



DFJ FRONTIER

TEAM BUILDING TACTICS

FOR DFJ FRONTIER ENTREPRENEURS
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"ONLY THE BEST"

- Always raise the bar
 - Hire people who are smarter and more capable than you, and make sure all your employees do the same
 - As a company grows, early employees should find themselves thinking "wow, if I interviewed today, I would never get a job here"
- Heed Jack Welch:
 - "A players hire other A players. B players hire C players, and C players put you out of business."
- Make it your mission
 - In a business driven by IP, people are your #1 asset



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"FIRE THE REST"

- When an employee is not right for your company, be decisive
 - If you let the situation fester, the bad employee will create growing problems in your company
 - Founders typically say that letting problem employees stay too long is their #1 regret
- Here's how to stay out of trouble:
 - Structure all jobs "at will" (no employment contracts!)
 - Vest all options over 4 years, with a 1 year cliff
 - Document non-performance and provide feedback
 - Be especially careful with "protected classes"



SEEK GOAL ALIGNMENT

- Hire those who are in a position to take risk
 - Strike a balance between "young and talented" and "experienced and expensive"
- Emphasize upside, not cash compensation
 - If an employee doesn't believe in the future value of the business, they are not right for a startup
 - Be very careful with prospective employees who have never worked in a small company environment
- Employee review process is key
 - The company needs to meet the employee half way, providing tasks that help the employee meet *his* goals



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HOW TO INTERVIEW

- Don't limit yourself to one interview style
 - You should get multiple employees involved, so divide and conquer the types of things you want to learn
 - It can be a waste of time if you all ask the same questions and burn out the candidate
- Use four types of interviews:
 - The "due diligence" interview
 - The "horsepower" interview
 - The "culture fit" interview
 - The "exercise" interview
- Don't be afraid to be tough and analytical



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HOW TO INTERVIEW

- The "due diligence" interview
 - Tests whether the candidate is honest and actually has the experience claimed by his or her resume
 - The resume itself is the #1 tool in this style of interview
 - Ask questions that test direct knowledge of claims and probe for additional detail when relevant:

"So, it says here that you managed a marketing budget of \$10M while you were at Interactive Corp—how did you spend the budget? What types of spend produced the best results for your project?"



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HOW TO INTERVIEW

- The "horsepower" interview
 - Tests raw intelligence, skills, creativity, and confidence
 - Outside the box questions that might scare a weak prospect are the best tool in this style of interview, where you are trying to learn not just *what* she thinks, but also *how* she thinks
 - Ask brain-teasers, creativity questions and case studies:
"So, why do you think that Microsoft beat Netscape in the browser wars?"



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HOW TO INTERVIEW

- The "culture fit" interview
 - Tests whether a candidate can handle the rigors of a startup and fit with the culture you are creating
 - Use multiple interviewers and a mix of professional and social settings to get a real picture of what the candidate is really like (take your time...)
 - Have peers and subordinates conduct interviews too, because the candidate will always be extra nice if you are the founder—find out who has two faces!

"So, how miserable are you going to make my life if our CEO hires you to be my new boss?"



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HOW TO INTERVIEW

- The "exercise" interview
 - Tests whether a candidate can actually do the job
 - Give the candidate a real exercise that tests (a) whether he is willing to put some actual work in to get the job and (b) whether the domain competence is really there
 - Get some work done for free:

"So, here's a drawing of a web page we're going to build. Can you please create a working html mock up for us in the next 90 minutes?"



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HOW NOT TO INTERVIEW

- Beware Title 7!
 - Never ask questions about age, gender, race, sexual orientation, marital status, family life, disabilities, etc.
 - If a candidate volunteers information on a taboo subject, proceed carefully and ask open-ended questions (ie, "*tell me more about that, please*")
 - You are allowed to discriminate based on ability to do the job—make that's the only way you ever discriminate



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POST A JOB DESCRIPTION

- What is the opportunity?
 - Why is your company exciting and worth the risk?
- What are the responsibilities?
 - What will the person *do* every day?
- What characteristics are you seeking?
 - What skills and personality traits will lead to success?
- What is the compensation?
 - Show that you are at least thinking about them...
- How do candidates apply?



HOW TO WORK WITH RECRUITERS

- Use job boards and your network whenever you can, but recruiters can really help
 - When you are looking for high end domain experts
- Use contingent searches
 - Limits up front cash out of pocket
- Make sure the recruiter knows the industry
 - See if they understand your business
 - Ask for a sample of resumes they might include in a search for the position you are trying to fill
- Payment is often structured in thirds



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PERSONAL REFERENCES

- *Always* do reference checks, even if a recruiter is doing checks, too
- The people should get glowing reviews
 - Because bad entrepreneurs will sue for defamation, bad references rarely come to light
- If the people are good, can you learn anything from a reference?
 - How will they behave when things get tough?
- Always ask open-ended questions
 - "Is there anything else I should know?"



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Send us an executive summary:

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Include your contact information!