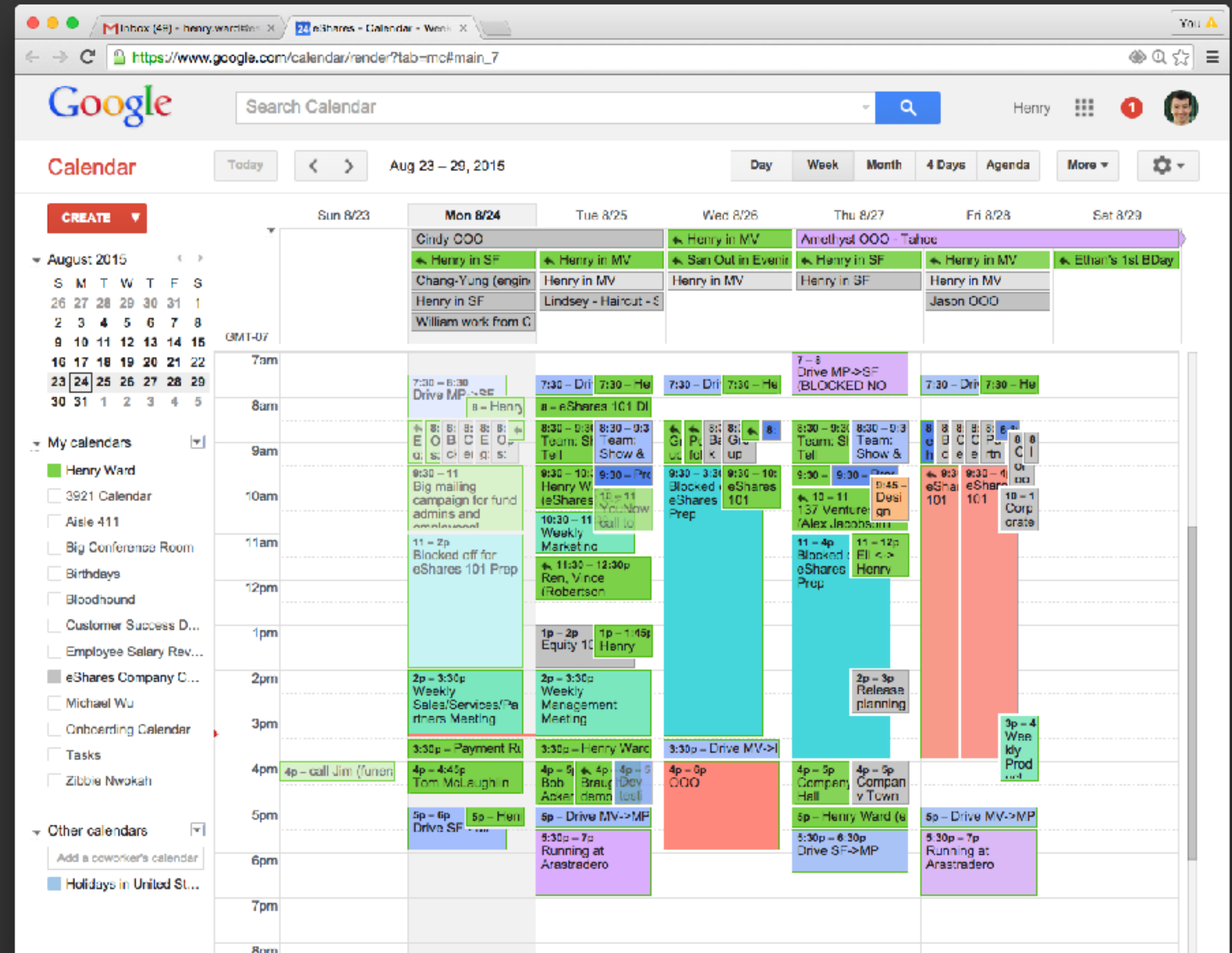
Timebox

- Commit to spend X minutes to accomplish something. You are finished after X time.
- Timebox everything.
- Timebox things you love so you don't spend too much time on them. Leverage is maximizing impact for a given effort.
- Timebox things you hate so you spend enough time on them.



Timebox Scheduling

- Your calendar is a timeboxing scheduler. Timebox everything.
- What do you do? = Where do you spend your time?
- e.g. 2 hrs/week-> Marketing, 4 hrs/week-> Sales, 8 hrs/week-> Training, etc...
- Schedule time to work on important problems



Ask for help

- Help is, by definition, asymmetrical.
- Most people are afraid to ask for help. Don't be afraid.
- Demand that your colleagues "Always be helpful."



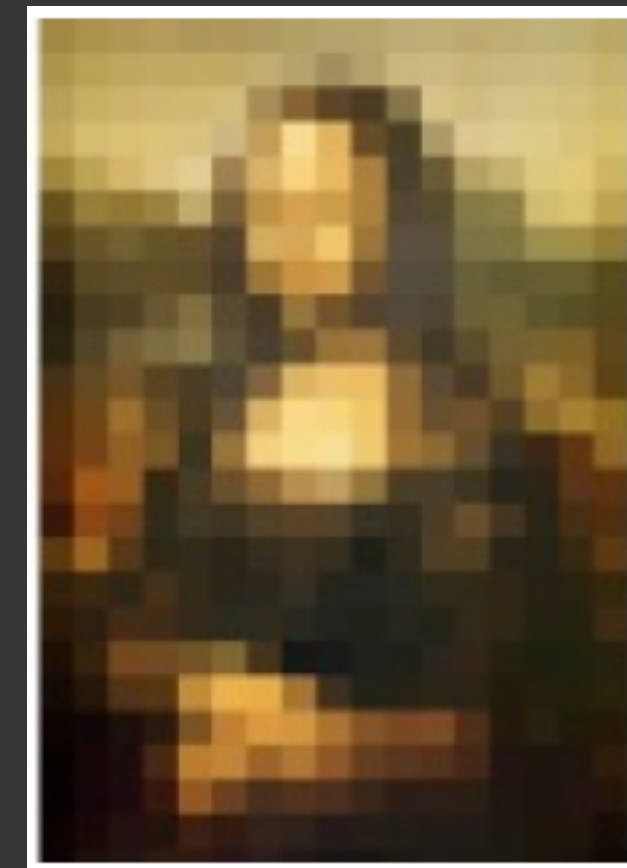
Always be helpful

- We are helpful. To each other, to customers, to partners, to everyone we interact with.
- Remember **ABH - Always Be Helpful**
- NEVER be annoyed when somebody asks you for help (no matter how small)
- Helpfulness is core to who we are.
- Those who are not helpful will be fired. This is not a joke.

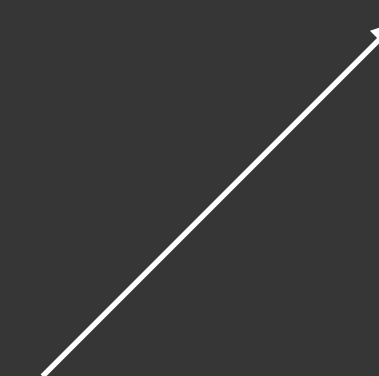
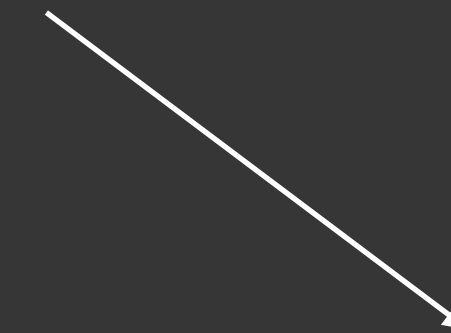
Breadth vs. Depth

- Start new projects breadth-first.
- Solve the broad easy problems first. Then dive into the details. Helpfulness is core to who we are.
- The 80%-20% rule is almost universal.

Breadth-first



Depth-first



Managing Up

- He who does the work has the leverage.
- Credibility (i.e. being right) matters.
- Win arguments with data, not opinions.



Nurture Ideas

1. The immediate reaction is to kill a new idea. Instead, nurture it.
2. Evaluate ideas with rigorous debate.
3. Do not evaluate ideas on who had the idea.

Do or Kill

1. We work in 1-week sprints. Do a task this week, next week, or kill it.
2. Don't be afraid to kill tasks. If they're worth doing they will resurface.
3. When you can, do things now.

The Shower Principle

- Read the Top Idea in Your Mind: <http://paulgraham.com/top.html>
- “It's hard to do a really good job on anything you don't think about in the shower.”
- What are you thinking about in the shower?



Business Principles

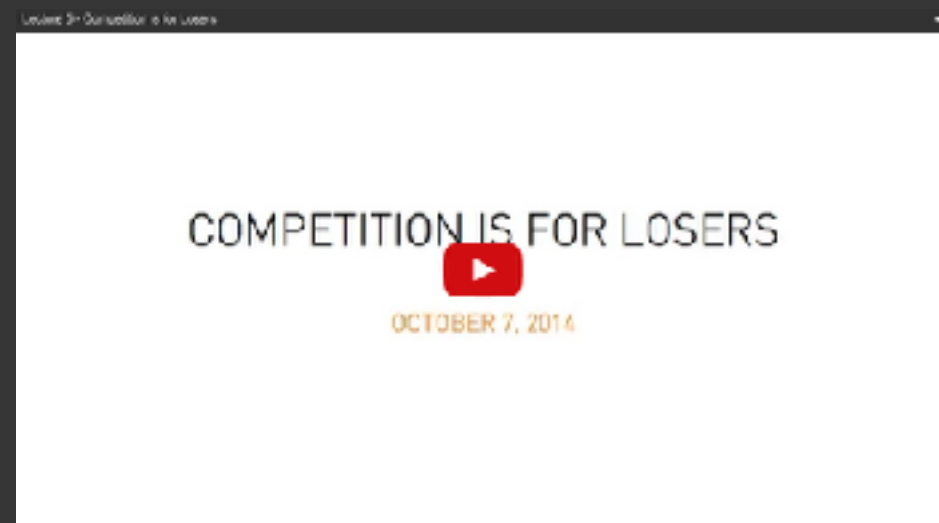
Inside Out vs. Outside In

1. The Artist's Dilemma.
2. Customers don't tell us what to build.
3. The role of product is to build a solution. The role of business to teach the world how to use that solution.

Craftsman vs. Factory Workers



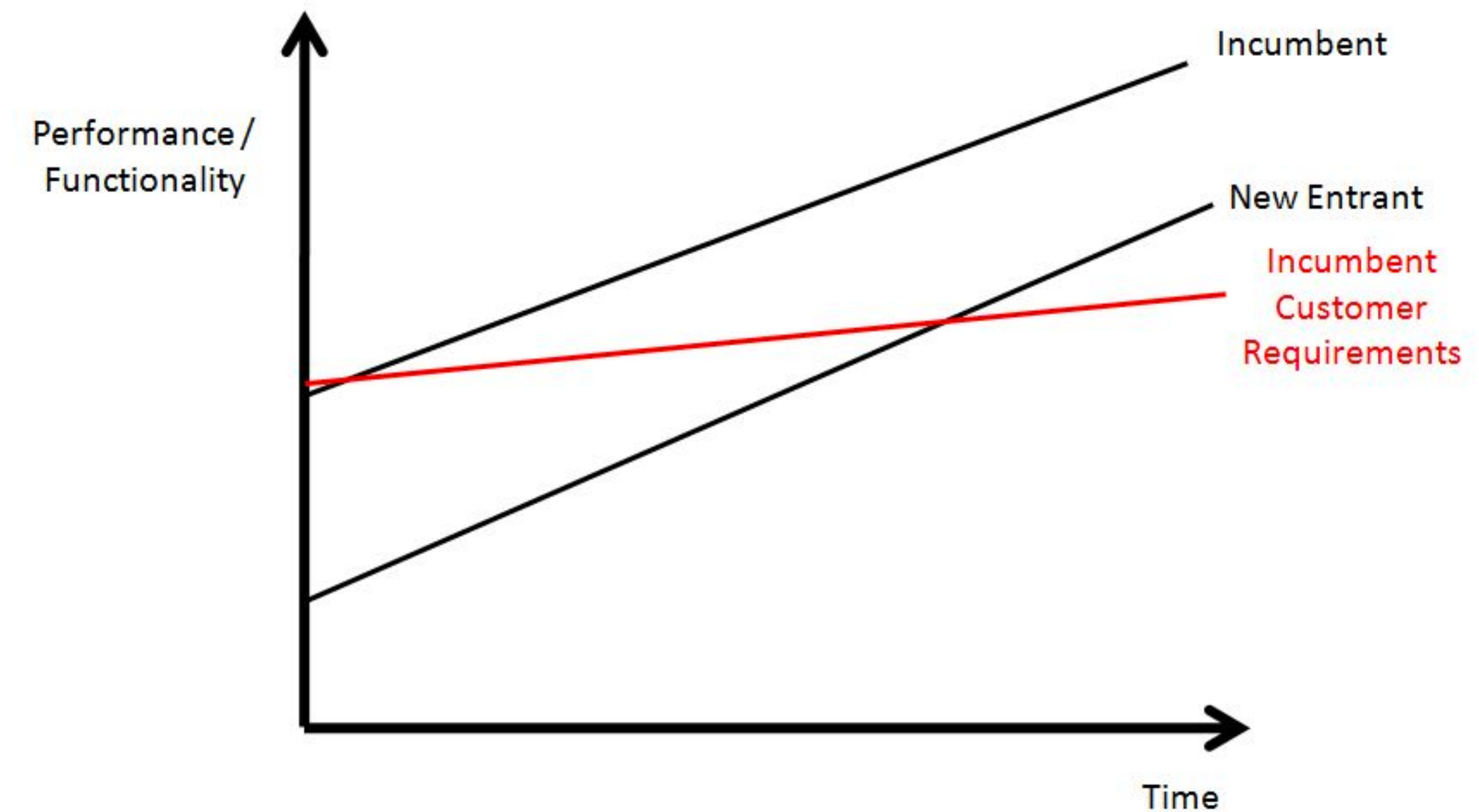
Competition is for losers



- Peter Thiel - Competition is for losers
- <http://startupclass.samaltman.com/courses/lec05/>

Innovators Dilemma

- “An innovation that is disruptive allows a whole new population of consumers access to a product or service that was historically only accessible to consumers with a lot of money or a lot of skill.”
- <http://www.bothsidesofthetable.com/2010/11/04/understanding-how-the-innovators-dilemma-affects-you/>

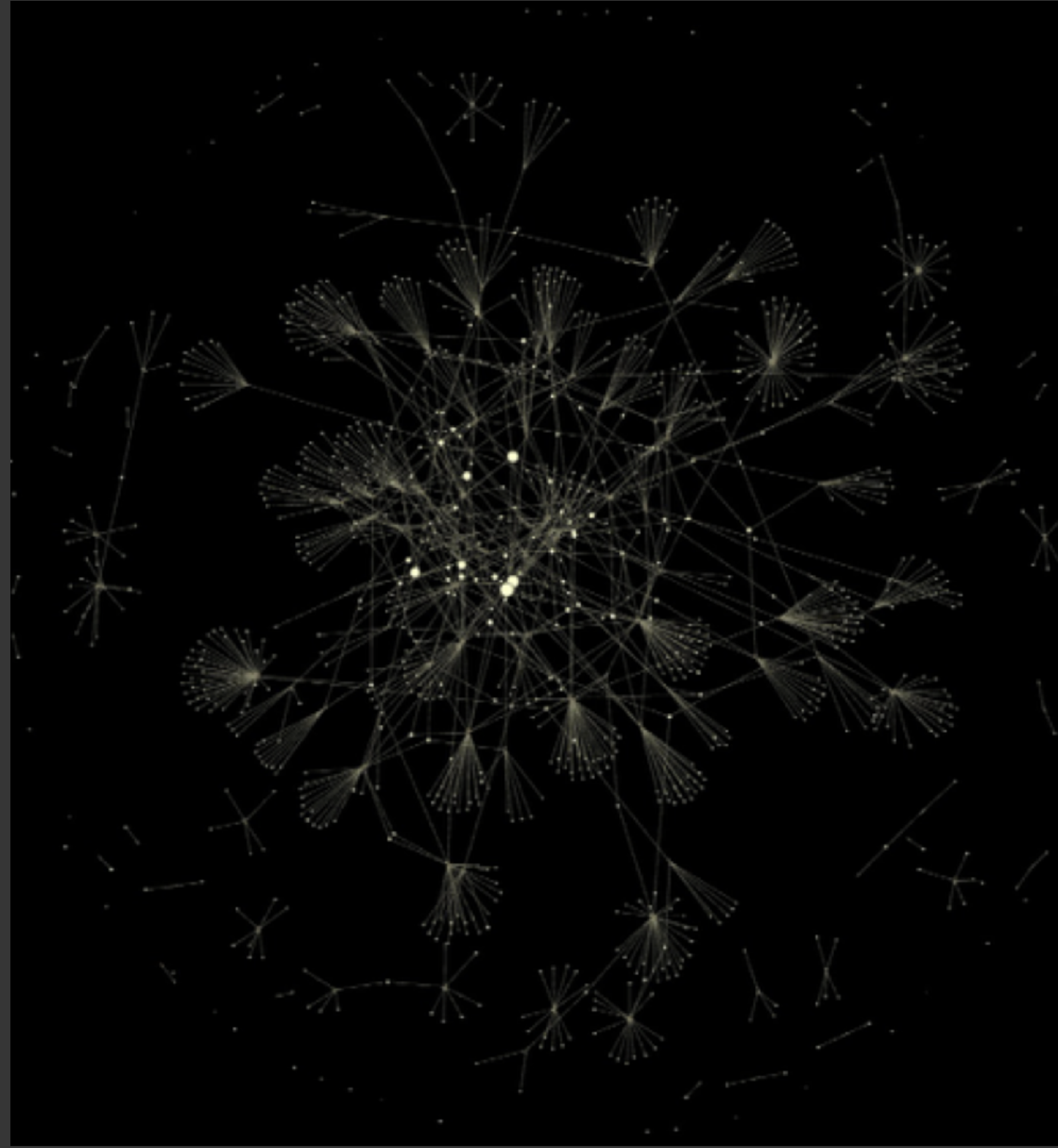


“What will change in the next 10 years?”

“That’s a good question. But a better question is:
What’s **not** going to change in the next 10 years?” -
Jeff Bezos

Network Effects

- Networks grow exponentially
- They are defensible
- USV investment thesis - <https://www.usv.com/post/investment-thesis-usv>
- The dentist story - <http://avc.com/2014/07/the-dentist-office-software-story/>



How we work Part 2

(as a team)



Is your business in shape to compete?

▶ [Read more](#)

Loosely coupled. Highly aligned.

Team

Morning Meetings

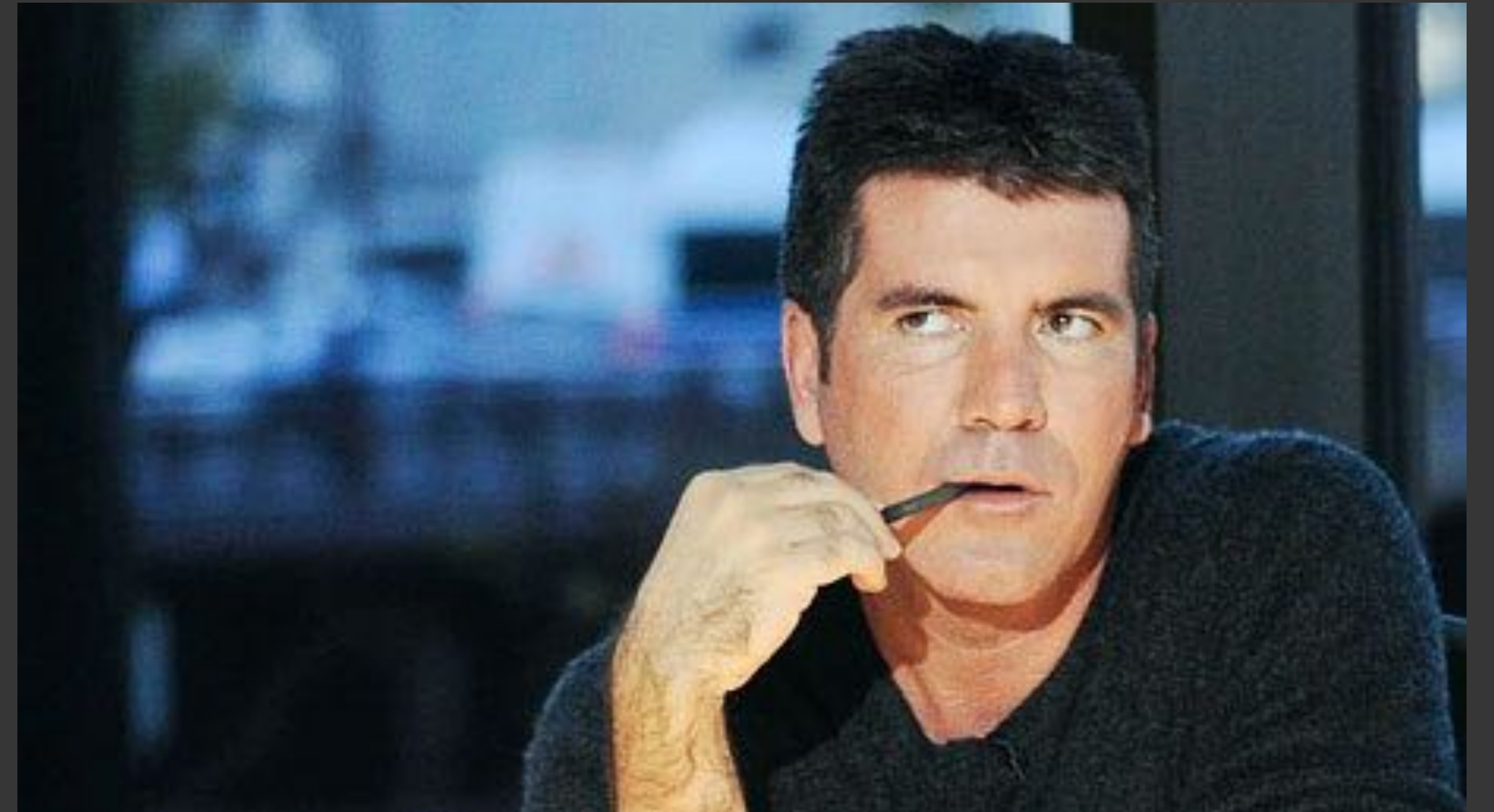
- Meet with your team at 8:30am every M, W, F
- Use this time to solve problems and brainstorm ideas
- Raise issues, debate ideas, uncover problems, find solutions
- Don't be shy
- Pay attention - this is where we learn

Company Show & Tell

- Company Show & Tell is T and Th at 8:30am
- Show work-in-progress, let people know what you are working on Raise issues, debate ideas, uncover problems, find solutions
- Do not wait until it is “finished” to share
- Learn from others
- Pay attention - this is where we learn

American Idol

- Happens twice every day for an hour.
- By the time a feature gets to American Idol, it should be ready to ship.
- The most effective teams are the teams in American Idol every day.
- Ship lots of small features, not a few big features.



Team Offsites

- Step back from **what** we do, and think about **how** we do it.
- Everyone comes away with something they've finished, or something they plan to finish in the next week.
- Show and tell the offsite the next week.

Cagematches

- Not a meeting. Goal is to solve a problem or tackle a big project.
- Can be an hour. Can be a week.
- Most companies have cubicles because “working” is something you do alone. At eShares we work together.

Why so many meetings?

- We move extremely fast on product and business
- Our biggest challenge is quickly disseminating information to everyone
- Our biggest risk is people working on the wrong things
- The antidote is TimeBoxing spending time together
- Individual success is proportional to ability to learn from others
- We give you opportunities everyday to do so

1-on-1s

- Every 2-3 weeks with your direct manager
- Go for a walk. 30-40 minutes.
- Have fun. This is your time.
- Talk about what's on your mind. Doesn't have to be work related.



Why 1-on-1s?

- TimeBox building relationships
- An organization is a network
- Network strength is proportional to # of connections and quality of those connections
- Strong relationships is our competitive advantage



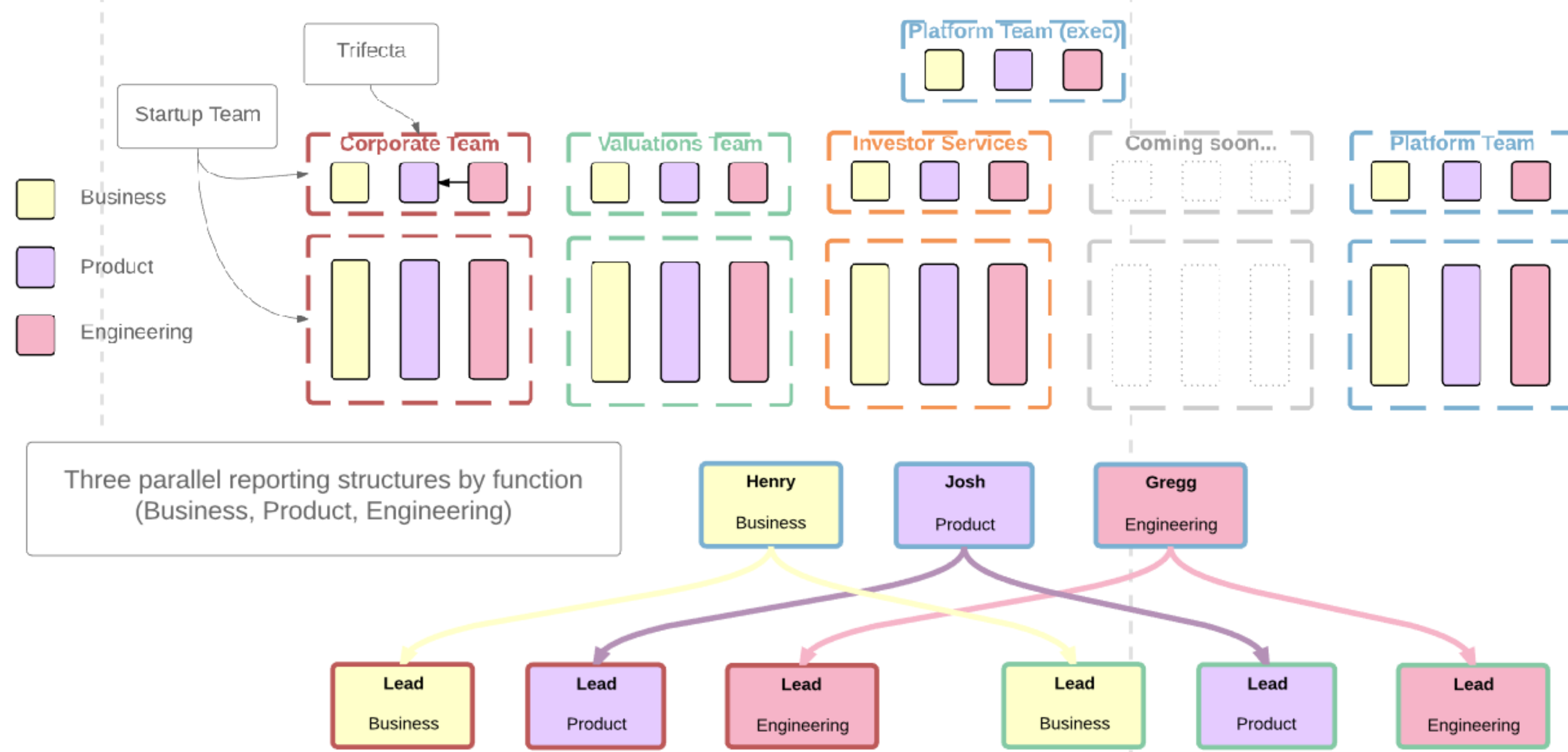
What do I talk about during 1-on-1s?

- Complaints. Get it off your chest.
- Successes. Brag about yourself.
- The weekend. What are you doing?
- Questions. What random question have you wanted to ask?
- Anything that is on your mind. It is all fair game.

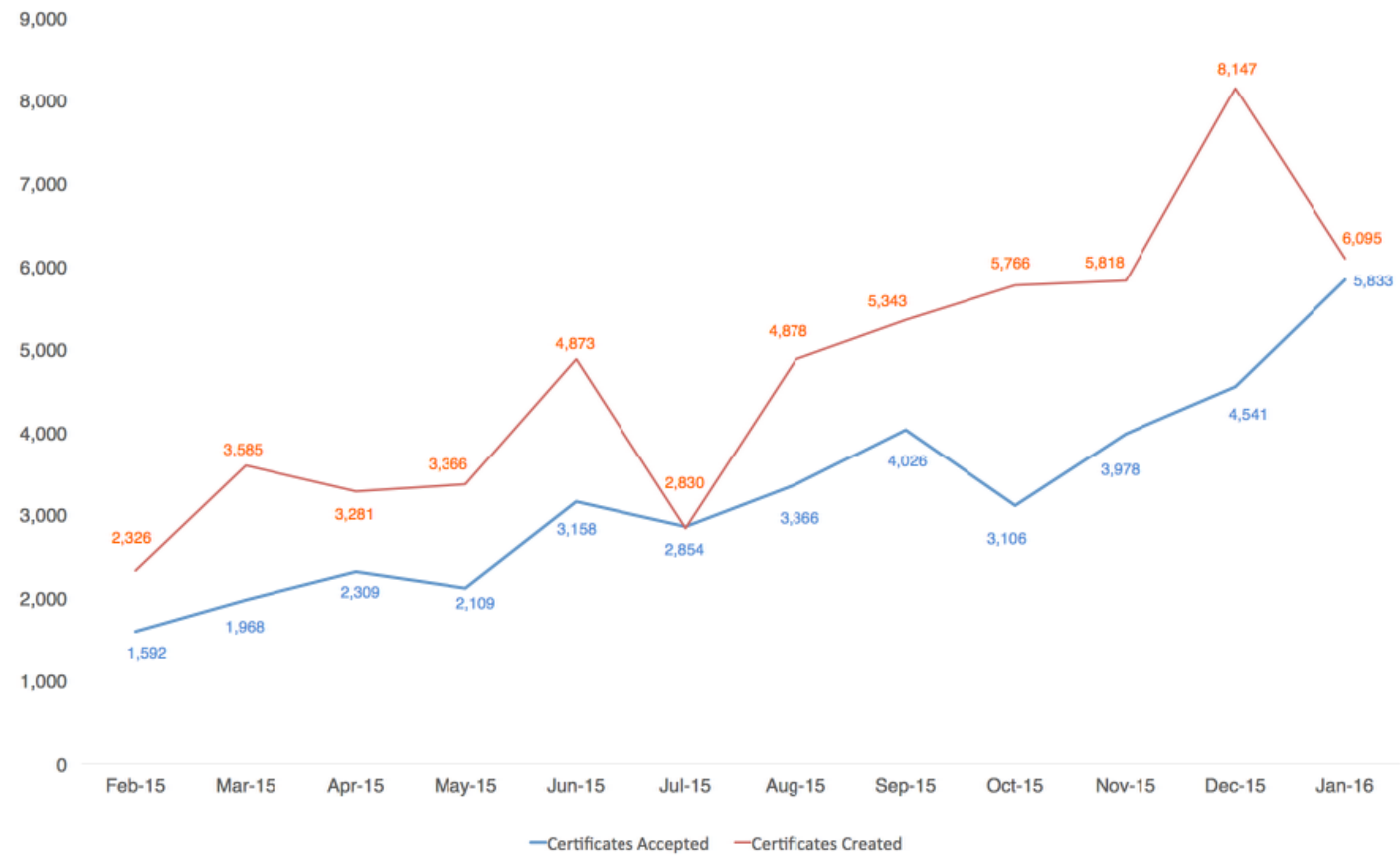
What does the manager do in 1-on-1s?

- The manager's rules for 1-on-1s are:
- Shut-up and listen
- Seriously. Shut-up. Even if it is awkwardly silent.
- Do not offer advice, feedback, or lessons. Do not ask for it either.
- Just get to know the person you are talking to

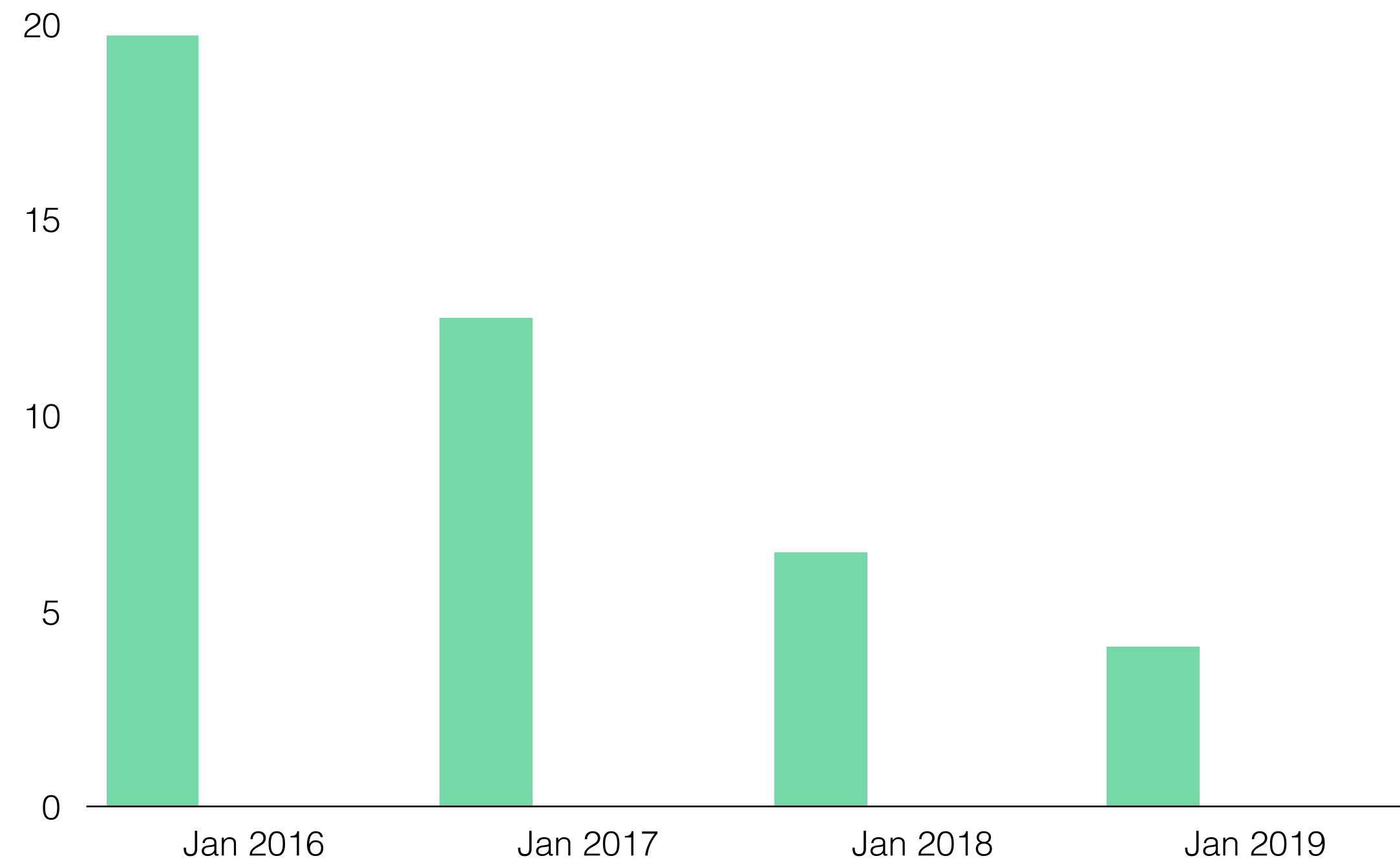
Org Chart



Org Chart: <http://bit.ly/2gmcEta>



Certificates Created and Accepted



Target 3 Year Net Burn Rate

Compensation

Discussion: How should a company set compensation?

Market based compensation

Market Value is determined by:

1. What could person get elsewhere?
2. What would we pay for replacement?
3. What would we pay to keep person?

This is conditional within our corporate peer group and the role.

Example:

A Big Law Attorney can make \$X at a law firm but wants to do Business Development at a startup. We would not use \$X as market value for that attorney but instead what he or she would make doing business development at a startup.

Mark employees to market

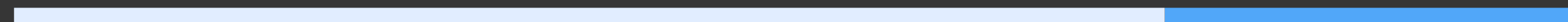
1. Most companies assess market value at hiring time.
2. We use regularly scheduled review periods as opportunity to “mark-to-market” every employee.
3. Goal is to keep each employee at 75th percentile of market for that person
4. That means 1 out of 4 companies would pay them more than we would:

So why don't people leave for a 100th percentile company?

Non financial compensation

1. **Great leadership:** helpful, mission-driven, transparent, collaborative
2. **People love coming to work:** autonomous, fun, team-focused
3. **Everyone feels heard:** daily meetings, town halls, open office
4. **Most importantly, increase our employee's market value:** 1-1s, training, mentorship, challenging work

Reason eShares Employees Stay

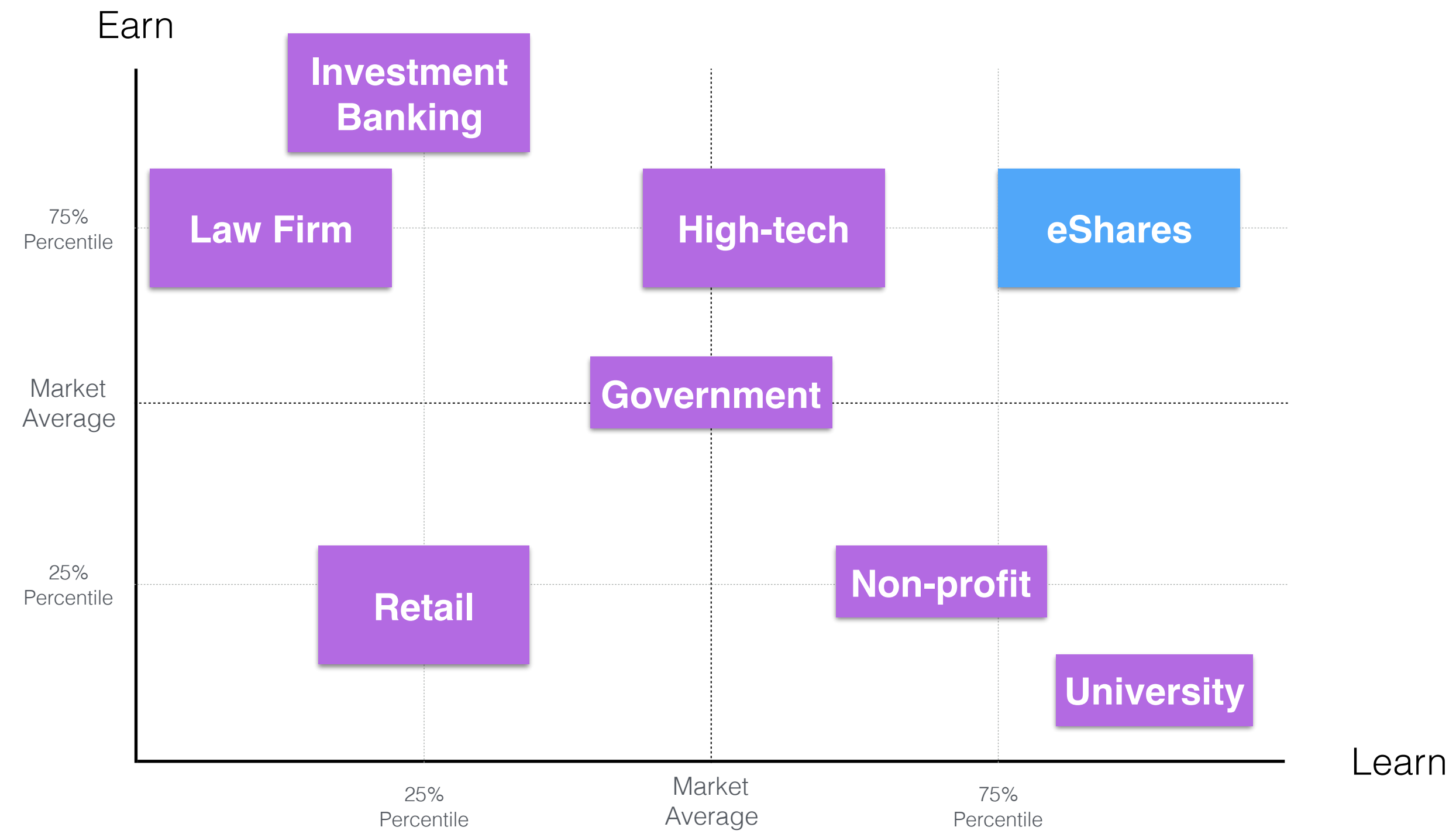


Financial
Compensation

Non-Financial
Compensation

Why not pay top of market

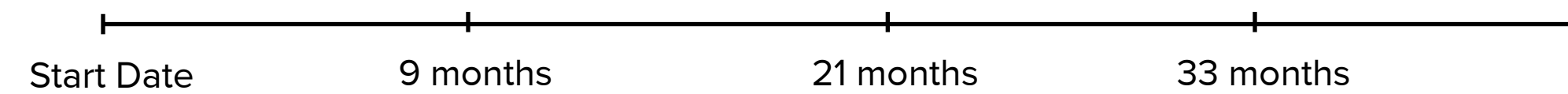
1. We must earn our talent (we can't "buy" it)
2. The best people deeply value non-financial compensation (often more than financial)
3. Employees that optimize for top-of-market pay are often mercenaries and difficult to align



Learn vs Earn

The first review is 9 months after start date

Then every 12 months after that



Why 9 months for the first review?

We can address a change from the starting salary of the candidate more quickly if need be.

When do we review compensation?

Our benefits philosophy

- Offer benefits to encourage behavior we feel is important
- Avoid making everything free as it encourages waste (i.e. there should be some cost to the decision maker)
- Most benefits are a percentage contribution of your cost by the company (often 50%/50% but sometimes different).

Benefit List

- 80% Employer Contribution for Healthcare
- 401K Matching 2:1 (i.e. eShares contributes \$1 for every \$2 you put in your 401K) up to \$2K
- 50% reimbursement of gym membership
- \$50 flat-fee for cell phone reimbursement
- Free catered lunch
- Team building events
- Onsite Haircuts

Career Tips

Three Stories

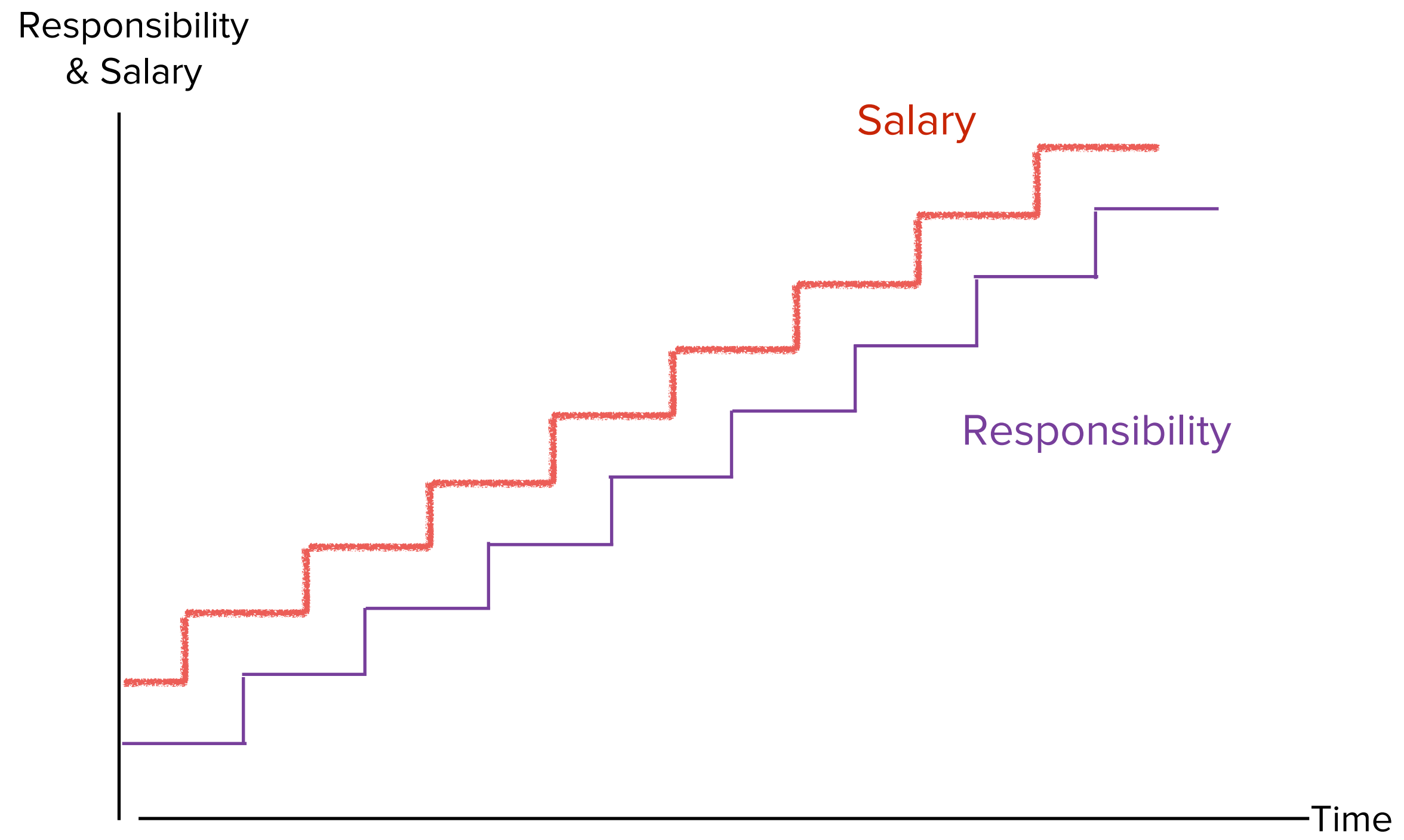


- <https://www.youtube.com/watch?v=UF8uR6Z6KLc>

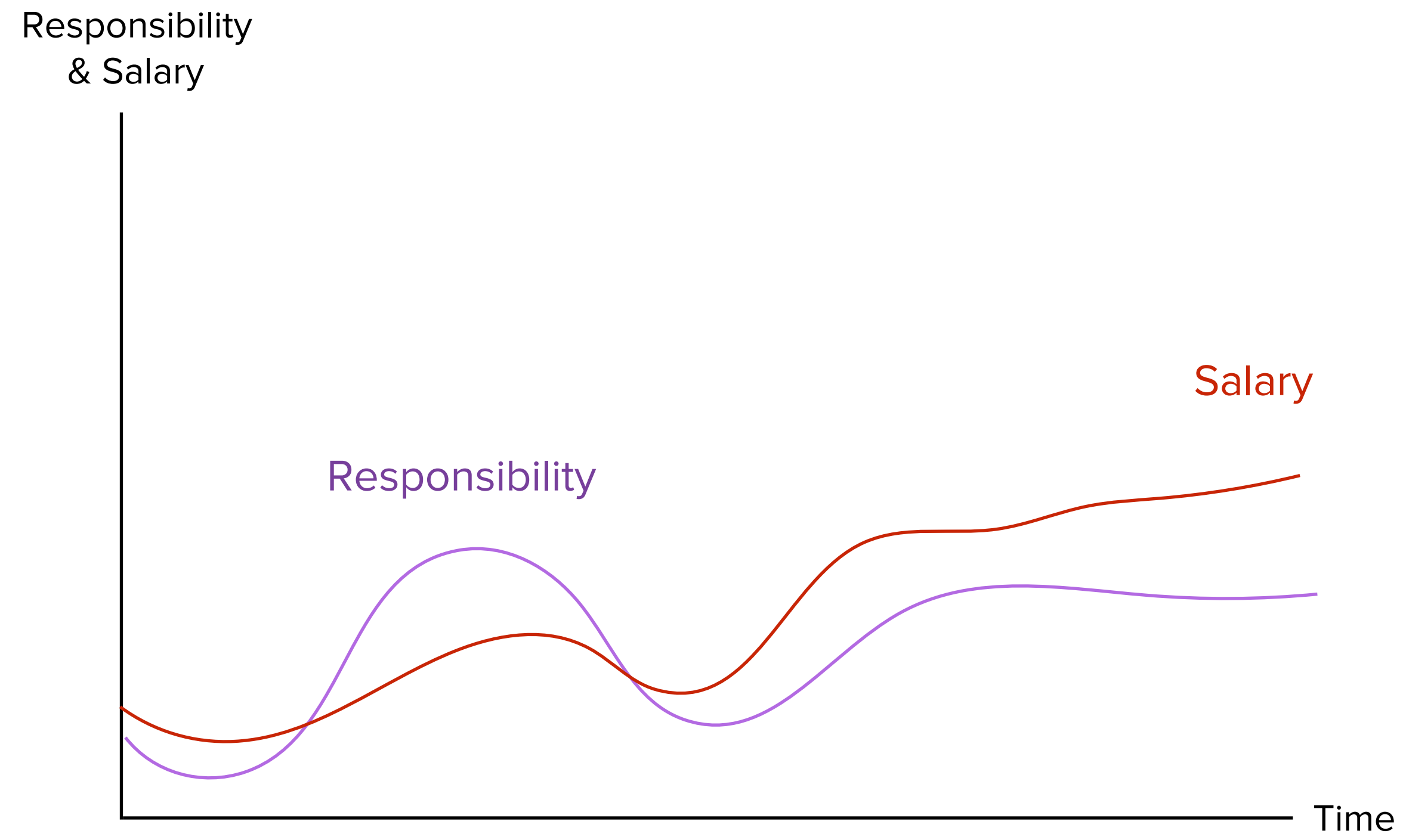
Wax on wax off

1. Do the hard work
2. Develop your skill set
3. One day you will wonder “how did I just do that?”

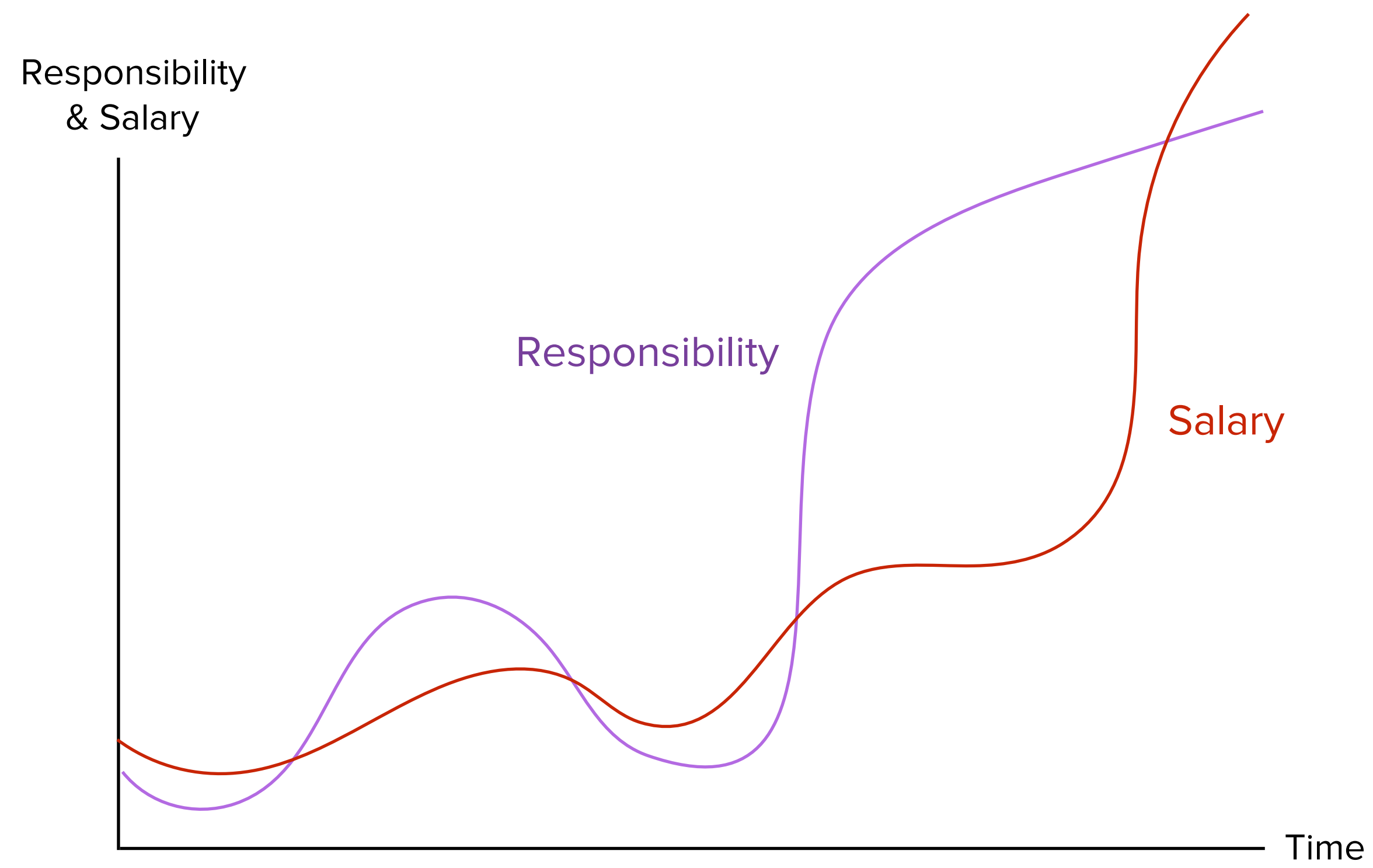




Expected career path



Actual career path #1



Actual career path #2

Key Concepts

- Change in responsibility happens before change in compensation (leading indicator)
- However, responsibility and compensation are much more loosely correlated than you would think
- In general, companies are very bad at determining the immediate value of a person at a point in time
- But the market is good at determining the value of a person's career
- Usually Responsibility \neq Compensation at a point in time but...
- The Total Responsibility converges to The Total Compensation over a career (The area under the respective curves)
- To increase compensation, increase responsibility

Discussion: How do you measure a CEO?

How do you measure a CEO

1. Does the CEO know what to do?
2. Can the CEO get the organization do what s/he wants?

This is a good measure for everyone.

The organization could be just YOU.

The organization could be the department you manage.

This is how trust is earned and responsibility is given.

Three rules for work

1. Enjoy it
2. Get better at it
3. Learn from it

If these are not true, tell your manager.

If the two of you can't make these true, then quit

eShares Legacy

- In the 80's and 90's GE produced the most highly sought executives of the 90s and 2000s (list of 20 GE executives to the left)
- The Children of PayPal has produced the great founders/ executives of 2000s and 2010s.
- They are our role models.
- I hope you will spend 10-15 years at eShares and use what you learned here to leave and do great things.
- Our goal is the next great business leaders of 2020s and 2030s will come from eShares.



Hiring company	CEO's name	Hiring announced
Albertson's	Lawrence Johnston	2001
Allied Signal	Lawrence Bossidy	1991
Comdisco	Norman Blake	2001
Conseco	Gary Wendt	2000
Fiat	Paolo Fresco	1998
General Dynamics	William Anders	1989
General Signal	Michael Lockhart	1994
Great Lakes Chemical	Mark Bulriss	1998
Home Depot	Robert Nardelli	2000
Intuit	Stephen Bennett	2000
Iomega	Bruce Albertson	1999
McDonnell Douglas	Harry Stonecipher	1994
Owens Corning	Glen Hiner	1991
Polaris Industries	Thomas Tiller	1999
Primedia	Thomas Rogers	1999
SPX	John Blystone	1995
Stanley Works	John Trani	1997
Terra Lycos	Joaquim Agut	2000
3M	W. James McNerney, Jr.	2000
TRW	David Cote	1999

Suggestions