

khosla ventures

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The Art, Science and Labor of Recruiting

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Getting started

Congratulations, you are now an executive at a venture-backed company! You survived the presentations, the term sheet shuffle and the due-diligence. Everyone is calling you the Founder (which is true), yet you are actually a technologist, an engineer or just a “great ideas person” with an instinct for the market. But now you have to recruit a team; perhaps, for example, a VP Marketing (maybe you have never been in a room with a real VP Marketing and don't really know what one does or how to assess his or her capabilities!) Worse still, you might be recruiting a CEO but have never really understood what a CEO does or how to appraise one. How do you evaluate a candidate, especially for a management role that you do not have great familiarity with?

Knowing what you don't know is important: Unfamiliarity of a role's key characteristics is not necessarily a barrier for assessment.

There are specific skills for a position that are important, and recruiting someone who has performed well in a similar position in the right context, scale and timeline is very helpful. You can, and always should, find a knowledgeable person to help assess candidates for pivotal positions such as VP Engineering or Marketing. A good venture capital firm will have, in its portfolio, people who fill similar positions in their other companies; these people can advise you. Their input will not only help you assess candidates, but will also teach you a lot about the responsibilities and potential pitfalls of that position. These are things you may be unfamiliar with and therefore cannot appropriately judge. Not only will a knowledgeable person help you find better candidates (and maybe even candidates who can grow from the small five-person early stage team to the very different manifestation of the same role when the team grows to fifty people...or five hundred), their knowledge may help integrate the new person more efficiently and help you better appreciate the role.

Entrepreneur / manager conflicts often arise from entrepreneurs not completely understanding the real constraints, tasks and roles of their core executive team. A good venture firm will have portfolio founders who have run into this situation and can advise you. At Khosla Ventures we also have operating partners who may be able to advise you.

However, specific skills are not the sole indicator of a candidate's “fit” within an organization, and this, in my experience, is where novice entrepreneurs make the biggest recruiting errors. Secondly, few entrepreneurs know how to interview a candidate. In this document, I'll make suggestions and outline techniques I have accumulated over the years to evaluate candidates, moving beyond the positive-sounding surface answers to something much more substantive and useful.

Before we get started, let's be clear about three things:

1. Even if you follow every piece of advice in this document, you're never going to always get it right. Shit happens. Even after thirty years of doing this, I still make these mistakes.
2. I don't want you to follow every piece of advice in this document! It's not a blueprint — it's a guide and each situation is different.
3. You may not even have the opportunity to really interview a candidate or reference check them broadly because they are not interested, or they have other offers, or there is not sufficient time. Furthermore, you may not have enough leverage because your opportunity is not yet attractive enough. *The realities of recruiting may differ from your ideal scenario.*

So, how do you find out what a candidate actually did, how they were really perceived in their previous role, and what they might be capable of? How do you ask questions about a domain you do not fully appreciate the nuances of? Essentially:

How do you get beyond the answers to the truth?

The brief — defining the role

No candidate is perfect, so clarity about the necessary requirements and more importantly the tradeoffs is vital.

Firstly, there is a functional role for a job and this should be clearly specified; for example, understanding marketing is pretty important for VP Marketing candidates. Secondly, and more importantly (and ironically, usually unacknowledged or even proactively denied by many founders), you should consider non-functional requirements. In entrepreneurial and fast-growth companies, there is far greater need for: team-management skills, leadership skills, recruiting skills, and selling skills (yes, selling skills — every employee sells the product, the company, themselves and other employees, both internally and externally).

Focusing solely on functional requirements misses crucial skills.

Beyond definable requirements, there's a need to assess contribution — think of that as “value addition” and the ability to “challenge the senior team's thinking in a cooperative way.” The latter is more important than the former and mostly ignored in hiring. Why is it important? Well, since the ground rules for markets and competitors are seldom fixed in entrepreneurial environments, every senior team member must question and stretch every other team member, no matter what their functional area. You are usually dealing with new business models, new markets, new channels or new strategies therefore conventional wisdom may not apply. You need a balance between hiring an expert in the area and a great athlete who is flexible and can adopt to your domain. This is what I call experience or gene pool diversity. They need to go beyond their functional skills to contribute to the debate on strategy, competitors, recruiting, go-to-market strategies or product specifications. You get the idea! While not every member of a senior team has to possess an “extra-functional” role, the more members that can contribute, the more agile and responsive the startup will be. This is often the X-factor for many successful organizations.

A key executive should make all existing team members better at their job.

Prior to engaging with any candidates, compile a brief or a specification for the position. It is important that your whole team agrees on what that specification is. I am amazed at how often major disconnects exist without the team members realizing it. A checklist of:

- Functional responsibilities
- Non-functional requirements
- Value-adds
- Fit with corporate culture

The brief should be circulated among current key executives and signed off by each. Be careful about where to seek advice. I often say it is important to know whose opinion is valuable in which context. A person isn't

automatically qualified to offer advice simply because they have been a VP Marketing elsewhere. Have they seen rapid growth and big success before? Are they familiar with the requirements of a fast growth, your desired scale, or your big ideas startup?

When you have multiple candidates, assess each against the same criteria defined in the brief and compare the various candidates in a table. This goes well beyond the basic spec, which often does not even exist on paper. Again, use people from your sister portfolio companies to help define a spec for the position.

Also keep in mind the matter of a team's "experience diversity," which usually adds to better discussions, more responsiveness and agility to market circumstances and changes. This is covered separately in our note on gene pool engineering of a team, but should be part of evaluating the final candidates. Engineering in diversity of experiences, markets, even biases into a team, can dramatically increase the probability or scale of a team.

Remember, by the time it has 50 – 100 employees, a good startup should have two or three senior leaders who can step up and be the CEO, if a change is needed. Keep that in mind during all executive recruiting activity.

I encourage entrepreneurs and CEOs to create positions for strong candidates — even if that position doesn't exist. One seldom goes wrong with "collecting talent" even if one does not have a role or can't afford it! I personally assess the quality of a CEO by determining if they've built a strong enough team to meet this requirement. I realize strong is a relative term, but consider asking sister portfolio companies or your venture capitalist to help you assess "strength" against the best teams in your industry.

Sourcing candidates

Finding great candidates is challenging: it takes dedication, innovative-thinking and focus. Use all your avenues to source candidates.

- The best sources of candidates are usually the people that know your company and team the best — current employees and your board of directors.

If your staff is not motivated to recommend their friends and acquaintances, there may be a problem within the team or your company. Do employees think of it as a fun place, or believe in its (your) strategy or (your) management?

- Tap into the personal networks of you and your team. Stay current and active on sites such as LinkedIn — encourage your team members to do the same. Look for people who have worked at your competitors or other target companies you may want to recruit from. See who your sister portfolio companies looked at and passed on or could not attract.
- Understand the difference between professional recruiting sourcers and full-range recruiters. The former focus solely on researching and filling your candidate pipeline; you are responsible for screening, “selling,” and recruiting them. Don't rely on recruiters to recruit for you. Also, don't wait to start a search just because you already have a candidate. In my experience, such thinking is false economy for critical roles with long-term impact. You want as much choice as possible. You want to ensure that you are getting the best.
- Contingent or retained recruiters (Contingent you pay only if they find your final candidate, retained you pay up front regardless of whether you hire their candidate — they are focused specifically on your search) are contracted to work specifically on your vacancy. To effectively utilize a recruiter, you must first determine what you are looking for in the position and on which skills and abilities you're willing to make trade-offs. The more a recruiter understands your specific environment, the better they can match potential candidates. This is a costly resource but if managed effectively can provide leverage and speed to the hiring process.
- As an aside, rates of turnover and web comments by employees are good indicators of morale in a company. I would highly encourage “help us get better” type of exit interviews for every employee who leaves a company.

Interviewing

Why Interviewing Is Difficult

Everyone knows the “right” answers to give. How do you decide if what you’re hearing is the truth, and, more importantly, the whole truth? If a candidate was involved in a success (or a failure), what was their real contribution to it? Were they just lucky (or unlucky) to be there?

Be very wary of big titles and perceived authority or experience.

How do you get behind this façade — “I worked at IBM or Google or the latest hottest company?” Among my biggest mistakes was to automatically believe that the head of the IBM PC business would be a great hire for a PC laptop business at Dynabook. My interviews were too cursory to discover that such a person would fail in an entrepreneurial environment. I was looking for confirmatory data that he was good and not asking the more fundamental question: IS he the right candidate if I did not know his previous title? One strategy is to ask the same question in different ways at different times and then triangulate answers. Do different contexts provide different answers? By the same token, candidates who have seen lots of change, lots of success and lots of failure learn a lot of intangibles that can be very valuable to an entrepreneurial company. This experience matters more than most entrepreneurs realize.

Another common area for error is when an entrepreneur does not know their own limitations. Try to understand what you, as the interviewer, are qualified to assess. Is your lack of experience going to lead you to mis-assess or miss what the candidate offers and even what your needs are? Know what you don’t know and get very good (in all areas, not just recruiting) to know whose judgment to trust on what topic!

Another strategy is to probe beyond the polite reference responses given by “provided references.” Are you getting the real history, performance and perception of a candidate? Additionally, look to read a candidate’s indirect characteristics in each question / answer; often multiple characteristics can be “read” from the same answer.

Functional requirements like “experience in distribution channel” are usually over-weighted, whereas more qualitative requirements are under-rated.

In CEO search, “leadership” and “team building” or “aggressive hiring” are far more critical than “domain knowledge”.

However, in some position or areas where skills are rare, specific qualities (like yield in solar cells or battery manufacturing) may be critical and should be given more weight than “leadership.”

Take a look at Jeremy Allaire's interview in the New York Times where he states "I'm one of those people who believe that there are certain phases of building an institution when you really shape the DNA of the company. I hired 10 people early on who worked for me directly, who were setting the foundation of the company. You have to get that right, because they're going to be the people who hire the next 50 to 100 people. The die is cast, and now we're approaching 300 people. For that foundation, I had a very clear idea of what the DNA needed to be."¹ We have authored a similar paper called "Gene Pool Engineering" on how to engineer the gene pool of a company to the specific risks and opportunities of a company.² It is also important to consider how the candidate's skills and abilities complement the existing team: do they fill needed functional vacancy and substantially add to the team outside their "area"? A separate paper covers yet another dimension of recruiting, maybe the single most important and most ignored dimension, called "gene pool engineering." Gene pool engineering of a team to add genes from all areas / disciplines / backgrounds, is vitally important to managing the risks and opportunities a startup has.

It's not them; it's you

Your evaluation can depend upon what mood you are in and what unrelated events may have affected you that day or week.

For critical positions try 2 – 3 interviews, for 2 – 3 hours each, separated over a period of time. That way, each interview is different; your mood is different and your inquiry uses a different approach.

Cultural "fit" is difficult to determine in a functional interview. Anecdotal history of a person versus the "fabric" of a person is different and unearthing the latter is often challenging. How do they respond in crisis? How much heart they have when things get tough? How much passion? How do you even test for "heart" and passion while still focusing on other functional and non-functional needs? How much energy do they have? How open were they to ideas in the past? There's no one correct answer to these questions beyond staying aware during the interview process.

Expect about a 67% "hit rate" in your assessment. Mistakes will happen.

A Few Thoughts About Interview Technique

Earlier, I mentioned triangulating answers to uncover inconsistencies and get to the truth. When it comes to questions, try to get a response in multiple ways. For example, ask:

- What did their boss think of their job performance? Where were they right or wrong?

¹Allaire, Jeremy. "How to Shape the DNA of a Young Company." Interview by Adam Bryant. The New York Times 22 Jan. 2011, Business sec. Web. <<http://www.nytimes.com/2011/01/23/business/23corner.html>>.

²Khosla, Vinod. "Gene Pool Engineering." Khosla Ventures. 1 Oct. 2012. Web. <<http://www.khoslaventures.com/gene-pool-engineering-for-entrepreneurs>>.

- What did peers think? Where were they right or wrong?
- What did direct reports think of the job they did? Where were they right or wrong?

The emotional distance provided by these “third-person” questions, can reveal some illuminating information.

Ask them first — when not discussing a position — about their “strengths & weaknesses” and consistency — check against the questions above for each position a candidate held. Also, cross check with references and their performance reviews from previous jobs. Separate the questions from each other during the interview(s) and look for consistency across answers:

- What are their strengths and weaknesses? Determine how consistent their latter answers are with their self-described strengths and weaknesses.
- What were their key contributions? Be sure to assess how realistic and self-aware are they of their contributions.
- Where have they made the most difference in each job? Observe whether they “show” by specific examples and stories or simply “tell” you through unsupported statements of what they do great at.
- What would they do over again?
- What would others say about you? Cross-check consistency with what the candidate thinks employees / bosses / peers would say about them.

The focus of their answers shows you what they think is important — is this consistent with what you are looking for? What are they hiding? That reveals to you how open they are.

Consider what a candidate liked and disliked about previous jobs (look for consistency across questions and their biases / preferences — as clichéd as it sounds, a leopard does not change its spots and you can rarely teach an old dog new tricks). Also consider a candidate’s self-image. How does it correlate to references? How good are they in assessing their strengths and weaknesses?

Note that it is important, no matter what area you are trying to investigate, to look for what the candidate “shows,” not just “tells.” It’s easy for candidate to simply “tell” you she’s great, but look for specific examples and stories that show how the skills the candidate claims, rather than “statements” about what the candidate did. Have them prove assertions with examples.

Finally, ask them what questions you should ask their references; that shows you what is important to them and what they want to avoid.

Assessing a potential candidate

There are several competencies you will want to consider in key employees: content / knowledge, cultural fit, hiring competencies, motivation, work-style, leadership, values and past performance.

(i) Assessing Domain Knowledge

Test the candidate's general industry knowledge and their breadth of industry knowledge. It's important to find those candidates with their finger on the pulse and who are truly curious about the space they operate in. Consider asking:

- What do they think of other companies' strategy in the industry?
- What do they think of other great companies outside the industry? This shows breadth.
- What magazines / blogs / news sources do you read regularly? Test to see if they can prove it with real stories. If you are looking for someone broad, then you want someone who reads broadly and has lots of stories and examples that are relevant to topics you bring up. This question can be very useful both within a candidate's domain and outside it.
- Describe a problem in their functional area of expertise: What would they do? When? How long do they take to get to decide? Who would they ask for help?

(ii) Assessing Cultural Fit

Although it's difficult to determine in a functional interview, the ability to have fun with a team is critical to enhanced teamwork and probability of success. Anecdotal history of a person versus the "fabric" of a person is different and getting to the latter is hard. Consider:

- How did they respond in a crisis?
- How much "heart" do they have when things get tough?
- What's the best team you've been a part of and why?
- How much energy do they have?
- How much passion do they have?

It is critical to determine whether the answers to these questions complement your team and their skills and abilities.

(iii) Assessing Ability to Hire and Build Teams

Hiring skills are usually far more important in a leadership role than characteristics such as domain experience. So, it's crucial to address the candidate's ability to assess other people and to assess how they think about the team they may build if they were to take the job. Again, specific examples of candidates will get you a better assessment and if they can't think of specific candidates it should show you a lot.

Can they come up with candidate ideas? Do they apply old models of looking for recruiters, organizational charts, and needs, or do they think of a new situation and get creative?

Every management candidate should be a great recruiter, no matter what their area of expertise.

How do you get a clear sense of a candidate's hiring credentials? Consider asking some of the following questions:

- Who is the best manager they have worked with and why? *Triangulate with your own perceptions of this person, if applicable or use it to level set the candidate.*
- Who is the best technologist that they have worked with? *Triangulate with your own perceptions of this person, if applicable or use it to level set the candidate.*
- What do they look for in a potential new hire for these types of positions or prioritize in key hires?
- What is their "model" hire for a position? *This answer reveals a lot about what the candidate considers a star hire and what he values in himself and others. Consider whether it is consistent with what you want.*
- What do they look for or prioritize in a candidate or in each job they had?
- Who was their best hire in each job? *Best hires and how a candidate recruited them shows you the style, process and bar they set in recruiting. "A" players hire "A" players while "B" players hire "C" players.*
- Who was the most difficult hire they made? *In recruiting, I often say a "no" is a "maybe" and a "maybe" is a "yes." I look for candidates who are aggressive recruiters and team builders — and don't take "no" for an answer from great candidates.*
- How much new hiring did they do?
- What kinds of questions do they ask potential new hires when they are recruiting? *This answer shows what they value.*

Try to assess the type of recruiter a candidate is: Maniacal (good)? Creative (good)? Is their style of hiring similar to your own or different? Are they process-oriented? Do they depend solely on HR or recruiters (bad)?

Are they aggressive? How good a salesman are they for new hires? How aggressive, persistent or imaginative is the candidate? Try and assess how much they pursue superstars, especially ones who already know them.

Anybody who is passionate about great people has great recruiting stories to share. Look for specific examples or “battle stories” from candidates.

Perhaps they pursued somebody despite the odds or despite turndowns: “To get my candidate, I parked in a London Hotel for a week and met the candidate every evening after his day job” or “I flew to Chicago under the excuse of ‘I am here already, can we have dinner’ to get a CEO interested in a job.”

Always probe for creativity and imagination in the candidate’s hiring mentality. Ask “who would you bring along?” The question isn’t solely related to their previous company, but other people in the industry that they’ve been impressed by. A “why” combined with a “who” reveals what they value about their team and how open-minded or creative they can be.

Furthermore, consider where the candidate primarily hired from; mostly internal hiring is not a good sign (although in some big companies it is normal); mostly using recruiters is also not a good sign; a good network is a good sign. How persistent are they in recruiting? Do they just call a recruiter (bad sign) or have broad network or lots of followers?

(iv) Assessing Motivation, Thoughtfulness and Critical Thinking

Earlier in the document, I mentioned the importance of non-functional requirements. But how exactly can you assess them in a “sterile” interview environment?

Firstly, notice how well the candidate prepared for the interview. How well informed they are. Did they review the company website, research competitors or scan the media for relevant stories? Ask boldly:

What do they like about your company? What don’t they like or what worries them?

Their answer should provide some insight into how interested the candidate is, how much pre-research they have done and whether they are action-oriented. Remember you may need to sell a candidate first and get them interested or excited before the take a keen interest in selling themselves to you.

- Ask what they look for and what they worry about in various direct and related businesses? *Evaluate their answers — were they thoughtful and based on reality or “bluffed,” for the sake of the interview.*

- What are they most proud of in each job they had? *Evaluate level setting and their “standards”. One can understand a lot about the motivation, quality and standards a candidate sets for themselves from the stories they share. Look for contributions beyond their own job function. Are the standards compatible with what you are looking for? Note that it is important, no matter what area you are trying to investigate, to look for what the candidate “shows” as well as “tells.”*
- Have they jumped to new areas? New companies? How risk-averse are they? *Examples: some guys explain they were entrepreneurial inside a big company but have been there for 20 years! The flip side, changing jobs every two years is not good either.*

Consider:

- How many hard questions the candidate asked about your company? *A very good sign because you don’t want a “yes man”.*
- How hard did they probe you? *This reveals how thoughtful and critical-thinking they are versus how much they “follow the conventional wisdom.” Many executives don’t like to hear about critiques of their company or strategy. Instead of being defensive, listening to a great critique can be very useful, even if you don’t hire the candidate.*
- What is quality of their questions? How insightful are they about your business and about their business?

Beyond answers, there are some additional signs offered by all candidates if you have the acuity to look for them³:

- Body language. Did they look at you? Open or closed stance? Animated or dead hands? What are their feet saying? Which way do they point? Eyes? Eyebrows?
- Distract in middle of question: is the candidate focused enough to return to original question (especially if original question is important)?
- Ask for action items after the meetings (send me x or y!) and look for level of follow-up; how detailed? How motivated? How much did they pay attention to details and revisit key points in the follow-up?

In companies, executives don’t always have the luxury to spend weeks creating a “follow-up” document: test the candidate’s ability to think on their feet. Ask:

- What would they do in the first 90 /180 days? *Get an immediate answer but also ask for a thoughtful answer as a follow up item. Determine what they are able to produce with a week for research, diligence, and follow-up questions.*

³Navarro, Joe, and Marvin Karlins. *What Every BODY Is Saying: An Ex-FBI Agent’s Guide to Speed-reading People*. New York, NY: Collins Living, 2008. Print.

(v) Assessing Values

A candidate's perception of the role that work plays in their life is crucial. Entrepreneurial environments need passionate, dedicated, curious people. Having said that, it's important not to "cue" a candidate into values questions because people tend to have studied the right answers. Get a sense of a candidate's values and desires by asking indirect and subtle questions:

- If this role wasn't around what would they ideally look for? *Assess the quality of their answer and determine their other options. Are the jobs they are considering ones you would value and are they consistent with the candidate's answers on what they are looking for?*
- What other jobs are they considering? Why? *Determine what they really value versus what they say they value and assess whether the two are consistent.*
- What other roles are they / have they considered? Which ones did they like? Why? *Judge quality of thinking and understanding of opportunities, both others and yours.*
- Which roles did they turn down? Why? *Assess the quality of thinking and their personality / orientation.*

Is the candidate in demand?

Good candidates will be sought by multiple organizations.

(vi) Assessing Work-Style

Entrepreneurial leaders can't shy away from tough decisions and challenging situations. You need people who are totally committed to making the company a success. Find out:

- What is the hardest they've ever worked? Hardest job? Do they fire people when they need to? How much do they care about the firings? *The content and the delivery of these stories are helpful in characterizing people.*
- How do they handle a crisis? What crisis or difficult situations have they been in? What did they do?
- When have they fired people or motivated people, and what are the stories behind them? What are their greatest achievements in each job? *This shows a lot about priorities and personality — especially if they're willing to admit mistakes.*
- Describe a problem they've had. What did they do? What would they choose as a do-over in each job? How long did they take to get to a decision? Who did they / would they ask for help?
- How much do they know areas that they did not directly work on? *Look for openness and curiosity — it reveals how much they might contribute outside their area. This can be important for startups and its value is often grossly underestimated.*
- If they could have any job, which startup would they work for? Why?

How good is the candidate at evaluating opportunities? Ask them:

- What business opportunity would you pursue if you got \$10 MM to invest in one startup? *This represents the quality of their thinking and ambition they can bring to your team and should be consistent with what they value and the other jobs they are considering. Is this what you need / want?*
- In which popular segment of opportunities, if any, would you defy conventional wisdom and stay away from investing? *This shows independence and thoughtfulness regarding investment.*

How can you test their imagination?

- What would be a game changer in their current job / business? *Assess their ability to look beyond conventional wisdom.*
- How would they define the job they would pursue if the current position was not open? What if their position was open at their favorite startup? *More detail and more exciting ideas say something about the candidate and what they value, think about, etc, whereas answers with no detail behind them is a bad sign. "I will think about it and get back to you" is OK, as it shows a more thoughtful person.*
- How do they answer questions they don't know answers to? *Pay attention to whether they make up an answer versus be thoughtful.*
- How well do they think on the fly in new areas? *Find out whether they focus on key questions to find out about (good sign) versus just blurt out answers (bad sign)*
- How do they make decisions? How do they make critical decisions in each job? *Discover whether a consistent pattern emerges.*
- Do they take responsibility for failures? Why did it happen? *Accountability is key.*
- How local or global is their thinking?
- When have they shown leadership in a non-obvious situation? *Determine how subtle or sophisticated can they be.*

What do you think about their judgment?

- How did they work with "hard to handle" people?
- When did they make a bold decision? What do they consider bold?
- Are they driven by gut instinct or process? Do they know when to use each?
- Are they able to make both process-oriented and rapid-fire decisions?
- Who is the best person they have worked with at a variety of levels (e.g., CEO, CFO)? Why? *This informs you what they value.*

(vii) Assessing Past Performance

Judging a candidate in each of their past roles is hard. All too often, I hear “I did well” or “the circumstances were bad,” or “I was working with a bad strategy / boss” etc.

How do you get to the story behind the story?

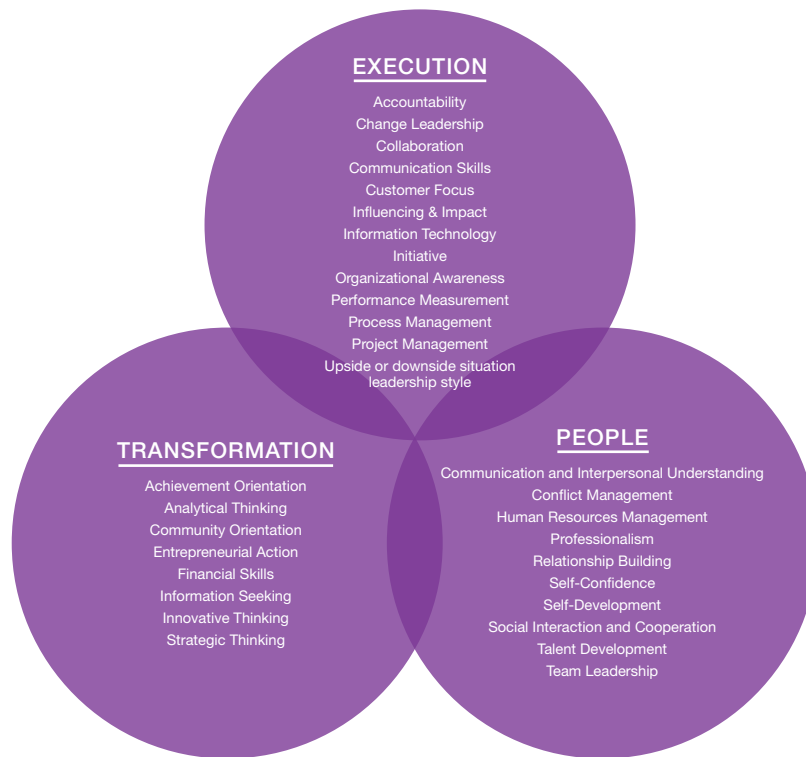
How do you keep your biases from interfering with this assessment (as the receiver can be just as biased / error prone as the sender)? Consider these areas of exploration:

- Discuss frustration or satisfaction with each situation or job they’ve been involved with. Reasons for change indicate what is important to the candidate. Try to get to the truth about why a candidate did not like or was not liked in their previous role. This approach needs subtlety / indirect questioning in questions to get to honest answers.
- Look for hints of what a candidate’s superiors thought of them. What do they think of the boss? Who got promoted and who was given greater responsibility? Why not this candidate? Getting promoted is usually good but can be bad, depending upon that situation and your requirements.
- What was the career trajectory of the peers who the candidate admired? What does that say about the candidate? How did candidate work with peers they admired or did not admire?
- How many people can the candidate get to follow them? This may signal how good they are or how good a team leader they are (which are different things and appropriate at different stages of a company). The best reference for a person is through team members following them to a subsequent job or a boss pulling them into a new job. A candidate who did not bring a lot of team members along to a new job probably is not well liked or did not build a great team under them. I ask the question “who did you hire into your new job?” for each position a candidate held.
- How much ownership do they take or do they follow the blame game?

The track record of a candidate is generally obvious. There is valuable learning from being part of success but a separate learning from what a candidate accomplished versus what others around him accomplished or where the candidate got lucky being at the right place at the right time. *Remember, you are looking to determine what role the candidate played in a success while also determining how much they learned from that success. Again look for “show” not “tell.” What specific examples can they give you about their contributions (can this be verified by references?) and their learnings? Remember that success has many fathers!*

(viii) Assessing Leadership Competency

Consider the following leadership competencies when asking questions:



(ix) And It's Not Just About The Candidate...

You're not there to simply ask questions and review answers. In addition to your evaluation, you need to sell. The interest-level of a candidate is directly tied to how much you sell the opportunity. You cannot delay the sales-pitch until after the interview! You want to know how a candidate behaves when they are really interested, trying hard and really want the job.

And then there's the tricky problem of perceived seniority. How do you conduct an interview with a much more experienced person? It is hard for a young entrepreneur to interview somebody many years their senior. You need to sell while evaluating them AND be respectful to get their defenses down. Keep in mind it is not easy to be interviewed by a less experienced and much younger person. Try not to make a candidate feel interviewed. Try to make them feel like you are selling them on an opportunity. Be sure to think about questions that are appropriate for somebody with their experience, background and biases.

Above all: be sensitive.

Also remember that you'll sometimes have to sell the opportunity before you actually interview a candidate — they may not be interested (yet)!

If you decide to progress to a second interview, do it after some reference checking. Try to probe into questions raised by the referrers and confirm key suspicions by asking about the same thing in a different way.

Other sources of information

Whenever possible, get copies of performance reviews from previous jobs. Ask candidates to submit these late in the process to make sure answers are not tuned to what is already in the reviews. Having said that, don't "over read" the reviews as your needs and their old situation may differ. Also remember that most big companies that conduct reviews (even small companies should but don't often do them) are not entrepreneurial and define jobs pretty linearly and are often political.

What do the reviews say? What does the candidate believe their boss / peers / direct reports would say they did well? How does it compare to candidates self-assessment of strengths and weaknesses?

Reference checking

Aim to conduct references with those names provided by the candidate, in addition to unsolicited references. It is often easy to ask a given reference “who would have a different or less positive view of the candidate?” or “who did not get along with / agree with them?” Ask for specific references — last boss, employee who has worked with the candidate the longest (maybe even went with them to another company), their toughest peer they worked with, etc.

It's simply too important to leave reference checking to a recruiter. I suggest you and your team conduct references and have a list of areas you want to double check. Each reference will be able to attest to only certain issues and be sure to assess who is qualified to give you an opinion and on which aspects of the candidate.

I often ask for three types of references (both for roles in which they performed well and performed poorly): peers, bosses, and employees who worked for the candidate.

When asking reference questions:

- People tend to give polite, generally good references. Dig deeply and indirectly. Look for what the referrer doesn't want to talk about. Respectfully get beyond the standard responses. Also look to characterize the kind of person the referee is. Is he always positive or always negative? How hard a grader? Polite or honest?
- How does the candidate compare with other employees? Is the candidate the smartest person on that group? Ask for examples and force them to show versus tell. It is easy for a referrer to say “he is smart” or “aggressive” but harder for them to give examples that illustrate the candidate is “smart” or “aggressive” especially relative to others. Lying directly about direct comparison is harder for people.
- Do the referrers' opinions coincide with what the candidate believes their own strengths and weaknesses are?
- Has a referrer kept in touch or had coffee regularly with the candidate? *Consider the social skills of a candidate — a candidate who did not keep in touch with a good boss (or worse does not know what they are doing) is signaling something important.*
- Why didn't they hire the candidate in their next job? Or keep in touch? *Think about what the referrer's actions, not just his words, say about the candidate.*
- Listen for what topics the referrer is not talking about.

Making the decision and following up

The following must be addressed internally to ensure a smooth(er) recruiting process:

- Who is responsible for making the hiring decision? Is it a single individual with others' input or a team decision?
- Who needs to provide input to the decision?
- When is the decision needed?
- How and who will contact unsuccessful candidates?
- Once the decision is made, who should be informed?

Integrating into the team

Once the offer is accepted it is critical that you begin to bring the person into the team. This will make dealing with counter-offers much easier and gets them excited and committed to your opportunity.

- Have a specific plan of who they should meet with on day one, first week, 30 days, and 60 days.
- Have a specific communication plan on how the hire will be announced — who needs to know and when?
- If appropriate, determine a mentor that can help guide them into their role and integrate with the team
- Determine specific “follow-up” points to share feedback on performance; it is critical to keep the lines of communication open to ensure a smooth transition

No one gets it right all the time

One final point on integration into the team: if it becomes clear that a new team member is a poor hire, it is important to quickly and decisively take action. A bad fit in a key role can be seriously detrimental to a young organization and it is critical to prevent this from happening, whenever possible. As I mentioned previously, no one gets it right all the time and even after thirty years of doing this, I still make these mistakes. The important point is not to let a mistake fester and cause unnecessary problems on the rest of the organization. In addition, it is sometimes useful to conduct a “post-mortem” to determine what went wrong in the process in order to try and prevent it from happening again (of course, the key takeaway of a “post-mortem” can sometimes be: shit happens).

Finally...

- If you really want someone, always believe a “no is a maybe” and a “maybe should be a yes”!
- Understand that post-offer follow-up is critical. Do it more than once.
- Prepare the candidate for resignation. Ask them, “*what will you do if your current employer offers you the moon?*” Many candidates are lost after they accept a new position. Prepare them for a “massive counter offer” and have them think through how they would respond to that!

A venture can only progress so far on the strength of ideas alone. I’ve seen companies with amazing products and killer ideas fail because of a weak leadership team; conversely, I’ve watched a stellar executive lineup transform mediocrity into unbelievable success.

Organizational culture is not created on paper. It’s a dynamic, living organism that evolves every time you add someone new to the team. Mistakes will happen, but the team should be cohesive enough to shake them off. Be unrelenting in your quest for the best possible employees who complement each other. It’s time-consuming and often challenging but remember: the team you build is ultimately the company you build.

APPENDIX: List of key questions to ask during an interview

Job performance:

- What were their key contributions?
- Where have they made the most difference in each job?
- What would they do over again?

Feedback from others:

- What did their boss think of their job performance?
- What did peers think?
- What did direct reports think of the job they did?
- What are their strengths and weaknesses?
- What would others say about you?

Domain Knowledge

- What do they think of other companies' strategy in the industry?
- What do they think of other great companies outside the industry?
- What magazines / blogs / news sources do you read regularly?
- Describe a problem in their functional area of expertise: What would they do? When? How long do they take to get to decide? Who would they ask for help?
- How much do they know areas that they did not directly work on?
- If they could have any job, which startup would they work for? Why?
- What business opportunity would you pursue if you got \$10 MM to invest in one startup?
- In which business opportunities, if any, would you defy conventional wisdom and stay away from investing?
- What would be a game changer in their business?

Hiring and Building Teams

- Who is the best manager they have worked with and why?
- Who is the best technologist that they have worked with?
- What do they look for in a potential new hire for these types of positions or prioritize in key hires?
- What is their "model" hire for a position?

- What do they look for or prioritize in a candidate or in each job they had?
- Who was their best hire in each job?
- Who was the most difficult hire they made?
- How much new hiring did they do?
- What kinds of questions do they ask potential new hires when they are recruiting?
- What kind of recruiter are they? Maniacal (good)? Creative (good)? Is their style of hiring similar to your own or different? Are they process-oriented? Do they depend on HR or recruiters (bad)? Are they aggressive? How good a salesman are they for new hires? How aggressive, persistent or imaginative is the candidate?

Motivation, Thoughtfulness and Critical Thinking

- What do they look for and what do they worry about in various direct and related businesses?
- What are they most proud of in each job they had?
- Have they jumped to new areas? New companies? How risk-averse are they?

What they value in a position

- If this role wasn't around what would they ideally look for?
- What other jobs are they considering? Why?
- What other roles are they / have they considered? Which ones did they like? Why?
- Which roles did they turn down? Why?

Performance in new role

- What would they do in the first 90 /180 days of this job?

Work Style

- What is the hardest they've ever worked? Hardest job? Do they fire people when they need to? How much do they care about the firings?
- How do they handle a crisis? What crisis or difficult situations have they been in? What did they do?
- When have they fired people or motivated people, and what are the stories behind them? What are their greatest achievements in each job?
- Describe a problem they've had. What did they do? What would they choose as a do-over in each job? How long did they take to get to a decision? Who did they / would they ask for help?
- How would they define the job they would pursue if the current position was not open? What if their position was open at their favorite startup?
- How do they answer questions they don't know answers to?

- How well do they think on the fly in new areas?
- How do they make decisions? How do they make critical decisions in each job?
- Ask them to describe a time they took responsibility for a failure? Why did it happen?
- When have they shown leadership in a non-obvious situation?
- How did they work with “hard to handle” people?
- When did they make a bold decision? What do they consider bold?
- Are they driven by gut instinct or process? Do they know when to use each?
- Are they able to make both process-oriented and rapid-fire decisions?
- Who is the best person they have worked with at a variety of levels (e.g., CEO, CFO)? Why?