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ALCHEMIST ACCELERATOR

ACCELERATOR FOR ENTERPRISE STARTUPS

Advisors / Visas / Hiring

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WORK-IN-PROGRESS: A WARNING ABOUT THIS "RESOURCE GUIDE"

This resource guide is a work-in-progress. It started as a repository of many nuggets of wisdom or snippets of content / links we wanted to store. And one day we put the "resource guide" label on it. But like a toddler whose lego creation has gone out of control, at times, we have also created a resource guide that has content that should be pruned. If you can dig a bit and be patient with the parts that might appear unscrubbed / should be culled out, you will find some golden nuggets and resources. We are working on creating a more coherent strategy around packaging our education pieces.

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Resources

- **Google Drive**
  - Materials - Including Decks from Past Lectures
  - Email Templates
  - Legal Docs
- **FAQs**
  - https://intercom.help/alchemistacc/collections/1798649-advisors-visas-hiring-faqs
- **Videos**
  - HR & Employee Benefit Webinars, hosted by TriNet: http://www.trinet.com/resources/webinars/
- **Articles**
  - A16Z Comp Data
  - Angel.co Salary Data
  - Guest Post: Transparent About Equity by Nathan Parcells, eShares
  - https://www.businessinsider.com/a16z-data-startup-executives-salary-equity-bonus-pay-2018-9
  - https://medium.com/swlh/how-to-hire-effectively-in-a-startup-133f752a8a0f

Education

lEarly Hires

For early hires, before you think about equity make sure you understand what a good hire looks like for the role you are hiring. Go out and meet other people who have that role at other companies that your peers / friends think embody the perfect person for that role. Meet with them and ask them what you should look for in hiring someone like them. And get a sense of the personality of that type of person. Meet high performing Growth Hackers, if that is what you need (ask you friends for recommendation). Meet high performing Designers, etc.

You can find these people by tapping into your personal networks. At Alchemist, reach out to technical founders using the mailing list: hackers@alchemistaccelerator.com.

Also, Search connections database / mentors network. Find 3 all stars and invite them to be advisors and work on a short term project with the goal of possibly converting them to full time hires in 2 months or so

Once you've figured out what the perfect person for that role looks like, this is how you should

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think about equity. First, start with what you think the person's role will be sustainably in the organization. Post-Series A / B, is this a truly sustainable VP, Director, Manager, or Individual Contributor? Today, they may be a VP / C-Level exec by virtue of your size. But as you expand and hire functional experts, will they sustain in that role?

Keeping this in mind helps with ballparking. There is good data on what post-Series equity allotments are for different company roles. You can look up on the under Google Drive > Resources > Advisors/ Visas/ Hiring > Compensation Studies > A16Z Comp Data, as an example.

Start here. If you think this person is TRULY a VP level hire post Series A, you are looking at 1.5% equity POST SERIES A, with a competitive cash offer. If you think this person is TRULY a Director level hire POST Series A, you are looking at 0.75%.

Then add a premium for being pre-Series A. Typically it's around 3x the Post-Series A comp levels. So, for a VP level hire, it would 4.5% equity. For a Director, 2.25%. Why 3x? Well, with dilution alone from the Series A, you will typically dilute your equity by half (Investor dilution plus employee pool expansion). So that requires you to double the post-Series A values. Then, add an additional multiple because of the RISK of not raising capital plus the fact that before you raise, the role will likely be more involved for that hire -- requiring them to do things that might not be asked after the company is more stable. Hence the 3x, but there is not a hard rule here.

The next factor in deciding equity is how much cash you need to pay them. The above equity positions assume a market competitive cash salary, which is generally NOT the case pre-Series A. Try to figure out what you think is legitimately market value, and what you can afford to pay them. The discount between these should be added to the equity figure as if the new hire were "investing" in the company by forgoing part of their market-competitive salary. You can get market competitive rates from the comp study. For example, a Director-level hire typically makes $170k post Series A. If you can pay $90k for the hire, that's $80K of foregone comp.

Come up with a realistic valuation for the company. I would say most pre-Series A's "realistic" valuation is $2 million. But you need to decide what is objectively right for your company at this stage. This isn't the valuation you will raise at, it's the valuation today.

In the above example, if it's $80k of foregone cash divided by $2 million valuation, that is 4% of equity (if the person were to invest that cash at this valuation). Technically, if they were to invest it would be preferred equity -- and they will be getting common equity -- but it's not needed to get into that level of detail here. The spirit of this is that there should be a premium in the equity

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comp for cash deferral.

In the above example -- if you were to bring on a TRUE Director-level hire and could pay them $90k -- it's reasonable to give them 6.25% of equity, much of that is due to the cash deferral (which is significant because we are assuming you are a very early company at a $2m valuation).

*Note: All of this is subject to a 4 year vest with a 1 year cliff.

You can also use this to calibrate up / down the package by having them self select cash / equity packages. (If you need to work for this much cash, I can give you this much equity. If you want to bet more on the business and can forego cash, I can give you more equity.)

Co-Founders

At one level, co-founders should be viewed as early employees who can forego cash, and you can use the above methodology to arrive at equity levels given that.

However, co-founders are more than that - they should be your partners in building out the business. If you are strong technically, you want to find a business co-founder who is as good at the business as you are in the technology. They are your true partners.

As such, the range for co-founder equity can vary between a VP-level hire + a couple percent premium to equal equity to you.

If your co-founder is joining you after you have invested significant time in the business, you should separate out the equity you deserve for having built the business to date, from the equity you will get going forward. The latter piece should be equal for a true co-founder you want to bring on. Dropbox started like this. Drew got a premium for all the work he had done to date, but brought on a co-founder and they split the remaining equity. This is not an exact science.

The title "co-founder" is applied liberally. It typically ranges from at least 5% to up to 50% of a business. You can also give someone a title as a "Founding Engineer" for a first time hire.

You can always up someone's equity later if they overperform, it's very difficult to reduce. So you can also establish a check-in point 6 months post start to reassess the equity packages if there is disagreement.

Team in Regards to Fundraising

How does one play the team game? Do you show commitment to investors (i.e. people LOIs),

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bring people on (i.e. pay less) or have you seen another approach be successful?

A: The best companies have co-founders that will sacrifice pay because they believe in the mission of the company. This is the true answer -- you need to first test your vision by selling co-founders to join you. That really is the litmus test to see if you have a compelling vision, and someone who is truly of co-founder potential.

As you know, if you tell an investor, if you fund us, the team will join, it's damning because it signals that the vision of the company alone is not enough to get the co-founder to join.

And so, ideally, you bring on a co-founder, on a vesting equity schedule. You should be able to explore fundraising potential in as little as 3 months and so that co-founder really should have a signal on the viability of the business from a fundraising basis based on the team in 12 weeks.

This is the truth. If you can't do that, here are alternatives:

* Figure out the minimal cash needs of a founding team member. Give them options between equity and cash, but make the tradeoff significant for taking cash. Raise a small angel round to support a team for 6 months, and bring on founding employees. You can do this normally with a $250K raise based on you / your background / your traction. Once on board immediately focus on fundraising based on the team and aim to get that closed in 12 weeks.

* Bring on a technical or business advisory board of equity-comp'd only star talent. The goal with the advisor is to task them with a project to see if they execute and you like them. If they do, when you meet with them (say every other week), you should also be selling them on how great the company is doing, and then by the 3rd meeting, tell them you are looking to bring someone onto the team and see if they want to join.

* If you can pre-sell a customer on a vision, that sale can bring on team members to fulfill it who you can parlay into founding employees.

* If someone needs to make cash but is truly committed, you can have them work a side job and have a story for the VC who will diligence. Valid stories can be for Visa or Family issues they need to make an income, but they are fully committed to the company and working 30 hours per week, etc., on the side for the company.

* Execute. If you have compelling sales, the team will still be relevant, but less so b/c you will have evidenced the ability to get things done.

There is not an easy answer here, but really just focus on raising based on what you have, then bring on whatever resources you can and raise further.

Vault Mentors

You can reach out to the VC Mentors on vault for honest advice here.

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Splitting Up with Founders

If you want to layoff an employee, you need to follow HR law, but it is a fairly straight forward process. The main things to keep in mind are that you are responsible for vacation pay that may have accrued and payroll taxes. You want to make sure you have the cash to cover that (especially if you are winding the company down) -- otherwise the board members are personally liable for that expense.

If you want to split from your co-founders, it can get more complicated. We of course don't wish this upon any of you, but wanted to discuss it here. It is an emotionally involved process. In general, once you form a board for a company, the board (which is generally controlled at the founder stage by a majority of the common shareholders) decides who are the key executives of a company. And so the board can vote to let a key executive / co-founder go. Hopefully, you have already placed all co-founders on a vesting schedule -- so the company will not lose significant equity if this happens.

This is one of the reasons why it is critical to place everyone on a vesting schedule early, especially when you feel you don't "need" to. When you need to, it's much more difficult to have this conversation.

If you have not placed each other on a vesting schedule -- OR if you are in a situation when you have equal co-founders / no one controls a majority of the board -- you will need to get the other co-founders consent to an exit package. Ideally, they should release all claims with the company in exchange for some agreed to compensation.

If you cannot reach an amicable agreement, you may wish to have all co-founders sign an agreement giving everyone equal access to the IP / assets in the company to date, and then go forward with separate companies for each of the co-founders, and release all claims to one another.

If someone is not the right fit, in my experience, it's best to make the decision early (especially if that person is earning 30+ basis points / month).

To make it elegant, you can transition that person to an advisor of the company for a token addition of shares to keep that person in good standing and/or keep that person engaged if it's needed for completion of a short term project. But I would free yourself up ASAP to focus on bringing on the right talent. In my experiences, product architectures are extensions of the

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mental models of people who build them. If that person is not staying on -- and someone else will be inheriting that person's work -- my guess is they will be more effective if they could build the structure from the start. I think you need to focus asap on finding that person.

To avoid the same mistake twice, you can bring people on now as technical advisors, task them w/ a short project, see if you work well together, and if so, sell them on the company and let them know you are going to be bringing on a full time hire and see if they know of anyone / if they want to join.

On fundraising, if an investor will only invest if you have a technical lead, I don't think it's worth it to do a bait and switch. You can still raise from people who understand the market and have confidence in your leadership.

Let me be clear -- It is not usually easy to find a technical lead / founding employee. But it is worse to let someone who's not a fit fester.

And re: doing the transition in a dignified way, if you are feeling the lack of fit, that person very well may be as well. And honesty can work strikingly well. I would just explain your intention -- you value that person's time and don't want to put that person down a track that won't work out. You value that person's perspective and want to keep that person engaged as an advisor going forward (that can also allow that person to position the leave as a shift in directions from when that person started and that person's still on good terms, etc. with you).

And take care of yourself emotionally. Schedule time for you to recover after the talk -- even if it's just taking a break out of the day, etc. Breathe and go through it.

Splitting up with Employees that have been with the company a long time

Here are some options:

* We can ask if our legal providers would be willing to do a pro bono call and answer some high level questions. There may be conflicts however, if our law firms also provide counsel to the company you're trying to exit.

* Secondly, we have a bunch of legal experts in the vault that you can reach out to and set up time with to get their advice.

We actually have 2 founder CEOs -- Mike from Cryptomove and Russ from Clarity who are former corporate counsel lawyers and now current CEOs. They would probably know best practices here.

* Thirdly we have a network of freelance corporate counsel that charge hourly rates for help. They might charge a fee. You can see the full list here.

In our experience, when you leave you normally will sign a release of claims to the company and in exchange the company may give you a sweetener of compensation or equity and that release is an opportunity to tie up any questioning issues around your stock. But if you stock

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plans are all standard and clean, you should be fine. The only issue normally is you need to buy your shares within a short window after leaving if you are 83(b) elected or you lose them.

Here's some steps on the process:

- Get a good attorney (not to represent the company, but to represent you)
- Figure out what everyone is entitled to -- vested stock, past wages (if applicable), bonuses, board positions, etc
- Get all supporting paperwork
- Figure out who is staying in the company, or if the company would dissolve, or what -- this determines how to manage the situation with investors, employees, customers, etc
- Agree on a timeline to sort everything out, and a common/cool language to explain the split/separation
- Put all paperwork in place and sign it

Expect this to take ~4 months if you instruct your attorney to negotiate heavily. Try to get your attorney to agree on a capped fee ($5k) and that if you go over that amount your attorney needs to consult with you first. Also get the attorney to agree to deferring fees until you get paid by the company.

Separations are often emotional (just as running a startup!) and the best piece of advice is to get an attorney to handle the back and forth. If you have a great relationship with your co-founder this might not be a great idea since they would feel offended for not being able to have direct conversations and instead having the lawyer in the middle, but if there's any chance that things can go wrong, a very professional lawyer can make sure that the process is smoothly and that it's all about business and zero drama. Spencer Markel from DLA Piper comes recommended.

A Note on Pricing Common Shares

Q: A founder needed to fill in the common stock share price for his company for grants to advisers, including Alchemist. The founder has not raised any capital besides the Alchemist SAFE (which was at a $6m valuation but a very small check). The company is still pre-revenue, and very small. The original price on the common was negligible (e.g. $0.000125 / share or around $1000 valuation). For a cash strapped company, is there guidance on how the founder should price the common, assuming the company is still very early (pre-revenue, 1-3 FTEs, no funding except maybe $60K from Alchemist and others?)

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A: The short answer is the advisor grants should be priced at the founder stock price. To use a different price, you would need a valuation, and given the size and stage of the company I suspect the cost of same would be unjustified. However, this question is worth discussing with a specific advisor or lawyer to the company, particularly since it involves tax issues, so my answer certainly has that strong caveat and this is not advice for any particular person or circumstance.

The Board of a company sets the Fair Market Value (FMV) for its stock and must exercise and undertake that responsibility, but in my experience, companies that are very early in their lifecycle as you noted below continue to set their common stock FMV to a low number that is at or near the FMV set at the founding of the company. The company might raise it marginally once they have raised some seed funding. There is some risk that the IRS or state or local tax authorities may find that the FMV for the stock issuance was too low and establish a tax liability for the individual and the company that is based on the spread between the price determined by the company and actual FMV, but this isn't an area where we've seen a lot of enforcement activity in practice (it doesn't mean that won't change in the future however). If the company's stock has a par value, the price per share for a stock sale cannot be below its par value stated in the company's certificate of incorporation.

It is also important for the Company to understand that stock options are subject to IRS code section 409A and so we typically advise companies not to issue stock options until the company has paid an independent third party valuation firm to prepare a report for the FMV of the company's common stock (usually $1-3K). Prior to that time, we typically advise companies to only use restricted stock grants, which are not subject to 409A. Unless the restricted stock is purchased for cash however, the value of the stock is taxable to the recipient and if the recipient is an employee that value is subject to withholding tax analysis.

CREATING YOUR BOARD OF ADVISORS

There is very little correlation between how much equity you give an advisor and what you get out of them. The two things which do correlate with whether you get a lot out of advisors are: If they invest their own money and If you are structured in creating a process around managing them.

In terms of structuring arrangements, I would first see if they want to invest. I would take any amount of investment, since it's better than giving equity outright (if the investment is in the form of a friendly note). If you do need / want to give them equity, my heuristic for an advisor is that the equity grant is the same as that of an individual contributor engineer. With this exception: I would reduce the term (and thus size) of the grant. It's very tough to fire advisors. It's far easier to put them on a smaller vest schedule (e.g. 1 year, or even 6 months), and just NOT RENEW if things are not working out, but do renew if things are Working Out. Founders Institute puts out these guidelines and a standard agreement for advisors. (Again, I would advise you to give as little equity as you can get away with -- since I don't find it highly correlated with results). While advisors will be of different types (e.g. some you just want primarily for branding and contacts; others for real operational help), the way I like to

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structure advisor arrangements is to first have them tell me what they can do for me. Then, I like to put my own milestones against what they say they can deliver in. And then structure the arrangement so that half of the equity I would allocate for them will vest with time. The other half vests upon accomplishing different milestones tied to goals they say they can accomplish. There are sample advisor agreements on the Google Drive folder here: http://bit.ly/1R9yGsv

FAQ:

Q: Would you recommend Ross (Fubini, former Partner at Canaan Partners) as an independent BOD member? I like him and he's interested. I'd see him as a consigliere type of role -- we would meet weekly. He's stepping off Canaan so will have capacity. Should I see his interest as good or bad - because he's not also an investor? He's essentially what I would want in an ideal investor. So in a way, I'm separating capital from advice by getting [current investor] + Ross. Overall intelligence + pattern recognition is strong. That comes from investor / non operator role. Has CTO/founder background with an exit so is empathetic. Experience advising Radius, Palantir, Beckon (board) is very relevant.

I originally thought I wanted a founder /CEO. I've met some good ones. Actually, Lyle Fong is the best of those (who I reconnected with thanks to you). He's also interested in being an active BOD member /advisor. Cons are that he hasn't exited. Could be too visionary / going big type? More importantly risk is he could lose interest. But awesome guy. Smart and wise as hell.

The third guy who is also interested in an active role is Chris Lien (Marin founder / chairman). On paper he's exactly the right guy. But I think he's too recently a CEO. His listening skills aren't as strong. Keep on skipping scenes of the movie. He wants to spend 2 hours a week with 5-6 companies max.

What's market equity for BOD? If they're also an active advisor/coach?

A: The most important element when choosing and independent board member is making sure they have your back (and not the VC's) if a conflict arises between you and the Preferred Seat Holders on your board.

You can set up an advisory board if you want to bring someone on for advice and comp them as an advisor, and meet them weekly. Frankly, the board is not the best place to be totally candid about your business and seek advice. The board's first job is to decide whether to keep / fire you.

The independent is critical when the common shareholders and the preferred investors disagree and the independent needs to make the deciding vote. When does this happen? If there's an inside led term sheet, an acquisition opportunity, or when firing the CEO.

In these instances, you want to make sure the independent is loyal to you not the other VCs.

I like Ross a lot. He is not a typical VC. And acts very independently. That said, VC's often are

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more loyal to each other since it's a longer term game amongst them since they are on multiple boards together, and want to make sure they are cooperative with each other more than any one founder who may come and go.

Cash for board service is strange for private companies in my experience, esp at your stage.

The 1% over 4 years feels directionally normal.

I would try to vest 0.5% over 2 years if possible. Easier to renew if you like them than to cancel if you don't.

Legal Docs

1. Form of Founder Stock Purchase Agreement (Common Stock) – This is a standard agreement for the initial issuance of stock to founders after formation of the Company. Notes are included in the document to explain key considerations for certain provisions of the agreement. Most US taxpayers will want to make an 83-b election with the IRS within 30 days of the purchase of shares subject to vesting (consult a tax advisor for more information).

2. Form of Stock Restriction Agreement – This is a standard agreement that a founder can enter into to place vesting on his or her shares (or to change the vesting) AFTER he or she already has issued themselves shares. It is generally advisable for founders to place vesting on their shares because VCs will typically require it (and the VC terms will likely be more onerous than the founder would choose) and if there multiple founders, the company will want to ensure that all founders remain motivated to perform. Notes are included in the document to explain key considerations for certain provisions of the agreement.

3. Form of Founder Stock Purchase Agreement (Founder Preferred Stock – i.e., "FF Shares") - This is a standard agreement for the initial issuance of FF Shares to founders that want the flexibility for founder liquidity built into the shares. The terms of FF Shares provide that when they are sold by the founder in connection with a preferred stock financing they immediately convert into the same type of preferred stock issued by the company in the financing. This means that the investors in the financing can purchase the founder's FF Shares (which are then converted into preferred stock in the hands of the investor) and not feel a disincentive associated with purchasing common stock from the founder. The tax treatment of FF Shares is a bit uncertain because the IRS has not yet weighed in, but if the shares are issued at or near formation of the company then the current approach of most practitioners is that they work. From a tax perspective it becomes more difficult/complex to issue FF Shares after the initial shares of the company have been issued - an experienced attorney should be consulted at that point. Normally a founder won't receive more than 10-20% of his or her shares as FF Shares and they are typically fully vested as reflected in the attached agreement.

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4. Sample Advisor Agreement: http://bit.ly/1R9yGsv
5. Sample Consulting Agreement: http://bit.ly/JJ7IuU

Alchemist Talks: Notes - Needs to be Turned into Main Content

Brendan Browne, LinkedIn - Hiring and HR

What's your story? How are you going to pull people into your story?

Are we telling the same story? - making sure all teams are promoting the same message

Create awesome experience for potential hire, like going to a hotel
- how you send updates
- traffic / directions
- videos
- make them feel special
- goodie bags

Candidates are your customers!

Are you showcasing the product?

Use NPS for recruiting

Are you clear on who you need to hire?
- really know the spec of the new hire
- create interview panel, have everyone focus on different parts of the interview

Things to Avoid:
- interviewers need to aligned
- do not ask the same questions

Recruiting Operations & Sourcing
- Hold managers accountable, 30% of managers' time is dedicated to hiring

Never cold contact anyone…Always try to find connections into contact

University Recruiting
- hiring interns are key to bringing in new talent
- Target universities

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- Sourcing
- Faculty Engagement
- Student Groups
- Alumni
- Competitions

Document your Mission, Vision, and Values

LinkedIn Tips
- Your Teams Profile = Your Company Brand

Seth Page - UniKey COO

- Many types of partnerships
- Cross border partnerships take time
- Hire locals in international area to build relationships + languages + regulations
- Have to have skin in the game
- Find the win/ win so both parties can walk away with something
- Always be professional and stay friendly, maintain respect
- Don't get greedy on terms
- Trust your gut, pull the thread, do your own diligence
- Money as a singular goal is not enough of a win-win
- Be very strategic about your partners
- Hiring senior big guns doesn't guarantee success
- Don't expect others to close for you
- To go big, go global, but don't go too early - dominate "at home" first
- Sector funding is cyclical
- Funding cycles matter
- Understand your sales cycles, time to close, resources needed
- Selling to regulated industries is tough, expensive, and a long game
- Be ready to pivot when markets turn and customers dry up
- Partnerships require diversity and volume
- too few prospects and one major hiccup can kill your year
- BD and sales require resources and support to thrive and deliver
- budgets matter
- Timing is everything
- Map out and understand all your partner channels

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Elaine Wherry - Meebo - Hiring for Startups

When you have a newly hired employee that doesn't work out with the company, it is a reflection of your companies hiring process.

"Bad hires":
-Waste time
-Lowers productivity
-Lowers morale
-Costs the company at least $250,000

<u>Top 5 qualities for a fast growing for-profit organization:</u>
Skills
Team
Adaptability
Results
110%

It is best to pick 3 of these 5 qualities when interviewing for a role. After interviewing, rate candidate from 1-5 on each of these qualities.
1:Is a recruiter mistake, if people rate as a 1 for the job then you need to change the job description or where you are posting the job ad
2:Ask the question, do they just need some coaching to become better at this skill or is it a different issue?
3-5:Good to go for hiring!

Adaptability:
-Can predict problems that might arise with a growing business and identify and fix problems before they become issues
-Can make difficult decisions with limited information
-Consistently develops new skills, researches new methods, and explores tools to do work better
-Can be depended upon to complete tasks outside job description as necessary
-Consistently grows and becomes stronger in adversity
-Has bandwidth to be stretched in their role

Examples of questions for adaptability:
Tell me about a time when you had to pick up a new skill with very little instruction?
Tell me about a time you had to start something from scratch
Tell me about a time where you had to make a tough call with limited information

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110%:
-Showing initiative, proactivity, and ownership over all tasks
-Taking initiative to raise the bar
-Going above and beyond
-Being responsible for your mistakes
-Seeing new potential for role and team in company
-Takes initiative to suggest new ideas, leans forward, inspires others
-Can be depended upon to complete tasks outside job description as necessary
-Seeks out new opportunities, especially during downtime

110% is NOT:
-A person who checks all the boxes
-Bubbly candidates who are really excited about your company
-A person who likes to do everything

Examples of questions for 110%
-Tell me about the accomplishment in your career that you are most proud of
-Tell me about a time you went above and beyond
-What's been the highlight of your professional career

Structuring the interview:
-Situation and Task
    -Tell me about a time when…
    -Ask about organization, their role, their goals, how this project fits in
-Action
    -Step-by-step, assume I know nothing and walk me through…
    -What did you do and what did others do
-Results
    -What was the outcome?
    -Where is it today?
During the interview you should talk less than 20% of the time, they should talk about 80% of the time.
    -Avoid personal questions during the interview.
    -Embrace awkward silence. If the candidate is silent, let them think. Don't ask leading questions and don't feel the need to rephrase a question. Just wait for the candidate to process and answer.

Elaine Wherry - Hiring 3/12/2020

Bad Hire Cost

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- Tech industry is about a quarter million per bad hire
- Bad hires tend to stay longer

5 Skills at a For-Profit, Fast-Growing org

- Skills
- Team
- Adaptable
- Results
- 110%

For hiring engineers. Choose 3 skills from the list above and ask questions to learn about them to learn about skills (110%, Team, Adaptability). Once you established skills that are the most important, evaluate them by rating candidates. (A person who is a 2.75 isn't really adding anything. This is how most organizations hire.)

1. Unqualified. Fails the phone screen, unqualified. Recruiter mistake.
2. Qualified. Junior or needs improvement. A few blind spots, and will need some work
3. Talented. Goes above and beyond (Top 30%) - Makes sure they know it's a good review
4. Strong. Someone who can change the company.
5. Strong. Someone who can change the industry

Get data on candidates. Get as much data as possible by building a profile on 3 different axis that we chose. For example, you might choose these skills and rate the candidate the following: 110%=4, Adaptability=4, Team=2.

Ask yourself these questions if you ranked "2" on team and "4" on 110% and Adaptability

- How much time will it take to get the Team skill from a (2) to a 3 level for coaching (this will take about 1 year of work).
- Is it worth 1 year of work? You probably aren't going to add another weak team member
- What if the Team skill is ranked 2 because this is a college graduate? This will mean that this person hasn't had experience developing and working with a team. If this person has 25 years of experience and is ranked a 2, you should not make an exception.

For a low 110% do not coach or compromise, instead ask questions. The best indicator of future success is previous success (must be recent). **Instead of asking to describe, turn your interview question into a story question.**

- (Weak question**)** What would you do in your first 90 days in this role? (Story question**)**Tell me about the first 90 days in this role.
- (Weak) Are you willing to work really hard over the next few months? (Story Question) Tell me about a project you went above and beyond?

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Hiring on team skills:
Think about a situation you worked with a person that was challenging, circumstances that lead to complexity. What are the questions you would ask that person today in order to prevent working with that person who lacks team skills. This is to prevent hiring that character on your team.

Example of a team skill question:
- Tell me about the last difficult conversation you had with a teammate?
- Tell me about a time you proactively helped another person?

What is adaptability?
Think about a time wh
en a person was not adaptable. What was it like? What made that situation challenging?Answer: The person had tunnel vision and being able to scale was challenging.

Example of an Adaptability question:
- Tell me about a time when you were particularly busy and had to change the way you normally handled your work.

What is it like working with someone who doesn't give 110%?
What was the challenge working with someone who didn't give 110%? Why was it so difficult? Answer: Delivering late, giving up when it gets hard.

What is 110%
Showing initiative, proactivity, and ownership over all tasks.
Example of a situation question giving 110%
- Tell me about the accomplishment in your career that you are most proud of.

References 1-5 scale
When asking candidate references, companies are concerned about legal liabilities. There are ways to ask to pinpoint weaknesses.

- **Example on how to pinpoint weakness:** We would love to work with Lee. I want to tell you about the role. Would this be an ideal role for Lee and why?
- **Example question**:"How would you rate lee?"
- **Example of probing question:** When you think about coaching conversations, what kind of environment will this person be the most successful in, what happens if I don't?
- It takes a recruiter 1 year to be good at their role. Average process to fill a seat takes about 2 weeks.

What if someone isn't working out?

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- If someone isn't working out, create a performance improvement plan.
- Goal for this is to take steps, turn around, and re-evaluate. If it's not a good fit for either of us, we can rewind this gracefully and elegantly.
- 3 out of 4 turn around and are in the company for many years.

Madison Campbell - How to Manage Remote Interns 5/21/2020

Hire Interns

- Leda's monthly burn is $8k and they have 40 people working for them. Because of interns.
- Every major employer has canceled their intern programs – now is the best time to get student talent.

1. Recruiting
    a. Tailor your job descriptions and the actual position to Gen z
        i. They'll looking for ownership
        ii. They want to work with the CEO, if they're going for a startup
        iii. They don't like required hours – they like to work on their own schedule
    b. Leda uses Indeed primarily
        i. Don't pay for a job posting site – you don't need it
        ii. LinkedIn allows you to post internships for free during COVID
    c. Use an assignment, a hackathon, and or a rapid fire 15-minute interview
    d. Don't hire them as an unpaid interview – has too many restrictions
        i. Hire them as consultants
            1. You have to pay them but it can be a tiny amount
    e. Leda lets people apply with a Tik Tok video
2. Integrating
    a. Assign them to a team – *and a team lead*
        i. Promote the good ones to team lead as fast as possible – less work for you
    b. Keep an organizational chart as you grow or you wont understand how you're organized
3. Building it out
    a. Understand their career goals and make that goal a reality
        i. Ask them what their career goals are
        ii. Interact with them outside of work
        iii. People join movements, not companies

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Q: Do some sources work better than others? Seniors vs. freshman?

A: One thing is that it needs to be a passion, as opposed to a way of making money. Personality is more important than their CVs.

Q: Do your interns work onsite?

A: They allow remote work but have an office so they can be onsite, as well. There's so much more that you can do when you have people right in front of you – productivity goes up. But Gen z does live online, so that's something to take into consideration as well.

Q: Have you hired folks from outside US

A: she did at one point but it didn't work out because of time zones

Jacob Hansen - Hiring 7/2/2020

- Background:
    - Business background
    - Spent 2 years teaching himself to code
    - Key skill is recruiting
    - Colbalt is a 100-person company, he has recruiting 50
    - He believes recruiting is the single most important skill for a CEO

- Jacob's Method for Recruiting:
    - Everything is based on company size
    - Look at company size and maturity at LinkedIn
        - Defines the candidate
        - Difference being CEO at a 10 person company from that of a 10k person company
        - You can proxy the skillset
- Most common mistakes:
    - Recruiting your first sales persons from companies that use playbooks – you want someone that's more scrappy
- Recruiting at different stages
    - 0-10
        - Co-founders do the recruiting
        - Need all scrappy people
    - 10-100
        - Managers or VPs do the recruiting
    - 100+
        - Everything is completely operationalized
- Learnings:
    - There needs to be a single responsible person for the hire

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        - This would be the CEO for a 0-10 company
    - Hiring is becoming recruiting – don't just rely on inbound, but go out and recruit
        - It's sales
        - LinkedIn prospecting, blurb, call, reiterate, close
- His recruiting method
    - Only reaches out to people that have been in their current role for 1.5 years minimum
        - When did they complete their masters? This helps get an idea of their career length
        - Look at role titles to see how many people they've managed
            - Also if you know the company you know the breadth of what they would have learned there
    - Reach out with a LinkedIn connection template
        - Social clues - If it takes a week to respond they're no good
    - Screening
        - He schedules 20 minutes because it can always be extended but if you need to call it early it can get awkward
        - He asks about what they know about the company and if they haven't researched he disqualifies them
        - For managers, they need to be metrics-driven and systematic
        - For directors / VP level candidates: "try to describe your qualifications in terms of numbers"
    - Next Convo:
        - "Why did you decide to take this call when you have so many other options?" They'll give you the universe they're in
        - "I would like to give you an offer – it we match up, are there other people that need to get involved in the decision?"
    - Closing
        - Everyone is hirable – just find out what they want
    - After the hire
        - Within 8 weeks you'll know if you made the right choice or not – often it only takes 3 weeks

Q: Response rates on LinkedIn?
A: 50 people, 10 calls, 3 to offer

Q: Views on remote work, distributed work, and benefiting from the geographic wage gap?
A: For the first 10-20 people, hire where you can. As you scale you would probably want to hire from cheaper labor markets – offshore.

Q: Are there any traits/skills/characteristics that you have found to be critical that you did not initially expect to be so important?
A: culture culture culture. AS Colbalt got bigger they determined their values and recruited based on those. He would screen for this by doing live technical exercises.

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Q: What questions did you ask to pinpoint strengths and weaknesses?
A: 1) He asks about the company to test their initiative in researching before the interview. 2) He asks them to describe their responsibilities in terms of numbers, 3) live exercises where he can watch them type in real time, 4) open the convo to small talk because what they're doing outside of work is a great indicator of their goals

Q: How do you settle if there's an internal disagreement on whether or not ot take on a candidate?
A: You have to value your team's opinions, and also understand and predict who they would appreciate as a hire. Its also an objective that they all get along and work well together.