OZAN DAGDEVIREN

A PLAYBOOK FOR MANAGING THE MOST COMPLEX VARIABLE IN A STARTUP'S SUCCESS

STARTUPS GROW

HOW TO PICK PARTNERS RECRUIT THE TOP TALENT AND BUILD A COMPANY CULTURE

WITH PEOPLE

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How to Pick Partners, Recruit the Top Talent and Build a Company Culture

By
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FOREWORD

Let's immediately start with laying bare the central idea of this book, Startups Grow With People.

Startups can only truly grow with the right people, coming together in the right combination, working within a functioning collaborative protocol. All indicators differentiating a successful startup from one that has hit a dead end, converge on matters that have to do with people.

The most important characteristic of a successful startup, that wishes to leverage technology for value creation is its ability to tackle complex problems in unique ways. This ability to solve complex problems with minimal resources requires two things. First, the *depth* and *width* of technical and commercial know-how (which the founders, partners and the first recruits bring) and second, the necessary collaborative protocol (the culture) enabling the fruition of these otherwise personally held assets. While each individual brings the 'depth', the collaborative structure creates the 'width' through functional disagreements that is required for high-quality decisions.

In contrast to how people like to narrate success stories through heroes, unbeatable odds, and mystic coincidences; a startup's success depends more heavily on the unglamorous realities of 'execution'. As a startup consultant who actively advises companies on growth, people decisions and culture building (and also as an entrepreneur myself) I have witnessed this personally. I have seen many failed companies that started with an initial great idea but were overwhelmed by the sheer quantity and complexity of the micro-problems that constantly tested its founders' tenacity, problem solving and decision making skills.

On a more positive note; I have also directly observed how companies that relied more heavily on getting good feedback, adapting a learning attitude, valuing good work ethics and increasing their execution capacity rather than fixating on their initial ideas, became success stories. These companies that created awe inspiring long term growth and value through their ability to make high quality decisions and execute, did so thanks to their appreciation of the role *people* play in making a startup up either fly high or crash down.

Building a successful startup is a complex business. It is very similar to

designing a working engine with many intricate parts. To be fair, the "people" aspect is not the only important one in building startups. But, as an avid researcher on the topic and as someone who has focused on understanding human behavior for the last decade; it is my observation that this aspect is overly-neglected.

The complexity of the startup machine has a lot to do with understanding new technologies quickly, innovating with agility, achieving product-market fit, marketing smartly to solve awareness and distribution problems. On these topics and many more, there are some incredible luminaries and resources out there.

I am lucky to have run into the works of people such as Peter Thiel, Nassim Taleb, Robert Greene, Simon Sinek, Aaron Swartz, Reid Hoffman, Adam Grant, Eric Reis, Patrick Lencioni and Kevin Kelly among others, in writing this book. I wholeheartedly recommend you include them in your reading/research lists.

As a book, Startups Grow With People is very clear on what it is about. It is about the people dimension of building a startup.
Part One: How to Pick Partners will discuss when it is best to go at it solo and when it is best to partner-up; why partners are necessary; the top 8 qualities you need to watch out for while picking a co-founder, and which warning signs to watch out before making the handshake.

Part Two: How to Recruit the Top Talent will take a look into the most important dimensions to keep in mind while making the very first hires of the company. We will lay out why collaboration has such a direct effect on a startup's success and the universal competencies startups need before moving on to talent spotting. Here, we will take a deep dive into the 10-Principle Model of recruiting in startups and conclude with the offer process.

Part Three: How to Build a Culture is based on the appreciation that as a company grows in size, the people dynamics start to change rapidly. After a certain size, the *culture* of the company becomes what people refer to in deciding their actions and behaviors, rather than one-on-one relations. Here, we will look at what a company culture really is versus what people think it is and move on to the big four: Actions, Rituals, Symbols and Stories. Next, you are going to find a rich list of the Universal Cultural Codes (Values)

Startups Need, followed by the Culture Shaping Toolbox that includes a road plan you can use step by step for your own company.

For clarity, I will aim to adhere to the generic chronological journey of an entrepreneur who wants to start a startup: Partner-up, Get Traction, Grow, Recruit and Build a Culture. If you are already in a partnership, or have grown your company to a certain size, feel free to jump between the parts. That being said, many of the concepts and insights in each part have their valuable uses in understanding and making decisions in a wide range of people related issues. So I would recommend starting from the beginning and referring back to each chapter in the coming months/years as the need emerges on your startup journey.

Good luck and have fun.

PART ONE: How to Pick Partners

Change Engines of the New World

A startup creates value by solving a problem through the unique use of new or existing technologies, with a potential to scale exponentially. It is a commercial enterprise. Its sole and utmost aim does not necessarily have to be maximizing profit for its stakeholders; but it does have to make sense commercially to allow its founders, investors and recruits to allocate their resources into it.

Startups are now the change engines of the world, but why is this so? The answer lies in the speed of change triggered by technological advances. Think of the jump from the world of radio, to the world of television. During the age of radio, people spent time by listening to music, stories, news and early formats of talk-shows. The capabilities of the days' technology were utilized fairly efficiently. When the television was introduced, although the technological capability was now much higher (allowing the transmission of images and opening up the space for visual storytelling) the early content remained very similar to those in the radio days. People would gather up around a table, with texts and notes in front of them and read through the stories as if they were in a radio show. The camera would generally be motionless. Although the audio content was interesting, the visual content was static. Only in time, the visual content has started catching up to the technical capabilities of television, and use "visual storytelling" to its full potential.

The same logic can be applied to every other technological leap. Take the introduction of live broadcast, computer graphics, ubiquity of self owned cameras, online video hosting, smartphones and others. The point is; each time technology makes a leap, it opens up huge areas of possible innovation and value creation. In the last 50 years, we have arguably seen bigger and bolder technological advances than we have experienced for the totality of our existing history. Which means, the new space that has now been opened up, is at an historical high. And that space is inevitably going to be filled with new products, services, solutions, innovations and most importantly with new technologies, perpetuating this cycle. *This new space is the playground of startups.* Their mission is to collaborate to try to create value in untried ways, fail fast, learn, try again and repeat the cycle.

In a sense, each startup can be seen as a living organism mimicking an

evolutionary natural cycle. Nature's best tool is its 'mistakes'. What is a mistake but a variation (or a 'pivot' in the world of startups)? If there were no mistakes in the replication of the DNA, then there would be no variation, no adaptation and no evolution. With no mistakes, the evolution machine would not work. This is the same with startups, with no mistakes, the startup machine does not work. It is the age of Digital Darwinism.

Clayton Christensen, the author of *Innovator's Dilemma* likens companies to living organisms, too. He points out that each company has a lifecycle, it grows, matures and dies. Usually, the lifecycle of an organization can be observed in parallel to an important technology that is central to its functioning. For Kodak its print photography, for Nokia it is mobile voice calls. As we stop printing photography and start sharing it through our smart phones and data, we see the fall of Kodak and the rise of Instagram. As our need for mobile internet grows, we see the fall (or radical restructuring) of Nokia and the rise of Apple, Samsung and others. Christensen argues that although its possible, as in the case of IBM making the leap from mainframe to personal computers, it is very rare to see a large company that has been able to successfully jump from one technology to the next.

For large companies, investing in radical innovation when their traditional business is already profitable, is a risky and insane-looking move. Moves that diminish short or mid-term gains in favor of potential future increases are hard to justify in big organizations and especially with public companies with many stakeholders. What ends up happening is this; large organizations either defer or under-prioritize innovating (filling in the spaces opened up by new technological leaps) until they absolutely need to. In most cases, that turns out to be too late.

The good news is that, these global business dynamics, give startups the necessary breathing space and freedom to grow as long as they focus on the blue oceans, not the red ones[1]. A startup aims high, takes risks, works hard, innovates, learns, pivots if necessary and does these all over again until it succeeds or runs out of resources. That's why they are the change engines of the world.

Because running a startup is a very resource intensive matter, it benefits greatly from a good partner. A good partner doubles the know-how, doubles the financial resources, doubles the time budget - the runway, and most

importantly **more than doubles** the problem solving ability and quality of decisions through functional disagreements and by increasing the variety of perspectives. So while it is possible to build a startup alone, a partnered structure will be more robust and have better odds at success. Also, note that investors openly favor startups with partners rather than solo-entrepreneurs because a healthy partnership indicates maturity as well as better communication and relationship management competencies about the partners.

Going Solo

Before detailing the key principles you should know while choosing a partner; let's look at the four factors you need to pay extra attention to if you are planning on going at it solo.

Idea Quality Check

A partner is usually an honest critique. Because she is going to invest her own time and other valuable resources in the pursuit of making that idea into a reality, she will listen closely and try to establish whether or not it holds together. Without a partner, the solo entrepreneur is at a disadvantage when it comes to having a critical audience - someone who will not just say it's a "great idea" just to be nice. This is why, if you are going to work solo, you need to pay extra attention to making sure your idea is heard by people with qualifications, experience and intelligence.

Early Feedback

In a partnership, the product, business model or the design that is produced is the work of at least two parties. Basic human psychology comes into play here. It is much harder to find holes and gaps in something that is either entirely or mostly your own production. Early customer feedback on the prototypes of your products, services or business models gains crucial importance in such a scenario. Feedback should be collected more often, listened to more closely and reacted upon more quickly.

Vicarious Experience

Because you will be working with at least half the know-how, half the time resource and will need to figure out the answers to complex problems on your own, learning from the experience of others and building up a huge 'mental library of best startup practices' is critical. Gaining vicarious experience first includes collecting the know-how and expertise of the people you know who have commercial, technological, people, design and business insight. This means trying getting face to face time with these people you know; first for general advice and then for asking high quality questions about the type of your planned venture. The second part of gaining vicarious experience includes reading books on startups and building a business; listening to

industry leader podcasts and watching all high quality material on the topic obsessively.

Loose Partnerships

Even if you work without a partner, you will still be in touch with a lot of people including but not limited to clients; investors; vendors; freelancers; beta-testers; focus groups or other types of collaborators. To be successful in building your startup, you need to manage your relationship with each of these parties with finesse, and learn from them. If you also manage to earn their respect and liking, that will work in your favor in quite indirect and unforeseeable ways.

Having a partner does not completely relieve you from all the above mentioned effort; but it will surely make your life easier.

A Bad Partner is Worse Than None

A partner[2] is an irreplaceable resource that has the potential to increase the quality of your decisions, your problem solving capacity, business acumen and design sophistication in all areas of your venture.

A bad partner is not just none of the above, it is so much worse than that. The destructive potential of a bad partner cannot be overemphasized. She will pull the business in an opposite direction and create a zero-sum game; will devalue user/customer feedback, will be unappreciative of your effort, be a resistance in times that require change; won't believe in the mission, will surround you and herself with toxic people and literally make it impossible to reach any of your milestones and succeed. In the best case, this type of partnership has a life-span equal to your patience.

If Startup Gods had granted me a choice between a good co-founder and a good business idea, I would chose the good co-founder in a heartbeat. Leaving aside the fact that it is not so difficult to come up with good ideas due to the vast abundance of space opened up for innovation by rapid tech growth; you can pivot or morph an idea much more easily than you can break up a partnership.

Although pivoting from or morphing a once-too-precious idea can be psychologically painful, it is normal and sometimes even very healthy as proposed by Howard Lowe, in his book *The Start-Up J Curve*. Breaking up a partnership however is traumatic and is often accompanied by a serious deterioration of a once-dear friendship or acquaintance.

So how on earth can you increase the chances of picking a good partner? Here are the 8 qualities you should watch for.

1. A good partner has the life-design that fits being in a startup (can spare the time, energy, focus and finances required)
2. A good partner shares the problem (sees the world in the same unique way)
3. A good partner has depth of knowledge on at least one topic related to the startup (you find yourself learning new things in each encounter)
4. A good partner values good execution over genius ideas (knows

success is more dependent on doing hard work and the teams' problem solving capacity rather than the ingenuity of ideas)
5. A good partner focuses on increasing the quality of decisions (honestly prefers reaching better business decisions rather than 'being right')
6. A good partner listens to you (open to learning from you and enjoys discussing ideas even when their direct impact on the business is not apparent)
7. A good partner is intrinsically motivated (follows-up on her tasks without external reminders and volunteers for open tasks)
8. A good partner is a life-long learner (sees the big picture, values design-thinking, quick to grasp abstract concepts, can change her ideas when presented with the right data)

1. A Good Partner Has the Life-Design That Fits Being in a Startup

Among the things to watch for while picking a partner, having the right life-design tops the list. Optimism is a great resource. Without it nobody would ever start anything. But it has its downsides. It can blind you to the potential problems ahead. Simply being optimistic about how much resource a partner is going to put into a startup project is secondary to actually having the right life design that is going to allow the partner to truly be invested in the project.

This is most true because for the startup project to be successful, the partners need to work hard and spend their time and energy on not only the good days, but especially on the bad ones. I am talking about those days in which optimism has been overtaken by harsh-realism or even pessimism. As proposed both by Seth Godin in his book *The Dip,* and by Howard Love in *The Start-Up J Curve* things have a tendency to get worse, before they get better.

Every startup, without exception, starts on a good note; with visions of grandeur, wealth or the dreams of making an impact. Again, without exception, there is a point in the life-cycle of every startup where the glitters of the first few days and months have faded and you are left with many problems that will take their toll on your energy and time. In those days, if a partner doesn't have the necessary time, energy and financial resources to

focus on dealing with the realities of the startup, she will back out. And that is the relatively good scenario. The worse one being a situation where a partner stops caring about and working for the project, while not accepting that fact to remain as a shareholder in the potential future success of the company.

If a partner candidate already has a "full life" with possibly a full-time or part-time job, family responsibilities, health problems, an ongoing education, other partnerships in other startups, other advisory or consultancy roles and so on, she is not a good candidate for the role. Even with enthusiasm and sparkling motivation, if the time-budget or the financial-budget of the partner candidate does not allow any space for new projects, do not proceed.

I favor the term *life-design* on purpose. In the realities of our day, careers are *not chosen*, but they are *designed*. I argue the evolution of career management has three historical phases.

Phase One is *Not Free to Choose.* In the pre-industrial era, due to limited variety of possible jobs, the scarcity of knowledge (or masters who hold it) and the limitations of physical mobility; people lacked the freedom to choose their occupations. Their family, social role, heritage and local factors had already made that choice for them. Those who had the freedom to choose were the lucky few.

Phase Two is *Free to Choose*. With the industrial revolution, the number of jobs increased. This increase in variety created new needs for specialization, and a whole new schooling system has been introduced to train the workforce for the needs of the new economy. In this phase, people *do* have the freedom to choose their occupation (of course with varying degrees, primarily depending on the wealth of their country) given they have the mental capacity and desire to put in the work. Yet still, they have to choose from a somewhat fixed list of occupations. To be conventionally successful, by the time they reach their mid 30s, should have "an" occupation. You are either an accountant, a doctor, a mechanic, an engineer or so on. Examples of people with multiple occupations are the exception rather than the rule. Historically, we are at the very last stages of this phase.

Phase Three is *Free to Design*. With the technological revolution, the increase in the number of jobs has gone geometric, the pace of change has

increased, innovation became a constant, availability of jobs from all around the world has increased and the minimum time budget needed to earn a living has become very flexible. The first characteristic quality of this phase is that you have the freedom go off-list and make variations and combinations or even come-up with new occupations! The second characteristic quality of this phase is that you do not have to sell all your waking and productive hours as a chunk and do one-single thing. Rather, what you can now do for example, is to divide your productive hours in three blocks (4 hour each) for each day and design your life around that 21 blocks. You can dedicate 5 blocks to being a freelance content writer or web developer, 6 to working part-time and 10 to yourself with the freedom to choose which week days you work on. Although freedom to design your life is a good thing, it is not easy. Designing takes more skill than choosing.

Your potential partner should either be good at designing her life or have an abundance of resources to partner-up. Your most important contribution should be to plan ahead to *make visible* the time, energy, finances and other resources needed 3, 6, 12 and 18 months from now.

While I would very much like to come up with a generic, definite number of minimum hours or minimum financial resources, I can't. This requires in-depth knowledge of what *your* startup is about and it is your first agenda as partners to make high quality estimations and decisions around that.

I can say however (as a rule of thumb), it is better to focus on a fewer number of projects, possibly a single one, and push out your minimum viable product quicker, rather than trying to do the opposite.

The longer your runway, the better. You and your partner should not expect to make any financial returns under 6 or even 12 months and have the financial structure necessary to support you. Depending on the business, your initial starting cost can be under 1000 USD or a hundred times that. Frugality is a key quality partners should have, design your business budget with that in mind.

A good partner should have the necessary life-design to fit being in a startup. Even if you like, respect and find your potential partner to be very intelligent, if she does not have the life design to spare the time, the physical and mental problem solving energy into the business, or does not have finances to

support herself without taking other jobs or responsibilities, do not begin that partnership until the design fits.

2. A Good Partner Shares the Problem

You must have heard of the classical advice: Love what you do. Although it can be misleading, it is not wrong. When people do love their vocations, they take an extra interest in the details, care about not just the end result but enjoy the process more and have a general attitude of learning and self-development. Perfect.

How you reach that state of fulfilled work is an issue. Here is where the whole thing goes out of rails. People think loving what you do is about finding your passion. Everyone who is looking for insights about their career or, are in the search for their creative potential, is exposed to the idea of "discovering their passion." This is a dead end.

Maybe this is somewhat radical of a thought, but I honestly do not think most people can simply find their passion by asking themselves the question "what do I enjoy the most?" Rather the correct question should be "which problem do I most care about fixing?" or "which situation do I most care about improving?" The global ecological and climate crisis? Re-inventing and innovating traditional classroom learning? Improving the life quality of patients? Helping parents control their children's exposure to potentially harmful content? Net neutrality and freedom of the Internet? Fixing problems in the job hunting and recruitment industry? Making better romantic matches and helping people create higher quality relationships? Helping people quickly find the correct and reliable information? Solving the information problem between people who are looking for an overnight cheap stay or a quick transport within the city? The list is practically endless, but seeing these as fixable problems have to do with the partners' visions.

Passion is the *result* of caring deeply about a problem. It is not the end goal. Do not try to find your passion and love what you do; but try to find your problem, and love your problem. Enjoy the intensity of dedication and effort spent trying to solve that problem. All the better when you have a partner to try to solve the problem together.

What type of problems you see in the world, and the level of importance you

attach to them is directly related to your vision. Your vision is not static. It changes, improves, becomes more nuanced with every step you take to grow yourself. Kevin Kelly mentions the concept of Protopia in *The Inevitable: Understanding the 12 Technological Forces That Will Shape Our Future.* Protopia is neither a utopia nor a dystopia but the state of constant and unending change and development. It is where the solutions to new technological problems create their own problems, and are solved again in a cyclical fashion. It is a system of continuous change, learning, development and progress. The silver lining, there are always going to be new problems to care about and choose from.

Sharing the problem with your partner is a must. Sharing the philosophy behind the problem (in other words sharing a unique world vision) is much better.

It is possible for partners to agree on a problem but have different reasons for thinking why that problem exists in the first place. Let's say you and your potential partner agree that traffic is very problematic in your city, and want to go forward with a startup to solve this problem. You think the traffic is due to information asymmetry. In other words, you think if people had an up-to-date always live map of which areas are congested with traffic and which areas are less dense, traffic would improve. Your partner, on the other hand, thinks the traffic is caused by the lack of people who prefer public transport over the use of their private cars. According to the first partner's ideal vision, the company should build a new generation traffic density map that uses machine learning to give predictive route suggestions based on the past traffic in the region as well as the user's driving habits. According to the second partner's vision, the company should create a public transport route planner to make it easier and more convenient to use public transport, and by the companies' second phase use the big data it has gathered to give feedback to the public authorities for the optimization and betterment of public transport.

Very early on, this split in vision is going to cause a confusion in the direction. Keep in mind these kinds of differences are not necessarily show-stoppers. All it needs is a good, hearty, rational and high quality discussion in which partners are open to being convinced by one or the other. Most of the time, the resolution will come from asking a new question. For example; who would pay us for such a service? We will touch more on this in the fifth

quality, *A Good Partner Focuses On Increasing The Quality of Decisions.*

The unfortunate thing is, many partnerships skip over this step in the beginning. They either disagree later, often with accompanied feelings of resentment because the company is going in a direction they do not think is healthy. In other cases, the product that comes out is a weird hybrid with a vague value propositions that has a lot of features in it, but is great at none.

Get to know your potential partner. Discover her values, way of seeing the world and most importantly, way of seeing the future. A good partner shares the problem, a great partner shares the philosophy behind the problem and you are able to agree on a unique future vision.

3. A Good Partner Has Depth of Knowledge On at Least One Topic Related to the Startup

Value is inversely correlated with abundance. This is not a fact of nature but a fact of the economic system that is our own creation. If you believe this deserves more in depth thinking, simply compare the *value* of water for survival versus its abundance with; the *value* of diamonds for life quality versus its scarcity.

Knowledge had been a very scarce resource for almost the entirety of human existence minus the last few decades. Valuable life lessons were created at the expense of trial and error, in which error usually meant an end-of-life scenario for the unlucky.

This was first only true for basic survival skills such as which mushroom to eat and which to avoid, the migration routes of animals, hunting skills, fishing techniques, changes in seasons and so on. Knowledge was passed on through fables, stories, anecdotes and warnings.
As humans found new ways of storing and passing on knowledge, the social interactions became more complex, societies grew in size and different labor divisions emerged. With new social roles, new skills and new types of knowledge came into fruition. The constant in this perpetuating cycle was the value of knowledge itself. Access to knowledge was a privilege, and that access was usually strongly correlated with social status.

Here is the problem: Today, knowledge is democratic, ever-present, ever-

reachable and plenty. Our economical reflexes trick us into thinking that because knowledge is so abundant it should not be so valuable. Not only that, but many share the misconception that because knowledge is cheap, depth-of-knowledge is too. This couldn't be further from the truth.

The unfortunate dilemma here is that as more and more people start to see knowledge (all different kinds of it from technical to relational, scientific to mythical, artistic to functional) as ever present and instantly reachable, they lose their appetite to incorporate it.

The truth is; as the knowledge (or data) we collectively create increases in quantity, quality and variation, it becomes harder to conceptualize and truly grasp the workings of a domain. It becomes harder to make sense of the massive noise and find the signal within. The *people* who have a strong foundational grasp of their domains, are not more abundant but *rarer*, thus more valuable.

A good partner should have sufficient depth-of-knowledge on at least one topic that is related to the startup. This depth-of-knowledge is vital because with that, the vision of the company will be more robust and the quality of decisions higher. Keep in mind the type of knowledge we are talking about is not necessarily only theoretical. Practical knowledge has a key role to play, too.

The types of knowledge and depth you should be looking for depends on the type of business. If the startup you plan on launching is about bringing fresh produce directly from the farm to the final consumer, knowledge of logistics, farming, and purchasing direct from the farmer stand out as key differentiators of success. If your primary selling channel is planned to be a mobile application, knowledge of mobile IOS and Android development as well as User Experience Design come into play.

The co-founders of a startup do not necessarily have to hold all the necessary skills to build the business themselves. It is an era of collaboration. Many skills needed for the success of the business can be outsourced or acquired through loose partnerships and collaborations. That being said, there are a lot of difficult decisions to make and problems to solve, waiting just around the corner. Dealing with those, is incredibly difficult if you and your partner do not have the domain expertise and the depth of knowledge required.

Let's take a second look at the fresh produce startup example, and imagine what the ideal partners could be like. In one scenario, one of the partners would have gained experience in the dairy or farming industries working at multinational large corporations, while the other, would have a good grasp of the target consumer having worked in delivery of organic coffee beans to both B2B and B2C markets. In a second scenario, one of the partners would have the depth-of-knowledge in online, targeted- search-engine-optimized marketing tactics, while the other, would have either managed a business or worked as a part of larger organization in logistics. In a third scenario, one of the partners would have in-depth technical knowledge of software development and could either write the code or manage the developers for the B2C application, while the other, would have worked as an industrial engineer or an industrial designer working to optimize providing chain restaurants with their requirements.

The common theme in all good examples is the existence of some sort of depth and expertise held by the partners that is going to directly contribute in the business decision making and problem solving processes. *Even if your startup can outsource all the work, it can not outsource decision making.*

There are two more nuanced and secondary benefits I should mention. They have to do with humility and self-confidence. One of the most overlooked yet precious points of Robert Greene's book *Mastery* is this: When one has reached mastery on a domain, he respects other masters on different domains more, because he knows how much effort and sacrifice has gone into reaching that point. Whereas the callous and jaded, not having shown any considerable effort himself, has a diminished capacity for appreciation.
The co-founder who has depth or expertise in at least one field will be more ready to appreciate and benefit from other parties' knowledge and wisdom.

The second underrated idea: When one has reached mastery on a domain, he is more receptive to criticism. Because he believes "I am very good on X", he can take the hit of not being so good or knowledgeable on another topic while still preserving his self-image and self-value. A world renowned pianist will take criticism more readily on his driving technique compared to an average driver that commutes all day. The co-founder who has mastery or in-depth-knowledge on one area will (usually) deal with criticism more easily and display more self-belief.

The key to good life is having an "attitude of learning". Make sure you can learn from your partner. If you find yourself discovering new ideas, finding more original perspectives on issues that matter and increasing your own depth on other knowledge areas, this is a good sign. If you are generally feeling underwhelmed in your encounters with your (potential) partner, question why.

4. A Good Partner Values Good Execution Over the Ingenuity of Ideas

Uber is not successful because ride hailing is a genius idea. SpaceX's awe inspiring story is not about the newness of the idea of launching rockets into space. Airbnb has created a valuable service, but if pitched the idea, many people would not bet on it. They would think people couldn't share their home with total strangers. Dropbox is a convenience but its not a multi-million dollar company because they came up with the idea of cloud storage first!

Uber's success is more dependent on them being able to deal with local transportation authorities, navigate through legislations and regulations, solve scaling challenges, maintain user satisfaction and recruit the top talent and create the right company culture (which includes diversity) among all the other millions of small and large problems that come with being a large company. If Dropbox has gone out of existence by the time you are reading this, I am willing to take a chance and guess it wasn't because their idea ceased to be good, but because they failed at solving problems as good as they should have.

SpaceX is considered a success today because they were able to design and engineer superior and more efficient rockets. If there is ingenuity in their work, that lies in top level technical skills and a culture that brings out top performance.

Airbnb serves millions of satisfied customers. They are able to do that not because they provide a service that matches those looking for a space to stay with those looking to provide that space in exchange for money; it is because they have built a legitimate system of trust. Building a service that uses matching algorithms seems easier in comparison.

I provide these especially because they are well-known examples. Though please note, the dynamics at play here are independent from the company size and specifics. It is almost a universal law in the world of startups. Success comes from good execution of good ideas. Great execution of great ideas work well, too.

Here is a litmus test. Ask your potential partner what she thinks has made the well-known startups successful. If the answer is among the realms of "a genius idea", or "luck" take these as warning signs.

When it comes to the potential success of your startup, a good partner places more importance on great execution, hard work, creativity, problem solving and self-discipline more than the ingenuity of initial ideas.

In one of the startups I have co-founded, me and my partner go out and pick the most influential books to read around a singular topic, read and distill, then create bite-sized videos as part of an "episodic learning" service. One of the most influential books we have come across was Adam Grant's *Originals*. In this gem of a book, the striking idea is that for success, waiting for the best and most perfect idea is a misconception. Rather, the famous examples of success have one thing in common; they create a lot. In other words, their output is not just high in quality but in quantity. No matter how good an idea is, what makes or breaks it is how it is turned into reality.

In your startup venture, you may come across this situation in the most unexpected places, at the most unexpected times. You and your partner will have mentally designed a great service or product, have allocated the necessary time and decided to start the work. in your next meeting with your partner, you will sit down to realize she hasn't done her part of the work. You will hear excuses and barriers. Soon enough, if a partner doesn't have the work stamina, she will perceive some tasks as too difficult or hard to accomplish. This will impede your decision making quality as a team. When the decisions you make as a team are based on picking the least resistant path, you will have diverted from the True North. Now you will be thinking less about creating value or solving a problem for the beneficiary of the product or service you are building.

Coming up with a great idea is great fun. You imagine your future success, happy customers, happy investors, having changed the world and so on.

Doing the actual hard work to reach that end goal is not like that. There are days, in which you have to drag yourself to overcome a deadline or compromise your personal priorities. It is very important for your potential partner to be onboard with this reality. At the beginning, even if you agree on an idea and the way to accomplish it; you also have to agree on the fact that your success will be an outcome of your following effort, not the initial idea.

A stroke of genius takes seconds. Planning and strategizing with a partner might take days. Actually building the startup takes many months, if not many years. So make sure good execution and work ethic are values which you and your partner agree upon.

5. A Good Partner Focuses On Increasing The Quality of Decisions

Building a unique machine with complex parts is always a challenging task. Startups are indeed complex machines. Startups, like machines, are defined by their ability to extract resources and generate force (or create value) in new and unique ways.

Now, think of a traditional, "not-a-startup" type of business; lets say, a pizza place. This business, which has delicious pizzas, can be a successful business by any measure but it is not necessarily a startup in the specific sense. We can call it an entrepreneurial endeavour, but to be able to call it a startup in the specific sense of the word; this business needs to be leveraging new technology or innovating in some sense. It has to have the potential to scale exponentially. We can assume that "not-a-startup" type of businesses have more matured business models. Which means many problems they will face, have already been faced, and solved in some way before. In such cases; an in-depth research into the best-practices of the industry is what the founders need.

A startup on the other hand, by definition, aims to create value in novel ways. This also means in-depth research into best practices of similar business are usually a dead end. Because startup founders can rely less on previous working examples and business models when it comes to their technical, logistic, marketing related or other types challenges, they have to come up with *their own* untried and untested ideas and make decisions around them.

This is the exact reason why startups are both so rewarding and so challenging at the same time. The capacity for high-quality decisions is the only factor that can make up for the lack of previous working examples on how to design the business. Quality of decisions matter on strategic matters as much as the tactical, day-to-day ones.

Being a startup founder is very similar to being an adventurer who goes out into the wild to survive alone with minimal resources. If you make the right decisions to survive, you are rewarded. You now get to see a great view of the world and experience the nature in a way only the lucky few can. However, if you make some bad decisions, it won't be long before your fate turns sour. You will most likely perish.

There are two lessons here. One, take a friend along with you while going on an adventure! Just like an adventure-buddy, a good partner will increase the likelihood of your survival as a startup. Two, the adventurer should ask; "How can I make better survival decisions?" if he wants to better his odds.

Let us try to answer that question for him. These are some of the major factors that will contribute to the decision quality of the adventurer (and how they relate to founding a startup).

- Knowledge of the general geography (In startup universe; knowledge of the industry, the market, the target audience)
- Past hiking or adventure experience and knowledge of own limits (In startup universe; past work experience and self-awareness of own skills and working habits)
- Knowledge of predators (In startup universe; knowledge of competitors)
- Ability to use available natural resources (In startup universe; ability to be able to generate intellectual, cultural, financial capital)
- Knowing how to pack effectively - not missing key items while not carrying unnecessary extra weight (In startup universe; bootstrapping, extending runway, minimizing unnecessary overhead costs)
- Knowledge of possible campsites, resting points and first aid (In startup universe; ability to manage crucial conversations & crisis management skills, as well as seeking angel investment or securing bridge rounds of investment)

- Being alert to new dangers or opportunities (In startup universe; adapting an attitude of constant learning, observing new trends or risks)

I would say, an adventurer (or a startup founder) who has mastered these skills can make substantially better quality decisions on key junctions. Therefore, it is invaluable to have a partner who shares this perspective with you. Gathering reliable data, being open to learning and increasing the quality of decisions should be a constantly repeated mantra which the partners should swear allegiance to.

It is not about being right in each discussion; it is about making the business work through best possible decisions. Look for this quality while picking a partner. If she values being validated and being declared "right" more than reaching better decisions, take this as a warning sign.

6. A Good Partner Listens to You

This is one of those easy to preach, hard to teach kind of behaviors. It is this way because the existence or lack of this behavior is only a manifest of the person's deeper, core values.

Keep in mind it is very difficult to initiate large scale behavioral change in adults unless there is a very strong and immediate reason to do so. Although noble, believing you can change your potential partner's attitude or personality is naive. Even if you have to potential to trigger the change and coach your partner through the journey on an ordinary day, building a startup is not an ordinary endeavour. It is very unlikely you will have the resources in terms of time and energy to both build the startup and deal with this change.

If your potential partner is a good listener, that is most likely because;
- She respects what you have to say
- Believes she can learn from you
- Believes she can gain unique new ways of understanding through disagreements
- Does not think saying 'I was wrong' is admitting defeat
- Is open to being convinced through new information
- Has the self-confidence to declare what she isn't knowledgeable

about.

On the other hand, if you are finding out that getting a word through to your potential partner is an insurmountable challenge, the factors I have just mentioned are not working to your favor.

As you most likely have realized, many of these factors are intrinsically tied with personal beliefs, values and in some cases personality traits. It is difficult to make a binary distinction between people who listen and who don't. It is better to think of everyone as a point on the "listening habit spectrum". On the one end, there are "great listeners" those who *lean in,* on the other end there are "chronic ignorers" those who *lean back* and are deaf to others' ideas or opinions. Most people are in between.

Great listeners are genuinely interested in what you have to say. They listen actively, meaning they do not only listen, but engage with you through secondary questions closely related to what you are telling. They are curious, they care, they are open to shifting their own perspectives on familiar issues. They believe, no matter how good theirs is, there is always the possibility of finding a better way.

Chronic ignorers on the other hand *fake* interest. The discussion always seems to find a way to drift towards topics either about them or about what they value. They are quick to interrupt, do not follow up with questions to get to the details of what you are telling. They are more opinionated. They think they are much smarter or know significantly more than their peers. To them, being confronted with a better way of doing what they have already been doing is an admission of defeat. They do not relish these moments, they avoid it.

The good thing is, the listening habit is one of those more easily observable behaviors when you actively remind yourself to look for its signs. If by your observation, your potential partner is in the chronic ignorers zone, don't hesitate to look for a partner elsewhere. There is nothing more frustrating than not being heard when you are in a crucial conversation about trying to save a company that you put your hard work in.

I have been lucky enough work in multiple very large, Fortune 500 scale companies and know how much of a difference a culture of listening makes. In cultures of listening; ideas trump titles, innovation capacity increases,

more novel solutions are found and everybody's free to ask good questions. In contrast, cultures on the opposite end are more hierarchical, autocratic, the power distance between individuals are higher. A culture that listens less, also informally limits the types and number of questions that can be asked to the upper management. The emphasis in these types of companies are on sustaining their dominant market position rather than innovating new ways and disrupting existing sectors.

Now, startups are disruptive forces. Remember, they are the change engines of the new world. To be able to carry out its core function, a startup *has to* value good ideas, good questions, novel solutions and a collaborative spirit. The essential ingredient of all these and this collaborative spirit is a culture of listening. Listening is to collaboration; what a driving wheel is to an automobile.

7. A Good Partner is Intrinsically Motivated

I hope I convinced you that good execution matters more than good ideas in the previous chapters. Unfortunately, to see your potential partner believes in good execution more than good ideas is not enough. Your potential partner may have internalized this logic, and that's very good. Still, there is a second half to success in execution; and it is about the *motivation* to execute.

Let us take a quick look at the science of motivation. In psychological terms, motivation is the desire to do things. It is the driving force behind people's actions, desires and needs. It is what directs behavior. To paraphrase Daniel H. Pink, the author of Drive: The Surprising Truth About What Motivates Us, motivation used to be about carrots and sticks, but it is more about autonomy, mastery and purpose nowadays.

The carrot and stick approach, which Pink calls out as outdated, depends on rewarding people (positive reinforcement) when they show the desired behavior and punishing them (negative reinforcement) when they show an undesired behavior. This basic mechanism of simple learning behavior is an omnipresent fact, not just in humans or mammals but in every sentient organism. So I find it difficult to agree with Pink a hundred percent on the idea that this approach is outdated. Yet I can say with great certainty that this traditional way of motivation is less true for startups and more true for traditional organizations in which role definitions, required skills and tasks &

responsibilities are static.

Startups or organizations which live in flux, discover new technological frontiers, innovate and wish to be the 'change engines of the world'. They are in a different type of game. The carrot and stick approach fails here altogether. There are no external parties to define what the carrots and sticks are. It is also very difficult, if not impossible to set static standards for them while the business value proposition is in constant change, a pivot or business morph is unsurprising and the main motto is "on the road learning".

In such systems of flux, the new dynamics of motivation fit right in and shine bright. When those who do the work are the same people who draw out the business strategy and set the goals; they have to have autonomy, mastery and know their purpose. Pink defines the three pillars of motivation in the following way: **Autonomy**—the desire to direct our own lives. **Mastery**—the urge to get better and better at something that matters. **Purpose**—the yearning to do what we do in the service of something larger than ourselves. I would say the startup life is very good fit to practicing all three in a fulfilling way.

In my research, after having written the outline for the *eight qualities you should watch out for in a potential partner,* I was struck by the strong correlation between some of these points and the new realities of motivation. Namely between *Autonomy* and *Good Life Design* (see quality one); between *Mastery* and *Depth of Knowledge* (see quality three); and between *Purpose* and *Sharing a Problem* (see quality two).

Therefore, observing these three factors should provide a good starting point to determine whether a potential partner is intrinsically motivated.

There is one more thing. Work ethic. High volume work output is not only about motivation, it is also about whether your potential partner has built the right muscles and stamina. Does she have what it takes to wake up at a fruitful hour each day, work hard, either multitask or reach deep concentration, manage her own to-do's and keep this up for weeks or months on end? This is a hard question to answer. The best you can do is to look at her past behavior. Although not perfect, that is the most reliable predictor of possible future behavior. Has she founded and managed a company before? Has she worked in demanding roles in large organizations? Has she managed

complex projects before? Does she have anything to show as a proof of her past works such as a book, a marketing campaign, a short movie, a side project, a website, an app or a designed consultancy service? Ask what projects has she started but quit halfway and why.

If you find yourself sitting across a potential partner who is not showing any positive signs in her work history but is overly exuberant about the future of your startup idea, be on the cautious side. Finding a good partner is not easy work. But, remember, a bad partner is worse than none!

If your potential partner ticks all the boxes in the three dimensions of motivation and has the background to indicate a good work ethic to go with them, you might be looking at your next partner. Even if things don't work out so well, a potential good friend.

8. A Good Partner is a Life-long Learner

Learning is a meta skill. It is *the skill* to learn new skills. You can hack the world with it.

If we had to oversimplify we could say there are two aspects to learning: The attitude and the competency aspects. The attitude adults hold toward learning is more important than their abstract intelligence or techniques they know for assimilating new information. Most of the time, they will have the capacity to learn from their new experience if only they had the right attitude towards the situation!

This is not about a startups, businesses or even people. It is nature's game. Those who adapt survive; those who don't perish. Adaptation is survival and learning is adaptation. Learning as a skill is the first skill we bring onboard to this world when we are born. Children are natural learners. No matter on which corner of the earth (or hopefully on other planets in the future) they are born, they adapt. In many cases, children adapt to their environment so well, that when we look at a different culture than ours, we mistakenly believe the traits we see are due to genetics when they are indeed about the culture. Within two generations an Italian or an Indian living in the United States has a completely different set of values and behavior patterns than their cousins living in their own country.

Children adapt so well because they are not afraid to experiment. They have

the freedom to make mistakes. This freedom translates into a rich set of experiences and situations to observe and learn from. They try fast, fail fast, learn fast. As they grow and enrich their knowledge about the world they become less flexible. The sapling bends more easily than the tree.

You see, learning is a very effort-intensive task. This is why so many shy away from it as they acquire new forms of knowledge. As people age, experimentation seems riskier. There is more to lose in terms of status, money, respect, self image and so on. Another key point is that; acquiring new paradigm-shifting; perspective-changing or context-bending forms of knowledge means the adult now has to cross-reference this new way of thinking with all the old ways of thinking. She also needs to discover the inconsistencies and fix (or ignore) them.

Adults depend more heavily on vicarious experiences to learn. Big mistakes and crazy experimentations with family funds may create dire threats in the life of an adult. Vicarious experience, in which you learn from others' experience is a valuable tool. This is why good literature, startup failure examples and success stories deserve to be studied in detail before launching into a venture. Yet still, so much of what has to be learned can not be learned from the narratives of other people and companies. The best learning opportunities will come from the own experience of the person. It will be a real, amazingly detailed, emotion filled custom experience. Life-long learners will take it as a blessing, those who are not, will take it as a curse.

In any case, it is understandable, and even expected that most people won't internalize the path of the life-long learner adult. It is a path that requires constant effort and struggle with the self. The good news is that when life-long learning becomes an attitude, it gets easier.

While picking a partner avoid those who have not internalized the philosophy of being a life-long learner. They believe most learning is done at school. They tend to overemphasize the importance of their expertise in a field. They usually believe there is 'one right way' to do things. They are less open to doing a post-mortem on problems or failed projects.

Being a life-long learner means being open to new experiences and taking calculated risks. It means taking a moment to ask the question "What have I learned here?" in even the most difficult or sad moments in life. It means

being obsessed with constant self-improvement and self-betterment. And most importantly, it means being curious and seeking the joy of finding things out.

PART TWO: How to Recruit The Top Talent

As a startup grows, it will need to bring in more and more people. It will use the skills of new people, be influenced by them and even in some cases, be shaped by them. These people do not always need to be full-time employees. There are some very successful examples which utilize the power of freelancers or digital nomads to grow their operations. In any case, the decision or "the green light" to work with a certain professional still falls under recruitment.

While some of these working agreements between the employer and the employee are very tight (longer term, longer hours, frequent and close contact, greater access to critical company data and documents); some are very loose (think of a sub-project assigned to a freelancer with a clear deadline and no indication of future work). The tighter the relation is, the more weight should be put on the recruitment decision. The decision makers, most often the co-founders should invest more time and effort. This is because in loose relations, when you find the behavior of the other party to be detrimental, or their work output sub-optimal, you can end the agreement with relatively less energy and harm.

For many organizations, bringing in recruits with 'tight' relations is a *must,* in their path to growth. While working with flexible freelancers are good for short term work outputs, your company needs to grow with people who feel they own it and belong to it.

In Part Two: How to Recruit Top Talent, we are going to take a look at why you really need others for solving complex problems; what common competencies you should focus on while making the hiring decisions; how you can observe these and what type of an offer should you draft to maximize the chances of an agreement.

The Brains of the Operation

Creative thinking, problem solving, value creation, good and innovative design... These are some of the top-level skills that we as humans have. For now. The deal with AI, or more specifically Artificial General Intelligence (AGI) is such an important matter precisely because of this reason. An AGI that has matched the human-level in these (and many other skills that we think are unique to us) in the first day, is bound to pass beyond the human-level in the second day. Thus, making us redundant to a certain degree. That shift will mark the day, when the best possible processors in the world are not human brains, but computers. Until that day comes, this is very clear: The best processor of information as well as the best muscle for creative problem solving, complex thinking, and high-level-design of any kind is the human brain.

Startups, as mentioned in the beginning are the change engines of the new world. They hold huge potential for value creation. They have the power, more than anything else, to steer the humongous ship that is our global society. How do they do this? The answer is simple but elusive. By intelligence! (And of course weeks/months/years of grinding and hard work to leverage that intelligence.)

Startups, being engines, are not naturally emerging entities. They are designed. The founding partners of the operation convert coffee and food to ideas and business designs.

There is quite a distance from an idea to a working design. Hypotheses need to be tested, the decision quality must be increased. Feedback should be gathered. Obsession with value creation, product-market fit and the size of the market should be the drivers, etc. But that is the work of brains! That's what they are for. When they work well, incredible things happen. The problem is they don't work all the time. They need the right conditions. It is the workings of the *company culture* to either enables a collective and harmonious working of those brains or leads to conflicts. We will dive into culture as the 'collaborative structure' in the third chapter.

The brains in the company have to work beyond the foundation and initial level of design. Everyday, there will be new macro and micro problems (both internal and external) the organization should be able to solve as a collective.

Here is the heart of the issue: if the problem a startup is tackling had required no high-level processing (brain) power, it would most likely have been solved already. So if a startup is looking to innovate, solve a problem in a way not solved before, and create a little machine of value creation to steer the ship of society, it **has to** use intelligence and leverage that with good work ethic.

Brains Don't Work Alone

We know and accept that we are social animals. But let's look at this familiar maxim under a different light. It is said humans are social animals because they need to show and receive love & affection. Because they crave the feeling of belongingness. Because they feel more secure when they are not alone. While these are all true, there is another reason why we are social animals and it has to do with startups!

We are social animals because we also need to speak and be heard, an you need an audience for that. You can, for sure, speak to yourself and be your own audience. I do it all the time. But it is nowhere effective as speaking to another brain and reflecting ideas. While individual studies are vital for deep concentration and reflection, combining several brains in serial increases the total intelligence in a considerable way. That is why collaboration is a very important tool for startups which need to solve complex problems.

Say a problem has a solution intelligence threshold (SIT) of 170. And let's consider each individual has a measurable value for their solution intelligence (SI). An individual with an SI of 120 may jab and punch and poke at the problem for all day. He might cover some distance. But to actually *solve* that problem, he needs others! This "others" does not have to come as a living conscious beings. Watching the Stanford Startup Lectures and enrolling in Harvard's Entrepreneurship classes, learning from the experiences, mistakes and revelations of the best minds of the world helps. Even in the case of reading this book, you are taking part in my attempt to pass on some of what I have learned spending quite a few years, vicariously learning from others, in addition to my own experience. Hopefully, this will add to your SI in the context of startups and people decisions.

Going back to the example, a problem with the SIT of 170 is waiting to be solved, like a ripe fruit. Those who can grab it will enjoy the delicious and

nutritious goodness. While three individuals with SI's of 120, 110, and 130 may not able to reach that, when they work together, they can compound their SI's and exceed that of 170, cracking the problem. Or enjoying the fruit.

This ideal scenario is only attainable when people can *collaborate*. It is not easy. The existence or lack of collaboration is the biggest determinant of a startup's success. This is why people decisions are so important for startups.

Think of each individual working in a startup as a chemical element. They have certain characteristics, they behave in certain ways under certain conditions. Each element may react to heat, pressure or contact with another element differently.

When 7 Carbon, 8 Hydrogen, 4 Nitrogen and 2 Oxygen come together, they make up Theobromine($C_7H_8N_4O_2$), the primary alkaloid found in cocoa and chocolate. Isn't that interesting?

On the other hand, with 5 Carbon, 5 Hydrogen and 1 Nitrogen you get Pyridine(C_5H_5N), a highly flammable, water-soluble liquid characterized by a smell similar to rotting fish.

Now the important question is, how does a startup end up with chocolates rather than the smell of rotting fish?

Universal Competencies Startups Need

Everyone has some unique traits that can be used to add value to a startup. Some rare individuals, even have some super-powers. I have had the chance to work with some people who had such powers. Some had incredible energy and were able to keep working very long hours with tremendous work output. Some had very clever - even cunning - ways to optimize their own workload. Some were great influencers who could get their point across with precision and impact, convincing people around them. Some had so much passion and belief in what they did, they created 'reality distortion fields' around them (term first coined for Steve Jobs). Some were such good problem solvers that they sought the adrenaline of crisis moments in the company, and shined at the most dire hours. As with each superhero, they had their Achilles Heels, too.

Those who were incredible at high level design thinking and problem solving usually had a sloppy attitude towards hard work. Those who had high levels of energy and work output usually missed the purpose, drawing circles around themselves in complex situations. Those influencers who made great impressions in large crowds, failed in extended one-on-one relations.

I worked as a recruiter and an HR business partner for quite some time before going into startups. Although they seem like different lines of work on paper, the people related behavior and competency skills are very similar. I have seen, first hand, and in a large range of seniority levels and sectors, that good is always accompanied by the bad and vice versa. Everyone I have given the green light for a hire, everyone I had worked with had some unfavorable or less-than-ideal qualities.

Don't look for a perfect candidate when hiring. There is none. If you think you have found a perfect fit, that is only because your mind is playing tricks on you. It is exaggerating the good while overseeing the bad to prove to you, that your decision is a good one. You see, the mind does that so you can feel good about your decision until you are proven otherwise. See the psychology of 'confirmation bias' and the literature around it if you are interested in how this works.

People are complex. Even *they* don't know whether they will be wanting to do the job 3 months from then. There are a lot of unknowns. The complexity

is even bigger when these people, as unique elements, start interacting with each other.

Among this complexity and chaos, there are some common competencies that can be taken as the "north stars" when making recruitment decisions in startups.

These seven qualities are, in my observation both as a recruiter, and as someone who works with startups to increase the quality of their people decisions, the top signs to look for. They are the signals within the noise.

1. Tolerance to uncertainty and ambiguity (keeps cool under a lot of unknowns).
2. Openness to change (easily able to adapt to the 'new').
3. Lifelong-learning attitude (takes the motto; "you either win or learn", to heart).
4. Good work ethic (able to manage his/her own calendar and time very effectively, set him/herself realistic goals and make projections that are accurate).
5. Information reach capacity (great language and tech-literacy, able to search and filter high quality online information quickly).
6. Innovative (always looks for better, faster, more optimal and more effective ways of doing things).
7. Cooperative first, competitive second (understands a startup can only succeed if it works as a team in which everyone enhances the capacities of the others).

While these are not the only qualities to look for, keep in mind you only have limited windows of observation. I find, to reach the best hiring decision, it is better to look at fewer but the more important qualities, rather than trying to measure each and every quality of the person. Remember, people are very complex, and it is easy to get lost in that complexity and focus on the wrong things while making the decision to hire or not.

Of course, these set of qualities are the generic characteristic qualities to watch, but they do not constitute the entirety of what should be looked for. You also have to measure the know-how, technical expertise and occupational skills that the new recruit is promising.

Measuring the know-how and technical aptitude of the candidate follows the same principles we have discussed in picking a partner. You want someone in your team that knows at least one area very well, while having an at least surface understanding of other neighbouring expertise areas. You basically want your new recruit to have both the depth and the width.

Talent Spotting: The 10-Principle Interview Model

It starts with knowing what the look for, but it doesn't end there. I have observed many recruitment decision makers falling into same traps. They have wrong assumptions about when the candidates are honest, under which conditions they can best observe whether they have the necessary qualities, how to conduct the interview, what to ask, what not to ask, how to make a final decision and how to sort out their own prejudices. For example, one of the most characteristic commonality of those who are amateur at recruiting is this: They favor candidates with personality traits which match their own.

Recruitment is part science and part art. While we don't have the luxury of a specific, repeatable and provable blueprint of precise instructions or **laws** that lead to correct recruitment decisions every time; we have some principles. These **principles**, when executed with a foundational understanding of why they are important, increase the probability of making correct recruitment decisions greatly. There is a performance aspect to recruitment. Each face to face interview is a stage in which both the recruiter (the co-founder, team manager, human resources specialist) and the candidate assume predetermined roles. Because of this, it is a uniquely human thing. There is a lot of uncertainty and spontaneity built into it.

What the candidates think of and feel during the whole of the recruitment process (and more specifically during the interview) has a direct observable effect on how they behave, thus, how the recruitment decision is shaped. There are numerous examples and cases in which a candidate gets a *no-go* from one recruiter, and a *go* from another recruiter working for the same company as colleagues. I have witnessed this hundreds of time personally. This is not only because different recruiters make their decisions in different ways, but also because the performance of the interview is shaped -or more precisely- **co-created** as a performance through the interaction of the interviewer and the interviewee. In the following pages, I will introduce to you these *10 Principles* you should take as a guide when scouting for the top talent.

Some of these guiding principles were originally laid out in the book *Creative Hiring: The Pinnacle Model for Spontaneous, Imaginative, Collaborative Interviews* when I published it almost 3 years ago. I have revised and adapted these to the context of startups. The last 3 of these

guiding principles are specific to measuring technical expertise and the depth of know-how candidates offer.

You can use these principles while structuring the interview and managing the overall recruitment process. If internalized, these principles will increasing the quality of your recruitment decisions and enable you to onboard better fits to your team.

Principle 1: Enable Mental Comfort

Time pressure causes stress. Use the interview as a time to slow down.

We live in a time crushed by the pressure to live, work, enjoy or simply experience every possible instance in the most "efficient" way. Efficiency is now an unavoidable reflex for many. It is like a magic ointment we apply everywhere–on every instance, without asking if it is right for the need. What is wrong with doing something the more efficient way, right?

Especially in the work space, we are hardwired to think in terms of *Effort Input* versus *Value Output*. These automatic calculations never stop, and most of the time they are carried into the interview room by the interviewer and the interviewee.

Here is the problem: There are situations, which by their nature and definition, cannot be rushed or made more efficient with a mechanical approach that measures *time spent* versus *information gathered*. The act of "getting to know" someone relies on a natural and unforced interaction between two or more people. If and when there is time pressure, the interaction becomes limited, forced and unnatural by definition... Getting to know someone in their habitus–their natural way of acting that defines their personality structure–becomes impossible.

It is indeed strikingly simple. As the interviewer, you have to slow down and relax. Think of the interview as if it is in a time bubble. No distraction or pressure allowed from the outside. Think of it as a kind of meditation if it makes it easier to practice. However, at all costs, you have to lead the way and help shape the mental state of the interviewee to a more relaxed one. If the recruiter is tense, in a rush, upset or impatient, it is unlikely the candidate will be in a relaxed and comfortable mood.

Fear and comfort can't coexist.

Fear is triggered by potential threats. Discover what is perceived as a threat from the candidates' point of view and openly address them. A good recruiter asks good questions but the best ones see the emotional world of the candidate as a whole.
Look at all the pieces of puzzle. Why is this person in front of you in the first place? What is the motivation? What is she afraid of?

Let's be honest here, it is a job interview. The person across you is not there because she likes you, or is your friend. There is a very specific mindset and agenda: To get the job (even if it involves being semi-honest on some issues). The candidate most likely has concerns about feeling inferior, being judged or criticized harshly for her decisions, being made to feel inadequate. She might hold anxiety about being in a situation in which she thinks she has to lie. She might have resurfacing guilt about past failures, career success and self-worth... Any or all of the above are very natural and standard parts of the candidate psychology. According to the social and economic status, age, occupation and expectation of the candidate, these will vary.

The recruiter or the hiring manager needs to use intuition and improvise if necessary to get a feel for what the candidate is worried about. The interviewer, if she wishes to comfort the candidate, she needs a)know and understand these general threat areas and b)should spend a great deal of effort to understand the threat and anxiety areas specific to the candidate.

The introduction (and the opening dialogue) should acknowledge that the job interview is not our most natural states; should openly show respect, be warm rather than diplomatic. It should state the intention of the interview process and the intentions of the interviewer, while mentioning that the real purpose is not the judge, but to get to know a real person. Critically, it should emphasize that the more honest and true to herself the candidate can be, the better the interview will be.

A few emphatic words, an emphasis on honesty, a single statement showing you are going to stay away from being judgmental matters more than many think. Even as a gesture, it holds great importance.

Clearly tell that what you are looking for above all is cooperation in establishing a genuine and authentic dialogue. You would be shocked how

much of an effect this makes in many of the cases. It is as if some people have been waiting for this cue for all their life, and the structure of the interview changes dramatically for the better after this point on.

It should be needless to say, the interviewer should respond in kind when it comes to honesty and openness and not act in any manner that can be interpreted as an open or disguised threat including gaze, tone of voice, unexpected reactions etc.

Show sincerity and warmth.

The world is changing. The tough, pushy, constantly challenging, diplomatic and self-centered interviewer model does not work anymore. It falls short, because it ignores the candidate psychology. At best, it is an off-putting display by the employer. In today's recruitment market, candidates (the really good ones) are as powerful as the employers.

Sure, there needs to be some structure and a high level of mutual respect, but beyond this try to be less diplomatic and more on the side of the candidate.

Warmth is easy to get. It is a familiar feeling (hopefully) for most of us, one that we experience near people we care about or who care about us. Unless we have a reason for negative emotions towards the candidate, nothing is gained by not showing some basic/minimum level of warmth upon first contact.

Sincerity is harder to master, especially when there are high levels of time pressure and never ending back-to-back meetings. Sincerity, obviously by definition, can't be faked. It can only be achieved through honesty. In my experience, feeling appreciation for the chance to get to know another person, and enjoying the experience of broadening your world vision vicariously through someone else's eyes, is the best source of motivation and coincidentally, of sincerity. In other words, when there is curiosity, there is sincerity.

Another suggestion is to match the candidate's level of intimacy. Some people are more introverted, in such cases; you should take a step back in tone and content and have a conversation in more contemplative way, leaving a wider area for hard-hot topics. Some candidates are more extroverted and start acting open and intimate more quickly. Again, try to match this with

tone and content, dig in and respond in kind with more questions.

When an introvert has to act in an extroverted kind of way, this puts tension on the psyche and the natural dialogue starts to suffer. So try to create the atmosphere in which the candidate can express herself in her most neutral state. Introversion and extroversion (although they are very central traits in character) are only one example to many dimensions. Matching the candidate's level in other areas such as thought and speech tempo can be thought as part of a coupled dance. When you are in harmony; a real and honest dialogue will emerge, when you are not; you will most likely be hearing a memorized mental script even if you don't realize it.

Principle 2: Earn Respect

Respect, like trust, must be earned.

Do not be fooled in thinking each new candidate that comes through the door respects you, the recruiter/interviewer/hiring manager, by default. How can they be truly respecting you if they have not met you before? With a good degree of confidence we can say this: if(!) they respect you; it is indeed your company, position, title and decision making capacity they respect–not your person.

If you are after the honest and genuine dialogue we have mentioned, you have got to earn the candidate's respect. I dare say, you have to fight for it with everything you got. Because like comforting the candidate, this is imperative for a real dialogue that will result in understanding the world from the candidate's perspective in addition to learning about her knowledge level and job history.

The candidate has to respect you as a human being, as a person independent of your job title. She should say to herself as the interview intensifies: "This is someone who knows what he is talking about. This is someone who has the capacity to understand me."

This is a crucial point. Without exception, in every interview, every candidate (consciously or unconsciously) asks herself the question: "Is this person sitting in front of me capable of understanding me?" The answer to this question marks a turning point. It defines the content, depth and quality of the rest of the interview and each answer to the questions asked then on.

If the answer is a "no", or a "maybe"; you might as well stop the interview right then and there and hand a questionnaire instead. Because the answers you get will be regurgitated, cliché, textbook answers that won't help with truly getting to know the person of interest. So in essence, when the candidate asks herself "Is this person capable of understanding my line of business, my professional and individual life choices?" the answer must be a definite "yes". This answer can only be yes, if there is enough respect from the candidate towards the recruiter.

Earn respect with knowledge first, attitude later.

I have discovered when we are talking about respect, lots of people tend to start thinking about looking powerful, confident, acting and talking with a sharp decisiveness and conviction. While these are good to have, focusing only on them would be to miss the point. The essence of the issue is about showing that you are capable, knowledgeable, interested and visionary. The attitude will help, but bear in mind it is complimentary, not the essence. The trick is displaying, or rather hinting at your level of knowledge without being braggy about it. Think of the cumulative knowledge you hold as an iceberg; let the peak be visible and leave the rest for the imagination. In many instances, telling the right amount of knowledge is better than smothering the person with everything you know about the topic.
This is indeed a fine balance, although with variance from culture to culture, showing-off has a consistently negative undertone, whereas humility seems to be a unifying positive trait. Since we are trying to earn respect, coming of as snob would defeat the purpose.

Imagine you are recruiting for a User Experience (UX) Specialist position. You have to go well beyond the job description and include topics like: How has the field of UX expertise emerged in the last decade? How are 'design thinking' and 'customer journey' parts of creating a user experience? How are UX teams challenged by the other teams in the organization? Who are the opinion leaders in this area?

Don't hesitate to bring out really specific topics that are thought to be only known by people who have become experts in their area. If we stick with the UX example, talk about the vices and virtues of the X or Y Guided User Interface (GUI) platform. Or go further and challenge the candidate about her stand on minimalism and what flat design has to do with it? At this point a

naturally flowing dialogue should be emerging and taking root. Also refer to the trends and hypes around that area of expertise. It will show your interest in the field is not at a textbook level but a real part of your personality.

Let's say you are recruiting for a digital marketing role. Talk about the trend of online-offline integration and how the landscape will be in the near and far future when it comes to pricing marketing campaigns. Talk about the future of using Facebook and Google ads in the light of all the data privacy discussion. Talk about the changing collective nature of the internet, the motivation behind crowdfunded campaigns, the use of browser ad-blockers and challenges about privacy that comes with more quantifiable information about each person.

Look towards the future.

Share what you know with openness and ask for the candidate to cooperate in the same way. Together share a vision, imagine a world, try to understand and speculate about the future. Sticking with the digital marketing theme, try to discuss how Augmented and Virtual Reality will shape new marketing campaigns to come or how online spending habits will be in five to ten years. (A pro-tip: Usually, the best and brightest people in a given line of business will have a lot to say and contribute when discussing about the future. They will also enjoy this conversation more, in contrast to the average candidates who tend to stick more with common and safe answers.)

Crafting an idea about the future brings the recruiter and the candidate closer and to a certain point that makes the candidate say to herself, "… this is not bad, this guy has vision, his only concern isn't filling the job opening ASAP, but he cares about all these." This idea will bury itself deep in the mind of candidate. It will also likely be accompanied by a feeling of self-congratulation and pride due to the importance given to the candidate's field of expertise.

Principle 3: Surprise (or Pattern Break)

An overwhelming majority of our actions are dictated by what can be defined as simple habits. A habit may simply be described as a way of doing a mundane task, without exhausting too much cognitive resource. This is a crude but fair explanation. A habit can also be described as the path most

travelled. It might not be the fastest, the most efficient or the easiest route, but it feels as if it is the most convenient simply due to the fact that it has been repeated a good number of times.

For the route most travelled; risks, reactions and outcomes are well known and prepared for. So in essence what we call habits are shortcuts that save us the trouble of calculating the pros and cons of each new situation over and over again.

True to its origins, the word Habitual Thinking does a good job of summarizing my point. If we are in a situation we have faced before, the first reflex is to refer back to our experience and imagine a mental model of what we have felt, thought and interpreted. These ideas, then go on to form the basis for the second experience and on and on goes this cycle. This is the main reason first meetings, first impressions and other firsts are considered so important. It is also the reason why misconceptions are difficult to overcome.

Put clearly, we do not use patterns and habits only for decisions in physical-material reality, but also for abstract thoughts, mental actions and specifically while decoding a conversation and responding to it.

These habits are an important part of the interviewer-interviewee dialogue. It is not only the recruiters or the hiring managers who have made a habit of asking their go-to questions. The candidates also do this in their own way. Drawing on their past experiences, there are questions that they expect to hear. The answers to these questions are also well practiced and polished. The problem with habitual thinking patterns manifest themselves most clearly when a candidate mistakes the specific question you have asked for a generic and frequently asked similar interview question. She then goes on to answer accordingly, missing the point.

Consider this. You are asking the interviewee a question about what makes the most successful people achieve where they are in life. In other words, you are asking for the character traits of successful people, from the candidate's point of view. However, a candidate accustomed to hearing the more frequently asked question "What are your strengths and weaknesses?" will show the tendency towards answering this, rather than the original question. The answer is determined more so by what the listener is thinking, than the question itself. We can confidently say that the preconceptions and

expectations of both parties–as well as their thinking patterns (or habits) play a big role in determining the dialogue. And what is the best thing to do with a pattern? Well, to break it, of course.

What the interviewer must accomplish is to surprise and break thinking patterns candidate walks in with. The message you as the interviewer should give is clear: "This is not an ordinary interview." Your words and actions should speak loudly and communicate the message that trite, conventional, copied, worn-out, stereotypical answers will not do. The candidate's assumptions about the type of recruiter or hiring manager you are and the type of interview this is about to be, should be broken. The candidate must be, in a manner of speaking, surprised or faced with the unexpected.

During the interview, candidate should be facing a situation that is at least slightly different than the expectation. This is the key to starting a genuine dialogue. Consider the opposite, in a dialogue when the candidate leaves the interview thinking it was the exact same with or very similar to all the other interviews she had, would you think she had experienced an authentic and revealing dialogue? As the interview itself becomes unique, the candidate will show a more unique side of her; as the interview becomes monotonous and conventional, the candidate will show a more conventional, ordinary side of her as well.

Surprise through engaging in creativity.

The best and quickest way of engaging the creative instinct is to challenge the candidate to tell their story from another perspective. A question that exemplifies this could go like this: "...on the topic of design, based on your experiences I see design thinking is important to you. Let's imagine for a moment; if you had looked at optimizing the leisure time you have and what you personally want to accomplish in life as a design problem, how would you approach it?" This kind of an approach forces the hand of the interviewee to improvise on a matter they know well.

It does not only show their competence on approaching a known topic from a fresh perspective, it also gives insight about aspects of personality otherwise obscured from view of the interviewer.

Surprise with the structure of the interview.

Break the chronological pattern. A typical interview starts with introductory pleasantries followed up with the cue, "Please tell about yourself/your CV" and after letting the candidate speak for a while, the interviewer will ask questions such as "Why did you apply for this job?" or "Why do you want this role and what can you bring to it?" and will go on with further similar questions in the lines of "How do you like to be managed?", "Why did you leave your last job?", "Are you a team-player?" etc. Instead of sticking to this structure, try mixing it up a little.

A good example might start with asking about the previous interviews the candidate has been to or by asking if they enjoy interviewing for jobs, following up with why or why not. A better example might involve delaying talking about the job for a few moments and instead (with minimum time pressure) talking about a topic the candidate is passionate about other than work. Another example I have found to be effective is after welcoming the candidate, sharing your opinion on a specific matter and asking if the candidate agrees on it or not, and then moving on the dialogue from there. Basically all of these will serve the same purpose. When the interviewee finds herself in a dialogue with an unfamiliar structure, the reflex will be to rely more on spontaneous answers rather than telling fixed responses to expected questions.

If you were the candidate, how honestly, creatively and authentically could you answer a question that had been asked you for the seventh time? Keeping on with the theme 'this is not just another interview', try asking questions that are out of the box, but still take a relevant jab at what you want to measure. To clarify, we are broadly talking about any question (while in the limits of ethics and respect) that a candidate has not prepared for.

Surprise with the way you position yourself in the interview and with the way you approach the candidate.

In other words, try to mix your routine, and take on different hats. Do not always be the co-founder who is looking to grow the company, but also be the geek who is really curious about Onion Architecture, be the tourist who is looking for advice on a place the candidate has recently visited, be the biker, be the intellectual, be the psychologist, be the career advisor, be the pessimist, be the dreamer. Each hat you take on should reflect a unique identity, your tone, approach and the content of your comments and questions

should be focused, even if for a moment, on the aim of making the candidate forget this is a job interview.

To sum up, the key ideas here are variety and curiosity. As long as you remain loyal to these two and help the candidate live through a different, unique interview; the chances of truly getting to know another person's character, desires and passions increase greatly.

Principle 4: Show Genuine Interest

As an interviewer, you are engaging with a professional who is diverting a huge part of her concentration to understanding you. Naturally, the moment you begin losing interest, most smart candidates will pick up on this. Rather than faking being interested in what the interviewee is saying and repeating a mechanical nodding action–showing true interest will take the conversation to a new level. To be fair, this is not always possible. Not what all the interviewees say all the time will be interesting. The more curious by nature you are, it is easier to find something of interest during the dialogue and thus remain highly engaged a bigger percent of the time. What peaks your interest might not necessarily be the content of what you hear. The body language, the emotion attached with a recently used phrase, a microexpression, or a value judgment about a topic or a person might be among many of the details which can be extracted even from the most mundane of conversations.

Take microexpressions for example. Microexpressions are involuntary, uncontrollable, and universally constant facial expressions that typically last under half a second. They correspond with major emotions such as disgust, anger, fear, sadness, happiness, surprise and contempt. Observing these and having curiosity about discovering the emotional state of the candidate is in itself a whole category of discovery enough to keep you curious. In other words, the curiosity of mention here is not necessarily always about what the candidate is saying–the content; but also in many instances about who the candidate is–the total personality waiting to be discovered.

The other point is about shifting perspective: The ability to see the world from the point of view of another person. This is in line with the idea of not only being interested in the content of what the interviewee says but actually the total world view and qualities of the perspective of the person across you. Here it is important to be as transparent as possible and clearly display your

intention to understand and appreciate the candidate's perspective. This can be accomplished by giving credit to some idea, some person or something the interviewee likes or values. Alternatively, this can also be achieved by critiquing an interesting or engaging topic that is of concern to the candidate. These all work towards the ultimate aim of making the other person feel understood, which can in turn be used to first build a meaningful connection and later to build a unique relationship.

As a tactical point relating to keeping up the genuine interest, I would like to suggest a trick. The key to keeping curiosity sharp at all times is constantly coming up with new hypotheses. This is inherently about what can be called *theorizing*.

Each decision or judgment you make about a certain quality of the interviewee should go through a process of theorizing, testing and confirming before the conclusion (as in the scientific method). In addition keeping the interest hot and genuine, theorizing gives recruiters and hiring managers the option to calibrate their own evaluations and biases for internal consistency between candidates. It also helps with more realistic and robust evaluations. The Halo Effect, named by the psychologist Edward Thorndike, suggests we are prone to cognitive biases. They are the situations in which the observer's overall impression of a person influences ideas and feelings about the person's character or qualities. In other terms, we are more likely to group positive observations with positive ones and negative observations with negative ones.

Let's interpret: This means, if we were to make a representative chart showing the weight of positive and negative qualities a candidate displays during the interview and could plot the negative qualities on the left, neutral qualities in the middle and the positive qualities on the right, our graphs would be skewed to either one side or the other, leaving the middle of the graph relatively empty. Candidates who have very strong attributes in the positive side would be judged under a more positive light for their other qualities. Vice versa, candidates who display a few very strongly negative attributes would have a tough time pointing out their positive qualities.

If this flow of hypotheses generation is not happening before you make decisions about an aspect/quality of the candidate, your conclusions are more likely to be based on gut feelings, superstitions and prejudices. Moreover, it

might point out to the dangerous tendency of grouping normally independent qualities with each other and result in skewed judgments. Although our gut feeling tells us the opposite, someone well might be assertive, competitive and impulsive on one hand, and warm, open to change and resourceful on the other. These are all independent aspects of a person's character as laid out clearly in the personality factors model (Raymond Catell, Herbert W. Bernard, Maurice M. Tatsuoka 1970). Awareness of our own limitations and biases in judgment is another topic in its own, and we will discover it in the following sections.

Principle 5: Side with the Candidate

I should make clear what is exactly meant by 'siding with the candidate.' First of all, it means prioritizing getting to know the person over filling the job vacancy. There are very real pressures as we will discuss very shortly, and as such, getting to know the candidate might not be the number one business priority outside the duration of the interview, this is natural.

Yet still, during the interview itself, there concern should only be the authenticity of the dialogue with the candidate. The number one priority is getting to know the person. Looking at the recruitment process in a candidate-centric way, rather than a job-vacancy-centric way means the competencies and capabilities of the candidate are evaluated holistically, not only in terms of the competencies that are defined in the recruitment brief. Second, it means asking the question "Which job in the organization would be a best fit for John?" more often than "Which candidates we have interviewed fit the job criteria?" (Given John has proven himself as a top-level talent.)

What separates the good from the great, when it comes to recruiting is the ability to side with the candidate, despite all the barriers and limitations. A good recruiter can connect and establish a naturally flowing conversation only in *some* circumstances and with *some* candidates (either coincidentally or by gut feeling); a great recruiter, however, can do this consistently and systematically. A great recruiter can side with the candidate even when up against the barriers and limitations of time pressure, business demands, unreasonable candidates, stress and other future risks of the business requiring attention.

So, what else sets apart a great recruiter?
- A great recruiter finds the self-motivation to concentrate fully on the interview itself, being in the room with the candidate a hundred percent.
- A great recruiter is passionate about learning, has a high level of curiosity about a wide range of topics (especially people), and uses this driving motivating force in keeping focus.
- A great recruiter understands they are on the same team with the candidate, they wholeheartedly see where the value is created. Above all else, they understand this key fact very well: You can only truly get to know the strengths and weaknesses of the candidates if you side with them and see them as allies. You will be shortsighted in your understanding if you sit across them either as opponents or subjects.

There is a mass trend of automation across all sectors that has been ongoing for a few decades, accelerated immensely in the last few years. Repetitive, low value tasks are constantly being replaced by automation and programming, and this won't stop, but only accelerate. When it comes to recruiting, most aspects of the job; be it the candidate search, interview, scheduling, reporting, preparing long and short lists, personality inventories and other aspects; are going to be automated.

The hardest to automate part of a recruiter or a hiring manager's job is the candidate dialogue and the interview. Thus we can infer, it is where the recruiter generates the highest value. It is, indeed at the core of the job and it is what gives the job its meaning. So, side with the candidate, know where the value is created and know that the interview dialogue where the recruiter can act as a consultant is at the core of making good recruitment decisions.

Principle 6: Know Yourself

Your judgment is **flawed**. So is everyone else's.

The only way to becoming more objective while measuring the competencies of a candidate during an interview or passing judgment in any situation, is to face with this plain and simple fact: Your judgment, as everyone else's is, flawed. Your evaluations are far from objective.

Being a better judge of character and more objective is only possible through:
- Knowing your own values
- Discovering your own biases
- Making an active and sustained attempt at overcoming your prejudices

It is only natural, after all, that we should have different visions of the world. Experience is subjective, memory is fallible. We strive for coherence in our own stories of the world and stories of ourselves but precisely this need for coherence and the act of creating stories means we are filling holes; interpreting, guessing and ignoring some information while adding others.
The classical debate discusses weather it is nature or nurture what molds the human character. We know with more certainty every day, that it is both. What psychologist call genetic temperament has a role in how we react to the world but it is not the only factor that determines behavior. Behavior is determined by the relation, interaction and cumulative reaction of both (genetics and environment) to each other (Cynthia Garcia 2014). This magical mix of random variables in genes and environmental conditions work in a feedback loop, making us. And we then immediately go on to remake ourselves through what we perceive as our idea of self, intellect and constructed vision of a coherent identity.

Here comes the key implication for the interviewing practice: Our own character is indestructibly bound by the values we believe to be right. Complete, perfectionist, water-proof objectivity is impossible, simply due to our human nature. So how do we make the best of what we've got?

My suggestion involves making peace with our subjectivity, simply by acknowledging it and reminding ourselves of our nature in every instance where we need to be more objective. In other words, we need some 'workarounds'.

Know your own values.

Before we start thinking about and commenting on other people's values, goals, priorities and choices, we have the moral and ethical responsibility to recognize the subjective nature of ours. We have to recognize our perspective is a relative one. Not the *one* and *only* correct way of looking at the world. It is only one of *many*. Besides, this opens the door to seeing the world through

someone else's eyes, which in turn creates the necessary basic conditions for figuring out the personality and competencies of the candidate. So this recognition is not only an ethical responsibility but also a tactical advantage towards being better at seeing through people and discovering the top talent. Use personality inventories on yourself, get in the candidate seat for a change and ask a co-founder, or a colleague to interview you for a change. Meet with professionals from diverse international backgrounds to really discover what they do and how they think differently.

Discover your own biases.

Ask and be honest with yourself. Are you biased towards people based on the way they dress, the way they choose to display their religion, the way they chose to display their sexual orientation, the way they use their accent? Not only these, but is it possible you have been favoring extroverts over introverts all these time? Or, that you were a victim of the Halo Effect, generalizing your positive impressions into other areas of the person's character you are trying to understand? As I have tried to make crystal clear, we all hold biases. Discovering them is an important step. What are yours? Look around you and think of your friends, try to paint a general picture of their shared values. Then look what values are missing in that picture. You might have very determined people all around you, but not as many generous friends (or vice versa). Is it possible you have been focusing very hard to see determination in the people you interview, but neglect looking at to see if they are generous?

Make an active and sustained attempt at overcoming your prejudices.

This requires an open mind, and a huge amount of courage! Check for your own prejudices regularly and systematically. This is more about habit more than anything else. There is a huge gap between *knowing* what is right and behaving that way. We need to remind ourselves what we have learned constantly and regularly, to make ideas into habits. This is why in every interview the recruiters or the hiring managers must take some dedicated mental time off. Go back to their observations and cross-check them with their own prejudices.

They need to ask themselves the harder questions such as: "Am I affected by the fact that this candidate looks older than expected?", "Am I drifting towards a more positive judgment because the candidate looks nice and

speaks in an overly-confident manner?", "Am I prone to seeing the candidate in a more positive light because he is the last in line and I have to recruit someone at the end of this week?", "Am I making generalizations about the candidate because her last employer was a unicorn startup?"

It takes self-discipline and hard work, but being (mostly) objective is possible.

Principle 7: Let Them Know

The two talked for almost an hour.
He asked the questions. She told her life story. Where she was born, how she grew up, her first school and future aspirations, her education at the university.
She told him about her expectations, her first job, what it taught her, how it made her feel. She told about her career desires and aims, other jobs, unaccomplished dreams and wishes. She has gone into a lot of detail about the events that led to her resignation from her previous organization. She told, in detail, what motivates her, what breaks her spirit.
She told about the kind of time she wants to spend during the day, and what kind of vocation gives her meaning. She told about the kinds of people she likes to work with and how she can contribute the organization–what skills she can offer.
She was anxious to know more about what impression she left, and what awaited her following the interview. It was her dream organization after all. She felt she worked very hard to get here and deserved the job. She had also done her best to be as cooperative and transparent as possible.
She waited.
The recruiter said–at the end of the barrage of well-thought out questions–"Olivia, thank you for the chat, it has been nice meeting you. We will let you know our decision in the following weeks," and said no more.
He stared back at her for a moment, and then finally made a gesture to signal the interview was over.

The seventh principle is: Let Them Know. In other words, inform, be transparent and build long-term relationships whenever possible. Every principle laid out so far in this model has been justified by the direct business effect it creates. The case here is not different. Although meeting a recruiter

who is transparent, who goes in detail and gives much sought after information might satisfy the candidates, this is only half the reason why letting candidates know the details is a good business strategy. The other half is about organizations' very necessary need to build long-term relationships with candidates to assure they find, recruit and retain the top talent. Recruitment is a long game and every interview carries over your message as a company and represents your employer brand.

The end of the interview does not and should not signal the end of the dialogue.

All critical decisions the candidate will make regarding future interviews or even whether or not to work in the organization, will be made after the interview. The state of mind with which the candidate leaves the interview forms the foundation of future thoughts about the organization. Remember that recruitment is a two-way decision making process. As the recruiter gathers information about the candidate, the candidate will be gathering information about the culture, ethics, values, priorities and strategies about the organization through the recruiter. If and when a final job offer is made, the candidate will look back at the interview experience among other factors and make her decision. Having shared information that is deemed valuable by the candidate and having acted as transparent as possible will go a long way towards a positive and lasting impression. For cases a final job offer isn't made, the candidate experience is still hugely important as it will play a role, carrying the message to other potential future recruits or even customers!

Ending on a positive note is only possible if the candidate leaves the interview feeling satisfied from the exchange of knowledge rather than exploited.

Information is a perfectly valid currency in the economy we live in. It can be used towards gaining power and/or making a counter move to undermine the power of the competition. Based on this it is easy to see an overall tendency to give out as little information as possible. The recruitment process may sometimes (unfortunately) serve as the stage for gaining strategic information, especially if the company of the interviewee is in the same sector and involved in a competing product sales or marketing strategy. Even in more naive cases, many professionals hesitate about sharing too much information thinking, "better safe than sorry". Looking at both sides of the

equation, we can safely deduce information exchange is a sensitive issue.

So when we talk about transparency and informing the candidate, I am well aware of the background and the limitations of the situation. However, it is not all black or white. The simple fact that there needs to be certain barriers for some specific types of information, should not paralyze the co-founders or recruitment decision makers from sharing the information they can. Honestly put, there is a lot of space between *what the candidate can benefit from knowing* and *what information shouldn't be shared* due to its strategic value

So what does the candidate deserve to know? What falls in this so-called gray area of information that does not hurt the strategic interests and competition advantage of the company, but can benefit the candidate?

The recruiter or the hiring manager should, first of all, have a strong grasp of the functional and sectoral area of the company and should be able to narrate the current position of the organization with respect to its competitors and to its target customers.

Secondly, the current strategy of the organization should be discussed with respect to the vision it follows. In other words, what is the organization trying to do? What is it trying to ultimately accomplish? Earning more profits and growing is a perfectly valid reason, but this standalone aim is usually a warning sign. It is simply not enough for the meaning seeking prospective employees anymore. In a world of rapidly developing technologies, innovations and with hunger for the newer, fresher, smarter products, every organization that wants grow beyond the average needs to incorporate a vision and ideal.

Thirdly, the execution approach and tactical decision making can be discussed as it becomes relevant. Every correct strategy depends on right tactical management but it is not always easy to understand how the top vision shapes middle and bottom level decision making. It is nonetheless very important. Discussing this area with the candidate has the benefit of focusing the discussion from general to specific and finally down to the role itself. Starting at the top level strategy and closing down at the role at each step makes it easier for the candidate to grasp the effect of her future role in the overall organization.

Now that the stage is set, a discussion about the details of the role, the team, the responsibilities and the expectations can take place with assurance that the candidate will have a good apprehension of what she is getting into. As a side note, I see some value in what is commonly referred to as *selling the position* because I think it creates some much needed motivation and flares up the passion a candidate might have. However, *overselling the position*, in other words, exaggerating aspects of the role or displaying the role under a dishonest light as to lead to a different interpretation other than what it really is, can be detrimental. After all, recruitment is not the end but the beginning of a collaboration between the employee and the organization.

Last but not least, the recruiter needs to inform about what the candidate should expect in the following days/weeks. Giving insight into the organizations evaluation strategy of the candidates, the potential next steps and the time frame is always a nice gesture that builds upon the transparency.

So to summarize, going from general to specific, like a funnel, the recruiter should discuss and inform about:
- The sector, the market conditions, the customers
- The current strategy, ideals and top level vision of the organization
- How the top level strategic decision making effects both strategic and tactical execution at middle and bottom levels
- What effect the role has and where it sits in the organization with respect to the strategy and tactical execution
- Procedural information

In essence, this is not about methodically lecturing but more about having internalized a culture of openness, empathizing with the curiosity the candidate might be feeling and showing mutual respect more than anything else. Seeing this level of openness from a recruiter cements the candidates' trust, both in the process and the recruiter.

Principles 8, 9 and 10 are about measuring the technical expertise and the depth of know-how.

Principle 8: Look at 'The Moment'

The dynamics of measuring technical skills versus getting to know the character, personality qualities, behavior traits and the fit of the candidate are

different games. The role of technical skills and know-how in the recruitment decision are not less important but it is fair to say their measurement is more straightforward.

Each type of expertise has its own idiosyncrasies which need to be watched out for while making the measurement. The duration, structure and tools used for the measurement of different technical skills can vary radically form each other. It is natural that the best tools for measuring software development competencies differ greatly from those tools which need to be used in measuring the competencies for complex logistics and supply chain management. Before getting to the main principle, there is a precondition here. It is that the recruiter or the hiring manager has to have the technical knowledge that exceeds that of the candidate. There is no paradox here. One is only qualified to measure someone whom he or she has surpassed in knowledge and understanding.

I like chess. I play it when I can. And I am not so bad at it. But I can't differentiate a good, professional player from the chess Grandmaster Magnus Carlsen-the current world champion-by looking at how they play. One will beat me very very fast, while the other will beat me very very very fast. I simply don't know chess well enough to differentiate between an average professional versus a world class player.

The same logic goes for technical skills needed in the workplace. In the case that the recruiter or those who make the hiring decision don't have the skills exceeding whom they are measuring; they either need to use third-party measuring tools or seek the expertise of consultant who is competent in the area they are looking to hire. A good example to the third-party solution mentality is HackerRank. It is a technical recruiting platform that lets developers solve coding challenges to measure and rank them according to their technical skills. A quick search of the current alternatives reveal sites like TopCoder, CoderByte and Project Euler. These individual businesses may or may not be active within a few years, but the number of alternatives will most likely increase rather than decrease.

As for the main principle, it is this: The best measuring tool for a skill is to actually see it in action.

Whenever possible, always opt to create ways of seeing the candidate in

action. Although it might take more time and effort, it is worth it. This includes actually working together on a project as a testing period; using case-studies; asking for an analysis of the company say, in terms of its current marketing strategy; asking for future projections and proposed game plans.

The underlying idea is to create the conditions necessary for the candidates to use their know-how and technical expertise in a way they that is very similar to the way they will actually be using when the job starts.

The work output of a new recruit is a complex thing. It depends not only to their technical skills, and personality but also to their current motivation, perceived benefits and how the job fits with their future career plans.

Focusing on the moment, arranging the possibility of a live and directly observable situation, seeing examples of how the candidate performs in your company's context is valuable.

Principle 9: Look at The Past

When it is not possible or too costly (time or energy-wise) to see the expertise directly, refer to what the candidate has accomplished in the past. This includes a) concrete examples of past work and b) competency based interview questions.

The key difference between points 'a' and 'b' is that 'a' takes place outside the interview. Examples of past work in the form of portfolios, example projects, websites, blueprints, written documents or references from others can be asked either face to face, via phone or online. The candidate has time to prepare them if they are not already available. It is important to keep a critical eye while protecting the rules of general courtesy and the feeling of mutual trust. Again, when you are asking for such proofs or examples of past work, it is common practice to allow three to five working days for the candidate to present the documents.

A competency based interview question has a very clear structure. Each question focuses on a single competency and seeks evidence from a past experience of the candidate. These to-be-focused competencies are determined prior to the interview and are usually the core competencies needed in the successful execution of the role. The initiating competency

question is structured in a way to prompt a specific narrative which includes the details of what, when, how, who and why. The candidate is expected to answer the question touching at least four bases: These are the Situation, Task, Action and Result, frequently shortened to the acronym STAR. The recruiter follows up the initiating question to drill down into the details of the narrative.

If a recruited wanted to focus on the competency of *working well under tight deadlines,* an example to an initiating competency question could be; "Can you please give me a specific example of a time when you delivered exceptional results even though the project had started late or deadlines had to be met earlier than originally planned?" The follow up questions could be; "And who were you working with in this project?", "What was exactly expected of you?", "What were some challenges that had to be overcome?"

Question formats such as these are used often;
- "Tell me a time when…"
- "Can you give me an example of when …"
- "Please provide a specific example of …"
- "Have you ever faced a situation in which…"

Competency based questions do not use formats such as;
- "If you were in a situation…"
- "What if …"
- "Now imagine that you are …"

while these questions are valuable (and can very well be asked in a interview), they do not measure past experience, so they are not categorized as competency questions.

To provide some more examples, here are some useful competency questions;
- "Tell me about a time when you had to communicate delicate information in a sensitive way."
- "Can you give me an example of when you had to analyze complex data and draw meaningful conclusions relevant to improving your work?"
- "Can you exemplify a situation in the past, when you have showed leadership skills amidst confusion among other team members?"
- "Would you please provide a specific example of a time you had to

adjust your communication approach to suit a particular audience?”
- “What was the most difficult decision you had to make and why?”
- “Describe a situation when you working as part of a team and made a positive contribution?”

Remember, both answering and asking competency based questions are effort-intensive processes. It is unrealistic to try to measure more than three or four core competencies during an interview that takes between 40 - 80 minutes. So it is important to focus on the most important ones, or create more opportunities for additional interviews.

Principle 10: Look at the future

Don't only look at the past examples of work, but believe in potential. Take into account the passion, desire and willingness of the candidate.

The foundational principle in not only recruitment, but in startup and even life success is to increase the quality of decisions. Every other principle laid out here is supposed to serve that goal.

Using the first seven principles to create the conditions necessary for an honest glimpse of character and competencies of the person, and using principles eight and nine to understand the technical expertise and know-how are all incomplete if we fixate on the past.

History is filled with inspiring stories of individuals beating the odds. Sometimes this happens because the individual has a burning passion to achieve something. Other times it happens because he or she wants to make a difference. But most reliably, it happens because the individual has good work ethic, follows most of the traits of the 'good partner' laid out in Part One. So principle 10 is an important reminder to see beyond what is readily visible and provable. Believe in people, believe in their potential, believe in their capacity to achieve great results.

Another point, keep in mind none of these recommendations and tactics are mutually exclusive. As a recruiter you have the option (and sometimes the obligation) to use both *the moment, the past* and *the future,* use competency based interviews, examples of past work, and create necessary tests and measurements until you are confident enough in your decision to hire.

Startups do not only grow with people, they also *go down* with people. First hiring decisions have great influence on the future of any company. They are, arguably, one of the most impactful and important decisions the founders will make.

An organization with 20 or 50 employees has the room to recover from a bad hire. A startup with a founding team of three will pay dearly for wrong hires. They will spend valuable time, money, energy, motivation, trust and optimism they can't afford to lose.

Take risks, but do not gamble. Make sure you are well informed and conscious of all of these principles for higher quality hiring decisions.

The Offer

Now that you have (hopefully) found a candidate you are happy to go forward with, you need to structure a deal. A recruitment offer (or a job offer) is just like any other deal. It should involve the obligations and benefits for both parties, lay out the responsibilities and communicate the terms of conduct very clearly.

While structuring an offer, the trick is to lay out an honest and clear plan that doesn't over-promise, but at the same time, paints a good visual picture of future success and the candidate's role in it and benefits from it. Before getting down to the financial aspects, let's focus on the other important parts of an offer.

An important note: After you have structured your offer, either meet face to face or set up some time for a one-to-one video or voice call to go over the details. While e-mails are fine for following up with the details *after* the face to face meeting or call, they are not OK for critical decisions. When you choose to share the offer details over an e-mail you are effectively giving up the chance to emphasize the important points, repeat what is not understood, and interact/influence through the questions asked. In other words, you are giving up the chance to be convincing and risking all the effort you have put into picking the candidate.

The Work Stuff

A job offer should include;
- The title
- The role & main responsibilities
- Factors for success & potential risk areas
- The direct effect of this role on the startup's success
- The parties it is in contact with (any superiors, team members or colleagues)
- The key performance indicators (KPI's) of the job
- Logistical information (working hours, working location, flexibility in terms of mobility or time, etc.)

These basics have to be included in the job offer. Any confusion around these topics are bound to lead to more problems in the future if they are not laid out

with crystal clarity from the beginning.

Taking in the first recruits, like picking partners, has a huge impact on the company. This impact can either be positive, or negative. Making sure it is positive is a two part challenge. The first part is making sure you pick the right recruit. The second part is making sure the recruit picks you. This is an important deal for the company, and you should approach it as such. You should bring in all your convincing super-powers to the table and fight to bring the recruit in if you have made sure that he or she will have a positive impact.

To that aim, take some time to talk about your vision for the company. Where do *you* see it in six, twelve and twenty-four months? What change are you going to lead in the world? Who will be your customers and how will they be talking about you? Do you have an exit strategy? How do you plan to grow? How many employees, offices, branches, users or customers do you target to have? What will it be like to be working here? How will media channels, blogs and influencers talk about you? Try to answer as many of these questions as feasible and get into the gritty details of how life is going to be in the future. If you achieve the target of visualizing what *you* see for *your* company, in the mind of your recruit, the odds of getting a "yes" will increase.

The Money Stuff

As a startup, you will not have the complex compensation and benefits structure a large corporation benefits from. A large corporation will have many reference points while deciding on the compensation package of a candidate. They will have at hand, sectoral averages for wages, they will know their position in terms of their competition and market leadership, they will have clearly defined roles and responsibilities as well as an active organization chart. A large corporation will also have past data to guide them. If they have made some data crunching, they will even have wage averages, minimums and maximums depending on average work experience, skills held, tenure at the company and so on.

A startup lacks all these important reference points. In addition, because it is hard to pin down the valuation of your company and the new recruit's exact part and effect in growing it, it will be even harder to come up with an exact

compensation package. That's why the including company shares within the compensation packages of new recruits is such a popular option. It divides the risks and benefits associated with the success of the company between the founders and early-recruits. The early stages of a startup is a risky time. According to estimates between 75 and 90 percent of startup companies fail. So the new recruit is taking a very big risk, too. It is only natural their reward should match their risk.

The percentage of shares that is going to be given to any stakeholder of the company should match first their effect and role in making the company successful and second the risk they are taking. This principle holds for new recruits, too. If you are going to be taking in someone with such critical know-how and skills, that he or she might double your growth in six months, you might consider giving up to ten percent of the shares. In many cases however, employee shares for the early recruits hover around one to two percent, and even less as the company grows and becomes more valuable. Again, there are no written rules here, but principles to use as rules of thumb.

It is highly advisable to use a vesting structure when giving rights to the shares of a company. A vesting structure simply makes sure the employee has to put in the effort for a certain duration to earn their rights to the shares. Without a vesting structure, an employee to whom you have awarded two percent of your company shares could quit after six months, and still claim his or her shares. A typical agreement could feature a one year cliff (the date when the employee can quit and still claim at least some of his shares, rather than zero percent), followed by two years for the full vesting to take place. Another sensible method is Milestone Based Vesting, suggested by Scott Kupor COO of the Venture Capital firm Andreessen Horowitz. This is an alternative approach that measures not time spent -- but results reached. Very sensible in my honest opinion.

No matter how lucrative of the upside of a share may seem to a recruit, it is not enough to get the "yes" to the job offer. While the high stakes exit of the company might fuel the dreams by night, by day, everyone wished good (or at least decent) standards of living. The second part of the offer is the monthly salary proposed. The duration of time before a startup runs out of resources is frequently referred to as "the runway". Many startups fail because they run out of money, time or the trust of the people around them. A

new recruit can most definitely shorten the runway. This is why a wrong hire is a very expensive mistake startups can not afford to make. It is the founders' job, to make sure the value the new hire is adding to the company is worth the part of runway sacrificed.

Make sure you present an offer that provides a good standard of living in the city your hire resides. However, beyond that, do not craft a salary offer that is so large, that it becomes the main selling point. The main selling point should be the possibility of getting astronomical returns on the equity when the startup takes off. Even those startups that do not become unicorns, can go up a thousand fold in valuation in a few years. So structure your offer in such a way that the salary (and other side benefits you can provide such as transportation, health and nutrition perks) covers the basis for a decent standard of living, but the hopes of becoming a millionaire are tied up to the equity owned and the future success of a company.

Your Secret Weapon

You have talked about the job, you have talked about the monetary compensation that is on offer. Before leaving the potential recruits alone with their thoughts for the final decision, there is one last secret weapon you should put into use: Make them see the whole picture.

I have made at least 500 job offers as a recruiter, and out of that, I can confidently say half of the candidates developed a syndrome of tunnel vision. They focused way too much on money and short term benefits and risked missing the bigger picture. There is plentiful research to indicate that people make their decisions to start a job based on money. But they make the decision to stay or quit depending on other factors. When confronted with this fact, they usually agree and start considering other factors in a more holistic way. Your role, as the influencer of the decision, is to make sure they don't have tunnel vision and are considering all the potential benefits of working with you.

Following, you will find a table that lists all concrete and abstract benefits together. During your conversation, refer to these items and move the focus of your conversation with the candidate beyond only the monetary value of the offer. You can also use this table to give weighted averages to each item and compare the total benefits of the current job versus the next job.

	TOTAL BENEFIT ANALYSIS							**TOTAL BENEFIT ANALYSIS**				
	"Concrete" Benefits	Quantified Value (0-5)	"Abstract" Benefits	Quantified Value (0-5)			"Concrete" Benefits	Quantified Value (0-5)	"Abstract" Benefits	Quantified Value (0-5)	
	Monetary Package		Skills You Use				Monetary Package		Skills You Use		
	Side Compensation		Quality of Relationships				Side Compensation		Quality of Relationships		
	Nature of the job		Feeling of Success				Nature of the job		Feeling of Success		
	Colleagues		Fulfilment of Meaning		TOTAL BENEFIT (concrete + abstract)		Colleagues		Fulfilment of Meaning		TOTAL BENEFIT (concrete + abstract)
Current Job	Work environment		Feeling Valuable			Next Possible Job	Work environment		Feeling Valuable		
	Commute		Respect in Company				Commute		Respect in Company		
	Seniority		Effect and Power in the Organization				Seniority		Effect and Power in the Organization		
	Position/Title		Character of the Supervisor				Position/Title		Character of the Supervisor		
	Other?		Alignment with Company Values				Other?		Alignment with Company Values		
	Other?		Other?				Other?		Other?		
	Total Quantified Benefit:	0	Total Quantified Benefit:	0	0		Total Quantified Benefit:	0	Total Quantified Benefit:	0	0

PART THREE: How to Build a Culture

In a previous lifetime, I worked as an Executive Recruiter and a Human Resources Business Partner (becoming an entrepreneur means changing your whole perspective in life, so I think I am allowed to exaggerate a bit). Before becoming an entrepreneur, my last workplace was a tech company that was the number one employer brand in the region. In a company of more than nine thousand employees, the latest obsession was around 'culture'. It had became almost a kind of fashion statement to say "Culture eats strategy for breakfast." The term was famously coined by Peter Drucker, the management guru. Every executive, every HR person, every regional director had uttered that sentence at least once. After a while, of course, the words lost their meaning. Everybody paid their lip-service but nothing changed about the work culture in that company. If it did change, I would say it changed for the worse. This is because affecting change on a company's culture is a fickle beast. It is more about the behaviors people exhibit at all levels of the organization (but especially higher up in the hierarchy), rather than what they lecture about. They might want to create a more egalitarian and transparent work culture, but if they are making critical decisions behind closed doors, and dodging valid questions like politicians, it won't stick. People will see right through. They will say to themselves, "I see, this is how it's played around here."

What Drucker meant was, although strategy is critical, the daily decisions of the employees, bottom line and mid level managers are more heavily influenced by the real cultural codes of what is rewarded and punished within that organization; more so than what is being broadcast at yearly strategy meetings.

Culture seems like an abstract concept whereas strategy is, well strategy. Every company has one. In reality, it is quite the opposite. Strategy is the ideal, where as culture is the gritty, complex and all-powerful behavioral code that seeps into every gap and affects every little thought, feeling and decision made in the organization. Culture is the air that everyone breathes.

What People *Think* Culture Is Versus What It *Really* Is

Company culture is an "emergent" phenomenon. It happens outside the will, consent or desire of the executives or the employees at the company. It simply is there, like the air, whether you see it or not. It is not a side project, it is not a new HR fad.

Culture, in sociological terms, is the set of beliefs, behaviors, characteristics and ways of thinking that are common to a particular group or society. Cultures live on through shared memories of past events, stories, symbols and most importantly, through rituals.

The terminology of "company culture" or "corporate culture" is the exact same thing as culture as in the sociological term. We simply need some imagination and a good use of metaphors to see it!

Culture is *not* lots of free company sponsored gourmet food, stock options, on-site laundry, a gym membership and great benefits. Culture is what gives people a shared sense of belonging, meaning, a common way to define themselves, to conform and to contribute. Most importantly, culture is a codex of acceptable and unacceptable behaviors. Very simply, company culture is an answer to this elusive, daily question: *How are things done around here?*

So the choice you, either as the co-founder or influencer at your company, have to make is this: Are you going to leave it up to chance and random factors what your company's culture is, or are you going to make an active effort to shape it in the most beneficial way to your success? If yes, we need to study how a culture can be shaped.

Take a brief look at today's most successful organizations. From Google to Zappos, Twitter to Facebook, they talk ten times more about culture than they talk about strategy. While strategy is the steering wheel of the vehicle, culture is everything else. It is how the engine works, its how the tires grip, its how the transmission transfers power. Strategy is important, you have to get it right. But the curious thing is, strategy is the art (or science, or both) of getting different variables to work together. The biggest, most impactful and most volatile of those variables is people. And people decide to work or quit by looking at the culture even if they don't put it this way. Even if you can

get some of the great talents with lucrative compensation packages and mind-blowing side benefits, you can only make them stay, and work as well-oiled teams through a great company culture.

But still, you would be right to ask why culture is becoming such a hot topic. Culture is being discussed more and more because it is on the way to becoming the biggest differentiator of a startup's (or any-sized company's) success.

Let's contrast the industrial versus the internet era (I secretly believe there will be a BI - Before Internet and AI - After Internet in the future). In the industrial era, building a company that can create value for its customers and therefor profit has a lot of entry barriers. A side note here: I am specifically refraining from using terms such as *easy* or *hard* because I think that is the wrong axis to think on. Creating companies today is much harder in some aspects, while it is much easier in others. Back to the topic, an endeavour in the traditional industrial structure has to solve problems of space, purchase a lot of expensive fixed equipment for production and recruit a very large group of workers to reach the necessary profit margins for their products. As a very simple example; before the prominence of online advertising, a company had to invest a lot of capital for a TV or Radio advert. Now a startup can set up a business with no need for physical space and very little starting capital. In other words, the barriers for entry are much lower than they used to be. It is a new game entirely.

In this new game, there are new rules. Because everybody is able to set up companies quickly and easily, the differentiator for success shifts from narrow profit margins on mass produced products to issues such as the service quality, customer orientation, working feedback mechanisms, innovative products and value propositions that have a tetris-like product-market fit. The common trend in all of these factors is that they are very human and they are very much based on working in collaboration. Culture is what either makes or brakes this people-centric value creation machine.

- When people secretly despise each other they don't collaborate.
- When people do not truly trust each other, they don't risk sharing ideas that can either be genius or stupid.
- When people fear condescension or abuse they don't try to innovate.
- When people feel undervalued or unappreciated, they reflect this to

the customers.

So in essence, culture is the unwritten rules of the game that you want people to play in your company. You can create a game that is fair, fun and challenging or you can create a game that is unfair, where everybody is for themselves, rules constantly change and people feel undervalued. Another choice you have is to either leave the rules of the game to chance and random factors and hope for the best; or actively engage in shaping them. All people have the survival instinct. They will either adapt to the rules in that company or quit. In either case, if you have a dysfunctional set of rules for your game, you have just lost a valuable employee.

If you want to engage in the shaping of these rules and help build your company's culture, let's dive into the fundamentals.

Actions, Rituals, Symbols and Stories

Although it is possible to come up with numerous other elements which have a shaping effect on culture, we will focus on these four; actions, rituals, symbols and stories. These four are your most important and impactful tools when it comes to shaping company culture. Here we will discover why these are essential parts and how they can be used as a culture shaping practice.

Actions

Human communication is multi-layered. You might be saying "Thank you for your comment in the last meeting" in ten different ways and with ten different meanings. Your word choice, your intonation, your emphasis, your facial expression, your audience, the context of what you are saying, the history with the listener all contribute to the meaning extracted. We are very good at reading these subtle cues. That is what enables us to work in groups.

Previous *actions* are similar in the sense that they are cues that help us decipher the intents, characters and motivations around us. They work not only at an individual level but at a group level as well. The key difference is they tend to be rather more obvious. Consider you have just started the job. Two weeks in, you see two employees yelling at each other, their faces red and flustered with anger. This is an event that is sure to draw your attention. You will not only turn your attention to the event, but you will also be watching very carefully to what is going to happen next. You will want to understand how this behavior is going to affect them in the future. If everybody has normalized the yelling, that will tell you one thing; if they are fired, that will tell you another; if they are called by a senior to mediate and end up resolving the conflict, that will tell you yet another thing about the culture and values of that workplace. When it comes to culture, actions do really speak louder than words.

As you keep spending more time in the organization, you will collect more of these such events. You will place all of these events on a *mental map of events & meanings*. In time, you will start to connect the dots as well and get clearer pictures of different individual profiles, teams and topics. This mental map will be what you refer to when making a conscious or unconscious decision or displaying a behavior. As you spend more time in the organization, your map becomes more and more detailed. And finally, you

adapt. The unwritten rules become your reflexes, too. You have now become an ambassador of the culture.

If you think about it, this is very much like collecting competency examples in the interview. Similar to looking at past examples of work to measure candidate competencies, employees within an organization take note of key events to decipher the cultural code of the organization. This happens instinctively because we are evolved to live in groups and understanding the group dynamics is important to our survival.

Culture Shaping Practice

Accept that each decision you make and each behavior you display as the co-founder will be observed and scrutinized by the team. Even if you don't intend it, your actions will be used as precedents. The UK legal system is unique in the sense that it depends heavily on precedents instead of a constitution. Culture is like that, too. Your past behavior and the precedents you set, will hold bigger weight than your company's constitution where the written rules and regulations may be written. Your company manifesto, rules or regulations (if you have one) are your written rules, your culture is your real rules. As they draw closer, the company becomes more transparent, managers and founders are feared less and respected more. As they drift apart, the company becomes more bureaucratic, political and dishonest.

The bigger the decision, the bigger the circle of influence will be. A bigger decision will have a bigger impact on the culture. For example; moving the office, changing work hours or work structure, changing the main responsibilities of teams, bringing in new directors or heads are all big decisions. The direction you chose will inform people about the culture. When you are making a big decision, do not only think in terms of profitability, growth or saving the day; also think about how it's going to be perceived.

Share intent and thought processes, explain reasons. Whenever you make a big decision, share your thought and decision process. *Why* you do it matters as much (sometimes even more) than *what* you do. Your decision might be to restructure one of the sales teams in an effort to build their marketing skills and increase their value. If you fail to explain the reasoning behind your decisions, some people in the organization might interpret this exact action,

as an attempt to dump double the workload on the same team. Or consider you have an employee who is not afraid to speak his mind. One day you have had to let him go. But it was not because he spoke his mind, it was because his actions were proving detrimental to the team and he was not open to getting feedback. If you fail to explain your thought and decision process clearly, people might interpret this the wrong way and deduce that he was fired because he spoke his mind.

Mind the strength of little acts. Where as big decisions are important, culture is also heavily influenced by daily minute acts. Striking up conversations with people at all levels of the organization, greeting people with positivity, asking feedback and criticism on an idea during an elevator ride, helping out a specialist and taking the time to teach her about the nuances of the job are all symbolic actions that help to create the culture. People seek (and find) patterns. Although these little actions do not move mountains by themselves, people will notice the trends and patterns.

Rituals

Rituals are actions that have been repeated in past, and have the certainty of being repeated in the future. They serve the purpose of being fixed points, in the answer to the question, *how are things done around here?* They provide structure, lower uncertainty.

Rituals are independent of time and individual's decisions. If something is a ritual, it is very clear *if* you are going to do it, *when* you are going to do it and *how* you are going to do it. These qualities of rituals give them an almost instinctively accepted omniscience.

A quick glimpse at human history (on the topic of rituals) instantly reveals two things.

First, the role of rituals has always been critical in every mass-scale social structure, with religion and nation being the best examples. Both religions and national identities are built on the design and repetition of rituals. When the rituals of a social structure come to an end, so does the structure itself. Going to Church, following the five-times-a-day call to prayers of Islam, going through a Bar or Bat Mitzvah are essential parts of the continuity of the social structure of these religions.

There is a direct and observable link between the level of adherence to these rituals and the role/strength of that social structure. This trend can be observed at multiple levels: For example, to compare the importance of religion on daily life between people from *different* religions, i.e. life of a Christian vs. a Jew or, to compare the importance of religion on daily life between people from *same* religions, i.e. life of a devout Muslim vs. a more secular Muslim. When all rituals cease to exist, so does the structure.

The very same principles can be used to interpret national identity. Nations make use of rituals such as national anthems, fixed days on the calendars (not just for bank holidays) but to make remembering a certain national victory a national - major event; news outlets that make it a daily ritual to give news from the nation. The French gather for the Bastille Day, The Germans for the Oktoberfest, The Chinese have their own Chinese New Year also known as the Spring Festival, and the British have taken it to an extreme, depending on traditions in place of a written constitution. The single most important read on this topic is *Imagined Communities* by Benedict Anderson. The key takeaway of the book is that cultures (and identities) are not primordial but constructed.

The second thing our human history reveals about rituals is that, they predate the birth of nations. Rituals start as early as people start gathering in tribes. Indeed, rituals are what makes tribes - a collection of individuals with a shared identity - possible. Creating or shaping a company culture is not so different than creating a tribe. This is related to how human brains work. Our brains, specifically the Prefrontal Cortex of our brains is very good at solving singular problems and making decisions when it focuses on them.

The trade-off is that it takes a high amount of energy to do so. So people tend to optimize the amount of energy they spend on decisions by 'fixing' some of them and transferring them to the auto-pilot parts of our brains. Doing an oversimplification, we can say that when an action has been repeated enough times, it requires the interference of the Prefrontal Cortex less and less. The task moves to mid and lower brain areas such as the thalamus and brain-stem region. The brain neurology aside, this working structure has been beautifully explained by the *System One* and *System Two* analogies by Daniel Kahneman. If you are interested, take a look at one of the best books of the decade on this topic: *Thinking Fast and Slow*.

Coming back to shaping culture in the workplace, it is important to understand that humans have always have and possibly always will make use of rituals for identity, belonging and direction.

Culture Shaping Practice

The question to ask is: How can we leverage these social dynamics to shape a startup's culture? The answer: Create rituals that fit with the values and identity of your company. Here are a few examples/suggestions you should entertain the idea of implementing in your company.

Ritual #1: One-on-Ones. These are weekly recurring, face to face meetings either between team-members and their direct supervisors or between the founders and whoever they are working with. One-on-ones have a set format: They take between 20 - 60 minutes (varies depending on the tempo of the company, decide and stick to yours). The team-member gives updates about his work, tells what has worked well, what hasn't. Asks questions and directions about key tasks. The manager gives updates about the new developments and tasks in the pipeline. She also talks about the general direction the business is heading in and future challenges.

This is also a good time to quickly go over the most important KPI's (Key Performance Indicators) and share feedbacks. In some cultures, one-on-ones are strictly about work, while in others, it is also about other topics that have a loose connection to work (including some personal stuff). Find and stick to what is right for your culture. For more information on this, I recommend Mark Horstman's Management Tools series (both the book and the podcast).

Ritual #2: Fixed Company-Wide Strategy Meetings. These are monthly or quarterly events in which the co-founders of the company brief everyone in the organization about the recent developments. Founders should talk about the high-level happenings and challenges in this one hour long event. This meeting is about strategy, the direction the company is going, whether it is hitting its milestones and targets. Fix this in everyone's calendar and respect their time.

Ritual #3: TMIAOP (This Month I Achieved - *Over Pizza*). This is monthly event that takes place at a fixed date, every month. Company buys the pizza, and people are invited to share one example of an achievement they have been a part of in the past month. People eat pizza, listen, and share their

appraisals or comment on how it could be even better.

Ritual #4: TMIFOB (This Month I Failed - *Over Beers*). Similar to TMIAOP, people are invited to share one example of a failure they have experienced in the past month. People drink beer, listen and share their encouragements. Then they comment on how the failure could be avoided or what can be learned from here.

Ritual #5: Why and how does our startup exist? This is an orientation program every new recruit has to complete. It includes an intense reading list of key topics and books, followed by a discussion. It also includes a face to face with the co-founder(s) where he walks the new recruits through the history and the future vision of the company.

These are few examples intended to inspire. Search for and find what feels right for your organization. Refer to the section Culture Shaping Toolbox documents for company specific variables you need to consider.

Symbols

Rituals and symbols go hand in hand. They complement each other. Usually, one makes the other possible. Rituals serve our need for certainty and our dislike for ambiguity. Symbols make use of our capacity of associations. Symbols do not always need to be visual, but they are mostly so. This is because the human brain's visual processing capacity is many times of the other senses. Association of certain memories, feelings and psychological states has been the topic of *Object Relations*, a school of psychology spearheaded by Melanie Klein. According to the school of though led by Object Relations, our associative reflexes shape a great deal of our mental mind, starting from the very first objects and situations we encounter at infancy. I think because sociologist and psychologists have a general dislike for one another - and because people chose to study either one or the other of these fields, the connection between Object Relations and Symbols are understudied. As a lifelong pupil of both of these fields, I will go out on a limb and put forward that they are indeed very similar, especially when it comes how groups of people live together.

Symbols take their place and root themselves deep within the collective subconscious. This is what happens when you see your nations flag, your

religious symbols, your church, mosque or synagogue in your dreams.

Even sports teams make a great use of this. Can you think of any sports team that has any following, without its unique colors, jerseys and chants.

Marketing is built upon branding. Brands depend on symbols. Essentially, all social structures are brands in themselves if we chose to look at them that way.

Culture Shaping Practice

Language is a primary example to symbols. It is not only about passing on information, it is also about belongingness, the in-group out-group dynamics. Although both the Americans and the British speak English, it is not very difficult to tell them apart after hearing them speak. We tell them apart first by the melody and tonality of language, that is true. We can also tell them apart from their word choices. In a similar way, someone who has worked both in large and small organizations will testify to the difference between the way people speak. *Corporate-ish* uses different words than *Startup-ish*. Speak the language that fits to your ideal culture. Use your vocabulary in a way to symbolize what you value most.

Dress code is another set of symbols. Wearing a baseball cap while showing your chest tattoos tells a different story than having to wear a shirt and a tie. When a new employee (or a client) walks in through the door, how people dress up is going to be one of the first things they look at. Of course, what you wear is a personal choice, but my point is there is also a symbolic element to it. Just think of the discussion around the jeans and turtlenecks of Steve Jobs and the hoodies of Mark Zuckerberg. Whether it is OK or not to wear crazy socks to a client meeting; or to put your feet on the desk during a discussion with a colleague tells a lot about the culture. Pick your side and tone, be consistent in where you draw the line.

Events should also be considered within symbolic examples. Consider you are planning an annual celebration. Your pick of venue and timing will speak about the values and culture of your company. Are you going to meet at a Michelin Restaurant or gather the employees around for a lazy Sunday picnic. Both are fine, it is just worth keeping in mind that they each give a different message about the personality of the company.

Visual and auditory symbols such as the logo of your company, the design of your website, the type of music you decide to choose in the background of your promotion video all have a part to play, too. If you want a culture that is dynamic, challenging and goal oriented, the symbols have to tell the same story. If you are looking to create a culture that is laid back, sincere, creative and relaxed you have to choose your symbols accordingly.

Stories

The final element we need to understand is stories. Just as we did in actions, rituals and symbols, we can use the same reference points to extract why stories are a central pillar in any culture: the nature of human beings, and other social structures.

Let's take nations. Every national identity building process, that usually starts in childhood with a national education makes use of historically accurate (or not) stories. History, is not the simple referencing of dates and events. History is an attempt at understanding complex cause and effect relationships between many events and many agents. The rise and fall of the Ottoman Empire and the foundation of the Turkish Republic is an epic story that I was told. It took 15 years to tell - from the early grades to the end of high school. I don't remember many of the names, dates and personas, but I remember the story: How it began, how it grew, how it fell. Stories provide structure, causality, emotion, characters, motifs, intent and most importantly, journeys of heros'. Without stories, it would not be possible for the general public - the layman - to have a general understanding of his past. Scholars and some minority could be excluded from this assumption. But even so, the main point remains, for mass effect, stories are crucial.

I should remind here that my position on these topics, national identity and religion are neutral as far as this book is concerned. I am not advocating anything, I am not saying how religions and nations function are okay or they should be condemned. These are just my professional opinions and observations from a social sciences perspective. Because the main building block, people, are the exact same, we have to move on with an understanding of these basics before jumping to topics relating to company culture.

Robert McKee, a legendary name when it comes to storytelling points out

that cultures cannot evolve without honest, powerful storytelling. If we strip all the non-essential parts we are left with the barebones of a story. The survival of cultures depend on the power of their stories, and the skills of their storytellers.

Culture Shaping Practice

Stories create identity and association through feelings. The biggest difference between an action movie that you enjoy at the edge of year seat and a "meh" one, is how much you associate and empathize with the characters. In one case, you feel for the hero, want her to survive or overcome the obstacles. In the other, you couldn't care less if she disappeared - you don't know her.

You need people who are invested in the company and who associate with its past-present-future. For that, you need to tell good stories. By stories, I don't mean to say that you should be telling fictional events that haven't happened. Quite the opposite, the biggest strength of your story will be its realness.

Dig back into your past. Discover the real reason why you have decided to found this company. Tell about yourself and your past, your failures, your successes, what has led you to being the co-founder here. Tell about the challenges you have faced so far, tell how this company is alive today, tell about the sacrifices you and other people have made. If my point is not crystal clear, take a look at how Elon Musk tells the story of how SpaceX almost went bankrupt.

Leaders are good storytellers and storytelling, like many skills, can be learned. You just have to be convinced that it is worth the investment and effort.

Now before moving on to the Culture Shaping Toolbox which will give you concrete and actionable tools based on these principles, let's take a look at cultural codes.

Universal Cultural Codes (Values) Startups Need

I could cheat here and say each company is unique and needs to work on its own to discover its specific cultural variables; but that simply isn't the case. I have had the good fortune of getting to know entrepreneurs from different geographies such as Istanbul, London, Vienna, Berlin and San Francisco. Very interestingly, there are striking commonalities between the cultures of those startups that take-off. If we were the compare work cultures of large scale enterprises from different parts of the world, the differences in ways of doing business are more pronounced. But startups are different.

There are a few reasons behind this. Startups are a very recent thing. They have become so popular just in the last decade. While there are many management gurus, very well written books, perfected tactics and years of experience to be used in the organizational design and governance of large scale bottom-down hierarchical organizations; the world of startups is relatively recent. Now combine this with the fact that information flows much more easily and we are so much more connected compared to fifty years ago. As a result startup founders all around the world feed from similar sources. They all watch the inspiring speeches of Simon Sinek, they all listen to Elon Musk's vision and they all learn from the likes of Bill Gates, Peter Thiel, Steve Jobs and other thought leaders on how to build and run a company.

In Anna Karenina, Tolstoy writes *Happy families are all alike; every unhappy family is unhappy in its own way*. I think the Anna Karenina principle can be applied to startup cultures. *Successful startups all have good cultures with shared elements; every failed startup has its own unique culture problems.* Let's take a look at what some of these shared values - universal cultural codes startups need are.

A good startup culture;

1. Places collaboration before competition. Knows collaboration is a must for innovation and doesn't happen when people have strong negative feelings towards each other. So creates a positive atmosphere.
2. Builds on strengths rather than fixing weaknesses. It doesn't try to create all-around perfect employees with matching skills. What it does try to do is create teams where people complement

each others skills, help and learn from each other.

3. Is transparent on its critical decisions & lessons learned. Attaches meaning to path changing decisions, pivots. Shares gathered insights and feedbacks with all employees.

4. Makes key performance indicators and metrics such as visitors, daily usage, revenue, profitability, client satisfaction, number of customers, state of competition, market size etc. visible to everyone and makes sure people care about them as much as they do about their paycheck.

5. Is more meritocratic than hierarchical. People are right or wrong based on their expertise and knowledge, not their status within the organization. People get talking rights independent of their position. It values ideas by their own merit, independent of who is communicating them.

6. Acknowledges disagreements not only as natural, but as beneficial. Functional disagreements are tools to increase the quality of decisions. Encourages people to disagree as long as they are open to being convinced, too.

7. If disagreements lead to conflict, promotes quick and honest resolution. The involved parties should either attempt to resolve it themselves; or seek moderation with the intent to resolve.

8. Promotes values of trust & dependability and curates an atmosphere where people are not afraid to be vulnerable. People tend not to speak up and voice their disagreements when they are afraid of being judged, belittled or hurt.

9. Makes sure all the people in the company value reaching better decisions and their shared goals more than 'being right' during dialogues.

10. Makes sure all the people in the company know the long term strategy, what game plan to follow to get there, and their specific role in it very well. People lose motivation when they are alienated from the results (ultimate aim) of the task they are doing. A good culture knits these ties strongly.

11. Incentivizes people to say 'that's not my job' less and 'let me help you' more. In a startup, unlike in a large-scale enterprise, job definitions are not as clear and as fixed. People need to show flexibility in taking on tasks that are not clearly defined

as theirs, and in return, should feel free to ask for the help of others.

12. Places learning as a core value. The motto "you either win or you learn" is shared. When people put lifelong development (both personally and professionally) first, problems, conflicts, obstacles are seen as learning opportunities. Startups are essentially in the business of turning their money and other resources into information. They try, fail, try again but at the end of the day, either learn or perish.

13. Creates an atmosphere of optimism. For every startup, there are hundreds of reasons why it will fail. These reasons are usually correct, too. That's why it's vital to have a culture of believing in the upside the future will bring. If people are not in on that feeling, they should no longer be part of that organization.

14. Promotes an internal locus of control. People with an external locus of control see the reasons for their failures external to them. They blame co-workers, market conditions and even consumers for not knowing how to use their product. People with an internal locus of control look at the same picture, but reach different conclusion. They understand the limitation but consistently (even obsessively) ask themselves what *they* could do about it.

15. Makes sure employees and line managers are empowered. They are not assistants to co-founders but all have their own areas of expertise and potential value-add. If an employee is competent to make a decision and execute, it should be her who does it. If not, then she should be let go.

16. Trains people to give and receive high quality, honest and constructive feedback. Both are as important as the other. People see the world in different ways. This is what makes a team stronger than the mere collection of individuals, but it can also create asynchronization and unresolvable conflicts. In either case, it is about feedback skills.

17. Holds the leaders accountable for their words. It makes sure good speeches are followed up with as matching actions and results. Nothing leads to loss of confidence as quickly and as directly as being promised one thing and witnessing the

opposite.

18. Creates a place where people want to spend their time and creates teams where people want to be with. The workplace is not an amusement park but there is a very direct and observable inverse correlation between how miserable people are and how successful a startup is. The key difference is this: People should be deriving their enjoyment from productivity, creativity, putting out great products & services, building a business, learning from each other, improving themselves and reaching the level of 'flow' where their skills match their challenges; the main source of enjoyment should not be the food, the office, the perks or the games.

19. Fosters an environment where people are generous with their praise and appreciation towards each other.

20. Places high importance on the concept of mastery. Requires & enables everyone to build mastery in their areas of expertise and heavily invest in new skill development.

21. Makes sure everybody agrees on the fact that making a startup successful is about trying to beat the odds. Therefore, it creates the shared understanding that people should seek work-life balance in the long run. In other words, it is not a 9 to 5 job. Some weeks/months/quarters will be about hard work and sacrifice.

22. Promotes authenticity and open communication. People can share their feelings, frustrations, disappointments with the fear of a backlash.

23. Places culture-fit at top as a priority when making a hiring decision.

24. Let's go of those employees who do not respect the company's culture. It is very natural for some new hires to feel they do not fit in, or find out that they don't want to work there. In that case, the company makes it easy to part ways, offering generous severance packages.

25. Most importantly; makes sure every single person in the company cares about the customer. The reason a startup can exist in the first place is that it creates value for the customer. When the startup fails at this, all other rights aren't enough to

correct this wrong.

These are some of the most important qualities a good startup culture values. Of course, this is not an exhaustive list, but they are what I have observed to be in the top 25, working as a culture consultant, obsessively studying what makes startups successful and from my personal background as a sociologist. I hope they become useful to you as key reference points in a sea of uncertainty.

Culture Shaping Toolbox

Building a product and getting customers are the first things a startup needs to do. The most profitable cycle of the business is what follows - the growth. That growth depends on people. As we have laid out so far, how people behave, how they make decisions and how they function within the organization are all determined by its culture codes. Culture already exists without your consent or interference. It is an "emergent" phenomenon. The personalities, desires, motivations and the characteristics qualities of the co-founders - followed by the early recruits - serve as the foundation of that culture. Culture is also influenced by the sector, the competition, the customers and the physical location of the company to a lesser extent.

Considering all this, it is wise to make understanding and shaping that culture a top-level priority. If you want a quickly growing fire, you better make sure the air is oxygen rich.

To that end, here is a six month framework you can use as a template. The aim at the beginning is to *explore the culture* that is specific to *your* company followed by choosing a direction and crafting your own culture DNA. The later parts are there to help you draw out the action plan which should include the sub-projects. They include elements from rituals to stories and they are there to make sure your cultural code is adopted and can survive.

A. Launch & Purpose Alignment

Whenever a culture study is put into motion, it is best to be transparent about it. To go forward, you do not just need your team's consent, you also need their support. So it is vital to get them onboard. This means publicly and openly laying out the reasons why you have initiated a culture study. You also have to expressly state how and why you need their support. As discussed, culture is about people and without their contribution it is almost impossible to take an accurate snapshot. They need to understand, very clearly, that this project is not about measuring their performance or finding scapegoats. It is about elevating the company to the next phase of its maturity with their help and input. This is especially important if you are bringing in an expert outside consultant to help.

Whenever I have taken on the lead role in managing a culture project, I have started with a 30-60 minute keynote speech. I have made it my duty to make

sure everybody understands why this project has started and is convinced about its value.

The keynote may be preceded by a company wide announcement, mailing or face-to-face discussions. The keynote also serves the critical role of gaining trust and establishing intent. It has to include the reasons why company culture is so important, how it can be built, how people can contribute and other information that will provide value (also, it doesn't hurt to include some amount of entertainment) for the listeners. On top of that, it is beneficial to share the roadmap of the culture project and the key milestones/actions that are going to follow in the coming months.

The Launch & Purpose Alignment phase is also the perfect time to recruit "culture ambassadors" from within the organization. Usually, the ideal pick for this assignment is someone who has been with the company since its inception or for a relatively long time, who believes in the company and its potential and who volunteers for this responsibility. The culture ambassador serves a key role in the Discovery phase. She is vital not only in uncovering how the organization works but also because she knows the key people who influence the company culture. Her responsibilities usually carry on to the Looking Forward phase, where she can act as the lead project manager for bringing planned projects to life in the coming months. If you are seeking the help of an external consultant, she will also act as the key information source and point of contact.

In cases where nobody is able to step up for this role and the company is looking to grow its team, it is wise to consider recruiting someone with the specific role of a Culture & People Specialist.

B. Discovery: The Quantitative Research

Due to the hard-to-pin-down nature of the variables we are discussing about culture, it is not easy to quantify them. Still, most companies find it beneficial to start a culture study with a quantitative analysis most often in the form of a company-wide, brief questionnaire. It is important to remember "less is more" in this case and keep the time required to complete under 5 minutes. Here are the recommended questions to ask. Answers can be gathered in a 5 point rating scale ranging from "Strongly Disagree" to "Strongly Agree".

1. I know the culture and values of this company very well.
2. I believe in and agree with the cultural code of this company.
3. I find my colleagues and coworkers to be a good fit with my work style and professional values.
4. I know the strategy and ultimate goals of this company very well.
5. If I had the chance to rewrite this company's cultural code, I would make big changes.
6. Every morning when I wake up, I am motivated to work with the people in this company.
7. I would recommend working here to my close friends and acquaintances.
8. This company allows me to bring out my best potential.
9. I believe I am building new skills and developing myself both personally and professionally by working here.
10. I believe this is a fair, transparent and meritocratic organization.

This short questionnaire can be used again, at the 6th, 12th and 18th month marks to check the pulse of the company.

C. Discovery: The Qualitative Research

While the *quantitative* search serves as the beginning point, the real analyses emerge in the *qualitative* research phase. It is where you have the chance to drill down.

If the organization consists of less than 50 people, I suggest interviewing each person individually. This is important for two critical reasons: People say the same things; and people say different things.

First, people will tend to mention the same or similar ideas, values, opinions, pleasant or unpleasant experiences. Because people cannot influence one another in individual interviews, your sample is untainted. You will have the chance to generate very accurate observations about the **strength** of ideas and experiences being shared. In addition to what is being said, you will have the data of how many times it (or a similar version of it) has been said. There is a huge difference between one person mentioning the aggressive atmosphere when a certain co-founder is around versus eight people repeating the same

point.

Qualitative ways of measuring are superior to quantitative analyses in this sense because people have a way of saying the same thing in a myriad of different ways. It is for the interviewer to extract meaning even when people use different words, phrases or examples.

The second point is that people tend to succumb to peer pressure (even unknowingly) in large gatherings such as workshops. The individual one-on-one interview is again superior in the sense that it eliminates this bias. When interviewed individually, people will tend to bring up a very large range and **variety** of issues.

So at the end of a series of one-on-one culture interviews you will have valuable data about the culture at your company. This data will not only include a wide range of topics but also their relative importance.

Conducting culture interviews with 50 people may seem like a huge waste of time, but it isn't. More than 80% of the people are already thinking about how the company functions, how they should be communicating, what works, what doesn't on a daily basis. I guarantee you, many people will welcome the opportunity to talk about and comment on something that has a direct effect on how they live a large portion of their lives. Some people will see it as a waste of time, no matter what you do. Even those who are critical of the whole culture project, tend to share some very valuable insights about the company.

The culture interviews should ideally be conducted with a set time and set questions. I suggest 45 to 60 minutes and the questions below. These questions are cunningly simple, yet they take a direct stab at how the company culture functions.

1. How are things done around here? (Alternatively: What does it take to be successful here? OR How does one need to behave to fit in here?)
2. Do you get into disagreements with your peers/managers/other teams? If so, when, how and with whom? (Alternatively: Are there any situations when people don't share the same perspective about which route to take?)
3. What happens when you get into disagreements?

(Alternatively: How do you proceed when you have a disagreement? How do you resolve disagreements or conflicts?)
4. What happens when you can not resolve a conflict?
5. What do you think is the strategy of [your company]?

And that's it. These are the top, A-list questions you have to ask.

A few very important notes about the tone and content of these interviews: It should feel more like two concerned people trying to understand and solve a complex problem they both care about, and less like an interrogation. The questions above are just conversation starters. Think of them like discussion topics. After you have asked the first, if the interviewee is talking, great, you should listen attentively and take notes.

In the opposite scenario, if you are faced with a short answer and an abrupt silence, you should NOT move on to the next question. What you should do is ask the same question in a different but similar way or follow-up with secondary questions closely related to the original question. You should keep the conversation on topic until that topic has exhausted itself. *It's not about these questions themselves, but the dialogues they lead to.*

I have also found it beneficial to refer to these B-list questions from time to time, either as follow-up questions or in special situations where they fit the type and priorities of that specific company culture well. Here are a few examples.

- At work, do you have the opportunity to do what you do best everyday? Why, or why not?
- What do you talk about the most when you talk about performance (with your direct manager, peers, or others)?
- How often do you experience flow; the state of mind when you are so immersed in what you are doing you become unaware of time?
- How do employees interact with each other?
- Do you feel like you belong to this organization?
- What do you love about the culture here?
- What do you hate about the culture here?
- Which behaviors are most awarded here?
- What is the biggest reason people work hard here?
- What do you think is the biggest reason people quit?

Another tool you can use as part of the qualitative research are workshops (or team discussions). Just as one-on-one interviews have their advantages, workshops have their own benefits. The biggest being that, when people interact with each other, they will build on each others ideas and you will have the chance to see overall reactions on points put forward by the individuals.

The focus of the workshops are similar to the individual interviews. The key point is to get a discussion about culture going with the right questions. Feel free to the questions above. Although, it is important to make sure you have established an atmosphere of trust and transparency before you hit the audience with questions. Make sure you document what is being discussed in detail. Use whiteboards, flip-boards, post-its. Document everything in photographs.

D. Reflection & Direction

After you have collected data both from the quantitative and qualitative research, it is time to analyze that data and reflect on it. Here are the steps I recommend.

- **Step 1:** Gather all ideas & points into a single word document in a text format.
- **Step 2:** Use an online word cloud generator and input the text. Remove words such as "the" "a" "and", "but". Generate the word cloud and save it. This is your **first document**.
- **Step 3:** Go back to the original text document and pick out the best (the most clear, concise, elaborate) sentences and mark them in bold.
- **Step 4:** Find out the sentences that have the same (or very similar) meaning with the bold ones. Delete them and put a mark, such as an X, near the sentence in bold, which lays out the same point in a better way.
- **Step 5:** Now, looking at the sentences, cluster them into groups and subgroups. For example; your groups might be as follows: Management Related, Workplace Related, Deadline Related, Tone-of-Voice Related, Respect Related, Satisfaction Related, etc. It is OK to leave some sentences individually if they do not fit into a

group. Visually format and export this document. This is your *verbatim* data and **second document**. These sentences have come direct from the mouth of people who work in the organization. The number of marks near the sentences show how many people said a similar thing and thus their strength.

- **Step 6 (Optional):** Gather the team around, present the findings, and ask their input on these results. First, ask if they think this reflects the reality of the organization and second, ask them to vote on which groups are the most important for this startups success.
- **Step 7:** If you have opted out of Step 6, gather a team of senior leaders in the organization and conduct the same process. If you are conducting this alone, do it individually. The output of this stage creates the **third document**.
- **Step 8:** Analyzing these three documents carefully, create a list of your top 10 to 15 observations about how the business works. This is a subjective analysis and is your commentary as the consultant or the co-founder. At this stage, many companies find it beneficial to get some fresh eyes on the task. Here, expertise and know-how about people dynamics and organizational culture plays a crucial role. This is the **fourth document**. Before we move on, let's take a look at what some examples of observation might be.
  - People do not know each other enough on a personal level.
  - People don't know about what other departments or other people do as part of their work.
  - People don't trust each other, the general atmosphere is hostile.
  - The founder or co-founders of the company do not empower the other people. They micromanage often, and leave no room for mistakes.
  - People are always in a hurry to catch deadlines but it is a challenge to plan ahead due to a high amount of uncertainty regarding simple processes.
  - People value their role in the organization and care about the company's success.
  - People are confused about what the ultimate strategy of the company is.
  - People are optimistic about the future of the company.

Combining these four documents, it is now possible to choose a new direction for the company culture. At the core of that is asking the right questions and coming up with answers that make sense. The initial discussion around these questions should involve the management team and/or the board, as well as the top decision makers in the company.

What kind of a company do you want to be? What should be your values? Which company culture can you take as a role model? What are the pitfalls and sensitivities you should pay special attention to? What are the strengths and the weaknesses of the founder(s)? How do they influence the rest of the people? Considering your industry and customer/client persona, how do you want to be viewed? Do you want to be viewed as the crazy creative bunch or the opposite? Is this company looking for a quick exit, or sustainable revenue? How performance driven should you company culture be? What types of behaviors should be rewarded, which should be negatively reinforced? What are your redlines when it comes to work ethic and personal attitude?

E. Commitments & The New Cultural Code

Now that you have the four documents as well as a general idea of what the direction of your new culture should be, it is time to include the other people in the company and get feedback. Remember, although the culture of the company is heavily influenced by the founder(s), how it changes is not under their monopoly. Culture, being like the omnipresent "air", is owned by nobody and everybody.

That's why, the only way to make sure the new direction is accepted by the people is to involve them in its conception. People need to comment, voice disagreements, give their input and take part in turning it into a reality.

To enable the team wide discussion on the new culture direction you need to create two more documents: a) The Start/Stop/Change Board, b) Proposed Value Statements.

Creating the Start/Stop/Change board, the main principle is to bring forward what works, limit what doesn't and stop what is detrimental. This board is essentially made up of three columns and will serve the purpose of making all the abstract concepts and observations made so far visible to the whole team.

Here is what it should look like:

Start...	Stop...	Change...
□ *A new orientation program to allow new recruits to know the company better.* □ *Giving high-quality, well thought out feedback about concrete results.* □ *Allowing employees to manage their own time as long as they get the work done.* □ *Using new collaboration platforms and methods more, such as Agile, Lean, Kanban etc.* □ *...*	□ *Delegating responsibility away from people who should be empowered.* □ *Criticising personalities and personal choices.* □ *Measuring how many hours people spend at the office.* □ *Using email as the primary mode of communication and workflow.* □ *...*	□ *The way managers conduct perf. interviews.* □ *The organizational structure from a vertical hierarchy to a more linear structure.* □ *How you measure performance, move from a time-based model to a work-based model.* □ *What topics are discussed over email versus face to face.* □ *...*

Value statements are general, easy to understand statement that depict that company's culture. Warning! Value statements are sure to backfire and damage the culture if what is written contradicts with how people behave in reality (especially the partners and upper management). So make sure to be realistic in crafting these statements and more so, in putting them into action.

Here are a few examples:

- We see disagreements as natural and use them to make better decisions.
- We value getting results over being right.
- We respect skills and work ethic more than we respect titles.
- We show zero tolerance to malicious & hurtful intent.
- We know and understand communication is a delicate matter, and that how we say things affects others' state of mind. We care about the mental state and happiness of our co-workers.
- We do not say "that's not my job", we find a way to help ourselves

or direct to someone who can help.

- ...

Ideally, the Start/Stop/Change board, along with the proposed values should be presented to the people within the organization by either the culture consultant or the founder. People's comments, questions and opinions on it should be noted in detail. After this workshop, the key decision makers can draw back into their quarters and finalize these documents. In the finalization process, the decision makers have the liberty to discard some suggestions and add new items. Consensus should be aimed, but isn't always possible. Yet, even when it isn't reached, sharing the findings, getting people's inputs and hearing them, *before* announcing the new direction, makes a huge difference.

F. Looking Forward: Projects to Make It Real

We are almost done. If you now have a good idea about what you have to do in terms of Actions, Stories, Rituals and Symbols *and* you have created your Start/Stop/Change Board along with new values, you are ready to move on to the final piece of the puzzle: Future Culture Projects.

These projects are the action plans you need to follow through to turn your decisions about culture into habits. They are called projects because they need be managed as such. These projects can be the planning of events, new ways of measuring performance, giving/receiving feedback, employee development programs or implementing new collaboration methods. To successfully bring them to life, you need a project plan, a timetable and most importantly a project manager to pull people together and see it through. Treating these planned changes as projects is most critical to make sure they are not abandoned.

As we have mentioned in the Actions section, the worst thing you can do is to decide on a new path and not follow it through. There are plenty of resources on how to design and run a project. Besides, giving tips on project management is out of this book's scope. Instead, let's take a look three example projects and what they aim to achieve. Note that the projects you should plan to implement have to be unique to the needs and aims of your culture building efforts.

Project: Performance 2.0

What: Implement a system of monthly recurring 360 degree performance measurements. Make the output of each team's work visible to the organization along with their targets.
Why: Performance is not measured in a fair and transparent way. Individual judgements of managers lead to frustration in team members. Organization is unable to accurately see the top and bottom performers.

Project: Feedback-O-Matic
What: Train people in the organization to be able to give and receive accurate, timely, effective and honest feedback.
Why: People do not give feedback about work results but personalities. Feedback is usually late. Fear of confrontation leads to lack of dialogue.

Project: Upvote
What: Create a system (either via a software tool or an algorithm) whereby each individual is able to post the results of their work and receive upvotes or downvotes from other colleagues who are also expert in the field from within the organization. Use basic gamification mechanism for wide adoption.
Why: Due to the subjective nature of the work (i.e. the startup is in the business of creative marketing content) it is difficult to measure an individual's added value. People feel their effort is not visible or they are unfairly evaluated.

Some Final Principles and Reminders About Managing a Startup

I hope you have enjoyed this book and it has contributed to your thinking about the people dimension of startups. More importantly, I hope you have gained some insights on how to generate concrete value for your startup. Before you go, let me pass on some reminders about the most important principles you need to remember to be successful.

- At the core of each culture, lies the reason (not the PR reason, but the real reason) why that company exists. As the co-founder or leader, ask yourself this; why are you in this business and not something else? If the only reason is money, you are going to struggle in building a robust and genuine company culture. Money is a good reason, but if it is the only reason, that indicates a problem. If you know that reason other than money, good. It is time to bring it forth and polish it. Make sure everybody is reminded of it. If you started by having money as the only reason, it is not too late for you too. Look for other reasons and ways. Unearth the reason why the existence of your company may create value or benefit others.
- Culture is alive and organic. It does not grow through statements about company vision and mission, e-mails or motivational posters. It grows through rituals, symbols, stories and crucially, through countless daily acts & decisions about the business and the people.
- Always try to fail early and small. Failures are unavoidable. They are what lead to learning, but it is your job to keep them small and make them as early as possible. Both personally and professionally, always allocate your risk and don't put all your eggs into one basket. Going all-in in a game you don't yet perfectly understand, is not smart.
- If you want to run a lifestyle-business that does not always need to grow, that is OK. On the other hand, if you are running a tech startup, growth is a must. It is the central driver of everything around it. To convince partners (including investors); to recruit top talent; to make it a promising place to work you have build a company that grows. Growth is a natural force. Without it a startup

cannot survive.
- The era of blind bets on ideas are over. Today's startups are less like gambling and more like science experiments. They are in the business of turning money and other resources into information. Structure your steps to learn new information to build your business in the cheapest way possible.
- Do not aim to grow until you have nailed down your value proposition that has a good product-market fit. Make sure your product solves a problem as intended and there is a good market demanding that solution to make you a profitable business. Otherwise you are only going to grow your debt.
- Pricing is always very tricky. Pay extra attention to positioning your products or services right. Research the competition very well and talk to industry leaders in your niche.
- Praise trial over success. A successful startup may have had to pivot from failed products many times before it is successful. Do not equate the success of an idea with the success of the startup.
- The single most important motto you can have for startup success is: Always try to increase the quality of your decisions.
- Value collaboration over competition. Both are necessary, but startups are in the business of innovation. Innovation is a team sport. Also, what you see as your competitor might be your biggest partner to collaborate.
- Build products as lean as possible, with a singular value proposition. Focus is key.
- Try to get feedback as early and with as little energy and time investment as possible. Use prototypes and mockups.
- Master the art of cold-emailing.
- Use your decision making stamina wisely, try to make important decisions earlier in the day.
- Invest in creating world-class sales and pitch decks. They will come in handy and you will more than make up the time spent creating them.
- Planning is more important than plans. You should change or discard plans in light of new information or new developments but always keep planning your next steps.
- One of the most important reasons behind a startups success is

timing. Being too early is more disappointing than being late to market.

- Make sure you have the right life design to support being in a startup.
- Think global and build to scale.
- You either win, or learn.

Ending Remarks

Thank you for making the choice to buy and read this book. I hope you've had a high Return-On-Investment for the money, time and energy you've spent reading it. Visit commonwisdom.co for great quality content on startups, culture and career design. To be kept up-to-date on what I create, follow me on the Amazon Author page and at Twitter, which I use most often for announcements.

Also, feel free to take a look at other books I have authored including Creative Hiring: The Pinnacle Model for Spontaneous, Imaginative, Collaborative Interviews and The Other Way: Happiness Through Critical Thinking.

STARTUPS GROW WITH PEOPLE

How to Pick Partners, Recruit the Top Talent and Build a Company Culture

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[1] A red ocean is where the number of competitors and competition is high, whereas the blue ocean is the opposite and usually characterized by a newly emerging technology. For more details, see *Blue Ocean Strategy* by Renée Mauborgne and W. Chan Kim

[2] By the term partner I most frequently refer to the co-founders of a startup. However, many of the points mentioned are also true for investors. While the daily use of the term investor, refers to someone who invests money, a co-founder is also an investor in the broader sense, the difference being an investment of time, energy and other resources in addition to money.