

Class 1

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Class 3

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Class 4

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Class 1

Oh, my friend, so lame!

Hello! Everyone

realize you're you're leading us today. Good to see you, man! Good to see you.

Do you wanna laugh? You might cry, though I don't know.

I am leaving 10,000 coffees to go lead the North American sales team at Achievers years ago that you made so nice to Nice to meet you, Erica. I hope I said your name right, but I remember you. It's good to see you.

You did, you did. I'm gonna log in for my phone and listen for my phone because I have to be on like another. I need to be present on like another zoom call from work.

Yeah. Mark just joined us as well. Hello, so yes, we were just talking about this. This might be a kind of a lean crowd. But that is okay. We're we're gonna

do it for the ones that are here. Right? So almost better, because when there's too many people.

It's really hard to make it a conversation, and so we know that there's one part of the season where they'll always be a large crew like last time. It was like a hundred and something, and I wanted to do it at this point with a Lena crew so that we could learn to like, have a more interactive course. And so I really appreciate everyone joining hopefully, we can keep videos on and just make it a conversation.

Yup, so I'm gonna go ahead and just give a quick, brief overview. Really? Just some housekeeping. If you guys want to. You're welcome to drop in the chat where you're calling in from and your linkedin so you all can get connected.

alright. So

for those of you that I haven't had the privilege of meeting yet. My name is Emily. I am part of the learn team here at Pavilion and so I will be your host today. More than likely I'll be back again, but maybe not next week, so we will. We'll have a couple of us here. So but yeah, so welcome to week. One of building a Gtm leadership team.

just a couple of housekeeping things. So we do at Pavilion come from

a background, or would choose to come from kindness. So just be aware when you're in conversation and in the chat and also in your cohort groups. Just be mindful of that. To receive your certification. It's a hundred percent class attendance as required. You can also watch the videos back or watch the recordings back, and that will give you credit as well. I know we've got several that are that are choosing to do that route. So however, it is always

best in person, because then you get the conversation you get to ask questions and it's much better that way. So we love to to have you all here. And speaking of that, we love to see your your faces. It definitely helps our instructor to just see the faces of the folks that we have on.

Please feel free to come off of mute and ask questions like Assad said, just make this as conversational engaging in

as possible. You are welcome to put things in the chat. If you're multitasking, as we said earlier.

So if you have a question or a comment feel free to to drop that in the chat, and I will grab those for Assad, and make sure that he answers those questions as well.

alright if you need any help with anything, please reach out to me, on slack, or you can also send an email to learn@joinpavilion.com which more than likely I will grab that as well and respond to your email. So and make sure we take care of you. But with that being said without

further ado, I'd like to introduce you to our instructor and the course designer of building a Gtm. Leadership team. Asad Zaman.

He is the CEO of Sales Talent Agency. A leading recruitment agency focused on helping its clients build elite, go to market teams.

He's also Pavilion Ambassador CEO, and founding member of Pavilion. So we're super excited to welcome you, Asad. I think everyone's already kind of had the chance to chat with you. So I'm gonna go ahead and hand it on over to you.

Thank you so much, Emily. You're great. We appreciate the the jumping off point. Great to see everyone here, and friends from before as well as individuals that I'm glad to meet now and spend some time with over the next couple of weeks. So we're gonna jump right in. I appreciate everybody signing off with the course. The the premise of the course is, how do you build a global market leadership team?

The company scales from 50 from no revenue to about 50 million in revenue. And so we're not going to cover

publicly Traded Company and its internal dynamics. We don't focus mainly on that seed till pre-ipo stage.

So 50 million is kind of an arbitrary number. It could even be like some companies will be privately held till 100 plus 1 million. But it's more. The private Health Company side of things that we're focusing in on.

This is obviously the first class, and we hope that all of you build relationships with each other as well. That's one of the benefits of community led. Learning is those concepts and theories I get built on and reinforced amongst each other amongst us conversing. So that's the slack. And then there's just this every class. And so

we anyone who has a question. Just stop me, and we'll tackle that question as we go. I will create space for us to like flow through questions every couple of minutes as well. But if there's something top of mind, it's a it's not like 100 people here, so just stop it. We'll jump in. We'll chat through it. That'll be the best way to do that.

And so with that said, Let's actually jump into this.

The way that we develop this course is that this is an area that we spend a lot of time on sales.

Sound agencies been in this space for about 16 years. We've built water market teams for some believing companies out there and then, in preparation for this course, I took every course that pavilion has, so I watch the Ro School Cmo. School Cco. School. I spoke to individuals who are some of the best cros in the world. As well as some of the best trainers in the world. So there's a lot of yeah community knowledge that's coming together over here. And I'd love, you know, the always things we can improve on. So as you guys have.

throw them in. And with that said, we aren't going to jump in. So there are 4 sections to this course.

The first one is planning for success. That's today. And so we're gonna start here by actually defining the problem we're solving, which is that we need to make a lot of great hires, not a great go to market leadership hires who are then gonna make great go to market hires. And so what is a great hire is where we have to start. Obviously, we're going to discuss how global market team and its leadership team evolves as a company goes from seed to series A to series B,

and how some of those internal dynamics evolve between those stages.

We will at that point, then actually look at the market from a macro perspective. Because when we're thinking about building these teams, we don't build them in a vacuum, we build them in the market. So it's really important to understand what's happening in the world around us, to be able to log in on, who to hire what type of people to focus on, etc.

from there. The next few classes are going to be more tactical. So we're gonna focus on attracting the type of talent that we're looking for in our second class.

Our view on recruitment generally is that it's more of a science than an art. It can be done in a repeatable and predictable manner can be systemized. And so that's what we're gonna focus on in the first part of that class, taking a funnel based approach to building out these teams, as well as then talking about the different channels

that we can leverage to activate pipeline high quality pipelines, the pros and cons of all of them.

The third class is around choosing. So if we have good people to choose from, how do we facilitate the best choice possible? What's the system? We leverage their everything, from scorecards to interview processes, to hire and interview methodologies will be discussed there and then. The last part is, how do you equip these people for success. We've done the hard work we've hired them. Now, what?

And so those are the 4 sections.

Let's start with this. So a great leadership team requires us to solve for making great global market leadership hires consistently. And the key term here is great hire.

And it's important to start by defining what that means to us and to define it. I think it's really important to boil things down to its absolute, lowest denominator. The essential truth is what my CEO approach likes all these things. I share the CEO approach with Sam J. Troupe. Sometimes we get the same homework, and we get a bit sketched out. But his he's talks about the essential truth a lot.

And the reason why we have to define what we are solving for is that language was not on a one-to-one ratio.

What one person says and another person understands. There's always a little bit of a difference.

There was a course I took in university called Mass media and Communication, and the professor was one of the 2 professors. I actually remember he did this really interesting exercise. He made a room of 50 people right down the meaning of job, and then everybody had to read out what they wrote, and no 2 people wrote the same thing, and he's like, see? So on one to one ratio. And it was just a really powerful way to get the point across. And that's why in business we have to create a common language, so that at least we are creating a system that allows for us to be maximally aligned. And so that's what we are doing here

when it comes to

what a great hire is in. Go to market. Generally speaking, we think of 3 things we think. Think, think of strong performance. You can't think of a great go to market hire who doesn't have strong performance right? So the strong performance is almost self-explanatory. We're hiring people, their targets associated with it. We're solving difficult problems. We need people that can hit these targets.

The second one is positive influence.

And this is where you actually find that there are a lot of great sales. There are a lot of salespeople who would be great at performance. But we're actually a little bit toxic in our teams and or didn't add to our environment.

And that can create a lot of trouble for us later on. And so it's important to really think of of this component when hiring as well as when evaluating your current teams and saying, Do I want to keep these people do I want to promote them? What do I want to do here? So what is positive influence? It can mean different things. My favorite definition is by Vinod, a legendary investor. He talks about

hires who don't just make their own teams better, but they make people and other functions better. His favorite example is, you hire a CMO. obviously you expect the marketing team to be better because of that. But did the CMO make your VP of engineering better?

And if not, then that's not the best you can get.

I'm an introverted person, and so I might not contribute to culture the way an extroverted person might but I can still contribute to that culture, maybe more one-on-one interactions than you know taking people out for dinner.

And so there are ways for people to do it that are unique and authentic to them. But do they want to do it? Do they want to help more junior people? Do they want to collaborate with other people when there is conflict, can they handle it with kindness? All these little little things that ensure that our environment is conducive to group performance, which is really important when interest rates are where they are and demand is hard to generate, and sales is just generally a harder game.

and then the last part is grid tenure. Too often. Companies tell me I ask them, was was some of the greatest hires you've made in your total market team, and they'll tell me about a person that they recently hired.

I'm so excited about this person.

I think that person could be a great hire down the line. But unless and until they have good tenure in this role, it's unproven. Right now. Good tenure looks different for different roles and Sdrs. Good tenure for an Sdr. Is 18 months. The average time for promotion is 16 to 18 months, so if they've stayed in C for 18 months, that's good for an enterprise. Ae, You're looking for a lot longer, right? For Bp sales the roles you're looking for longer. So good tenure is not a constant across every function. It actually is a different number for different roles. But whatever that number is that you've logged in on for that position, it's only once they get there, and during that path to that they have strong performance and positive influence. Can you say that this was a good hire?

And so what we are hoping to do is as we build out automatic leadership teams is hire lots of people that down the line. We look back and say they would rate. Hi! That's what we're trying to solve for here.

Now.

when you think about a company evolving

from pre-product market fit to pre-ipo the company that needs to make lots of different sorts of hires, lots of broader market hires, and lots of leaders for that go to market team along the way. And so I want to just talk a little bit about how these functions evolve as you go through the various stages here.

And so before we look at it specifically. Some caveats. This is for sales like growth company, not a plg company.

These are what we see as benchmarks in the industry. But there are many variables that can impact what a go-to-market team looks like.

And so doesn't mean that this is exactly what plays out all the time.

The other thing is that these aren't standards. These are just the benchmarks that we see play out. So they give us things to think about. But when we're designing our all, we are designing for a specific company with lots of signals, qualitative and quantitative to leverage that might make us design something that looks a little bit different to this. And that's okay. And the last part is who we sell what we sell. Deal sizes and sales. Cycles have a huge impact on where we land within the specific ranges that you see under each of these sections. So with that said, Let's jump in. So see

what we are trying to do at the seed round stage is proof product, market fit. That's the only mission there. That's the main thing.

And so

we believe, based on looking at what has worked most often is that founder led sales is what should be happening here.

and the founder can have maybe one to 3 salespeople once they have had enough wins that they can hypothesize that salespeople could now do it. But they actually shouldn't hire a full time sales leader at this stage or a full time Cs leader or a full time marketing leader. That's our point of view on this.

The reason for that is that

number one. They don't have a lot of resources to go hire great people.

Great people come with a cost number 2. It's really really beneficial for the founder to have gotten the company to product market fit.

I think they're the best suited for that.

The third is the risk of a seed round company is very high. It's why seed drowned investors, when they get it right, have a hundred, sometimes 1,000 x return.

I think the return for

Sequoia on Instagram. Sedron was like a thousand heads.

and so high risk high upside.

It's usually too much risk for elite grow to market leaders to join that company, and the upside can't be enough, because the upside can only be theoretical equity becoming something, but actually cash wise. They can't pay really well. And so it's an equation that's hard to solve. And so what we usually say is

founders to founder led sales, use fractional leaders at this point as consultants and advisers, so that you, pointing your direction and your energy in the right direction with support. And as you have wins, hire salespeople, see if you can replicate this across them, and if you can, now you have a reason to go out there A, raise some money, and B go to a person and say, let's say this 3 person

team to a 20 sales team with elite performance. That's the problem a Vp of sales will solve for you. And similarly, marketing. And Cs at the series. 8 stage. What we're trying to now do is we've we've gotten product market fit. We've gone to investors and said, okay, we have product

market fit. Now, let's see, can this be a good business? Does that product market fit? All you can see is, can this be a business.

Well, now, let's see if this can be a good business and a good business needs good unit economics and needs to be able to sell what they've built in a repeatable, predictable, and scalable manner. And that's a go to market problem. So big part of the series a journey is go to market fit, can we get there? And so

what's going to happen is that you're going to have to stand up a team.

and that team is going to run intelligent experiments to try to get to that repeatability, predictability and scalability.

And so at this point, these functions increase in size. So you see more people within each of these units sales will usually have 7 to 10 reps. They'll have Vdrs. There might be some support. Cs now becomes more of a specialized function, whereas before most of our Sidron clients will have the same person doing Cs doing Demos like it's more of a hybrid position.

Now it becomes more specialized. Marketing at the seed round is usually external partners. Maybe you have a coordinator internally, it's still pretty lean. At the series. A stage, you know, you might have a couple of people in marketing. But you're still. You're spending most of your energy towards demand generation at this stage, less on branding. And you're working with external partners for a lot of the deployment of ad spend and creative, etc.

Let's say we've successfully done that.

Well, now you get to the series B stage. So you have product market fit and go to market fit.

Now you need to test that hypothesis that you have scalability in this motion, and so you don't raise some money, a lot of it. Usually, you know, there's a significant difference between an A and a B round.

And now you're gonna really try to say, see if you can scale this out?

Without it breaking. And so what you'll notice here is that these teams now start getting a lot bigger. Marketing will start thinking a little bit more about branding at this stage.

You have sales looking like more of a full fledged function, so technical sales is there. Rev. Ops enablement, etc. It starts coming together. The machine starts coming together, and then Cs, in this instance is

still under resourced and under soft. That's the reality of tech right guys. Because customer success has traditionally been an extremely under appreciated function, even though the purpose of a technology company with recurring revenue is the recurring revenue and so to deliver recurring impact is what allows you to have recurring revenue and customer success should play a big part in that slight detour. But I think important context. The world's first Cs team was introduced in the night in 1996 by a company called I Forget. It was with A. V. It was a Crm company.

and basically they had really high churn at the implementation stage.

And so they came up with this idea of a customer success team that was like a fire fighting team.

They would be deployed when they felt there was high risk for churn during implementage. and but they built it like a cost center.

Everybody copied them. What should have happened over time

faster than it has is that we realize that customer success should own more than renewals and success. They should own our upselling as well, and that makes them a profit center.

And then, if you think, if you structure it and think of it as a profit center, you resource it differently.

And so right now we end that moment where there's awareness that there's this better way to do it. But we aren't there yet. We're transitioning that winning by design and World market consultancy has led the charge in this conversation, and they have great material on this people to go and look into. We've worked with many of their clients. We've been brought into clients where they've done the strategy work, and we've helped them build their teams. And those teams perform really really well.

And so we believe that's where it should go. But the reality is we're not there yet.

When the pandemic hit in 2020,

56% of companies at the peak of the pandemic. When everyone was doing layoffs had to reallocate staff and to see us.

and 32% of companies had to go out and hire for Cs. Because at a time when churn risk was high, they looked at their teams and said, Do we have the right teams to minimize that risk. And the answer was No, and so they resourced it.

We usually learn that lesson when the market gets tricky. We have seen those conversations again now, because churn is high. Right? But will we hold on to that lesson? Is the big question mark. And so Cs is still understaffed under appreciated at this stage, usually speaking at the series C stage.

we now feel like we can take over the world because of the 3 problems we just solved. We saw product market fit. We saw road market fit. We tested it. We could scale it. We feel like, okay.

Now, we can take over the world. We could maybe own this category if we're creating one. And so at this point, you're entering new markets. You're introducing new product lines. You're opening channels. Product marketing is being done really well at this stage.

And the people that we are now hiring are those who thrive in an environment where a lot has been figured out compared to previously. We are hiring people that want to figure that stuff out and can thrive where there's more ambiguity.

And so that's a really important distinction between B and C till B, you need those almost Renaissance type of people that are down for this madness. And then, after B is done. You need people that want to play work, and they don't want this ambiguity. They want it to be a machine. And if it's not working like a machine that's super frustrated. And so that's a really important moment that happens between B and C.

The other thing is that

now

at the sea stage. You started thinking about the ideal. It's the conversation starts at C.

If you have expanded into the new channels and new markets, etc., effectively. At the C stage you'll get a D round

and at the D round. Your teams are much larger. You scale a lot with these C and B runs with significant 100 million dollar rounds, if not more.

And now you're preparing yourself to go public. And so there's a lot of there's a lot that has to happen for a company to be able to report publicly.

And so 2 things are happening. You're professionalizing yourself for the public markets and you're optimizing your key metrics so that you're

appreciated in the public markets. So you're thinking about capital to be different. You're thinking about your payback. You're just thinking about margins. You're thinking about? What is the market that we're in.

what is going to be appreciated. And how do we make ourselves that? And it takes a while to be able to prepare yourself. So you're bringing in people now at that D or E stage d could be e as well right depending on the public markets and the state of the market. Some companies, sometimes companies and grow public sooner in markets like this. They wait a lot longer. You're bringing in people that can thrive in a public market company. And that, again, is a bit of a different person to the one that strives at that growth stage intact.

So those are some things to keep in mind when it comes to hiring building out your golden market team. Or, generally speaking.

there are few lessons to keep in mind here. The first is, and these lessons have to do with minimizing the risk for back performance and high turnover to minimize those 2 things. The first thing you should really keep in mind is the concept of stage appropriateness.

Is this person appropriate for a business at our stage.

One signal that they are appropriate is that they have experienced these stages before, and they've enjoyed it

there. Another signal is that they have done the work to truly understand what this stage looks and feels like and are down for it.

This one is a really hard one, because it's very easy to read about being entrepreneurial in a book, and it sounds fun.

And you're from a big company with lots of systems and processes. And you read this and that. This sounds like a bloody party. I wanna get into that, and then you get in. And you're like, shit. This is what it means. Oh, my God, I hate this like, where's the support? Where's the infrastructure? Where's the bureaucracy? Where's the process? Right? So there's a high failure rate in people from very large companies to very small companies. Because of that.

the stages are so different, and life in those organizations is different. As a result doesn't mean that failure rate is a hundred percent. So we have to be open minded to people from there. But we have to dig deeper than oh, this person's down for an entrepreneurial challenge. We have to dig a lot deeper than that.

The second one is, do these people have experience with our deal dynamics. sales, cycles, deal sizes, decision makers, complexity. Are we selling against status quo? Ha! If the person has been used to selling against competing vendors with a big brand behind them to sell again. Status quo, with no brand huge shift.

And so what do these shifts lead to? High ramp up times? What can you not afford in a go to market? Leadership? Higher is high ramp up times because they're supporting reps. Reps. Don't have the patience for this person to learn how to support us 9 months down the line. And so you have to get those things right. So those are 2 lessons that we've learned to keep at the back of your mind

any questions on that

Asad. I was. Gonna so I definitely agree with everything you just shared. I think it's also and living what you were just describing, coming from a very structured organization with all the

tools, and then moving into where, I'd say somewhere between Series A and Series B I think a good reflection is, not only is the leader willing to step into this role, do they? Have they done it before? Do they have the entrepreneurial spirit? But I think it's also good.

either as leaders hiring people into these stages, or the founder CEO

of being self aware of their style and what they're willing to take on or change. And what rains are they willing to let go? Because I'll share that? That's been a challenge right where it's like.

because they've always done it their way internally, very entrepreneurial, not necessarily understanding or seeing the need to start putting some process in place, able to grow that and so forth. So I think it's interesting and important to understand the candidate you're bringing in. But also self. Reflect on. What are you willing to let go? Of? What are you willing to change as a leader?

100? What you said is really interesting, because I was just having a conversation with a founder about this, who

had Rev. Ops and enablement reporting into them.

But they hide a Vp. Of revenue, and it's like.

And that Vp. Of revenue had experience leading these individuals before, and was really good at it. And if the person has that experience is good at it. There's a lot of reason to just give them that function. It's supporting them. And the founder was unable to give up control, and he's a friend of mine. I was like you screwing this person up like this person is going to, firstly, have a really easy finger to point in case they're not successful because they'll be like you didn't give them the room to run. And you hired a person that had those skills. So why you holding onto it. You've solved the problem here.

Yeah, you have many other problems to solve. Give it up and go focus on those problems like, don't hold on to things beyond when you have to hold on to them. It's a really hard one for people of all sorts to delegate and give up right, because at the end of the day. Accountability, the ultimate accountability is theirs, they feel, and so they want control over it. And so I think both parties have to. One has to reflect, how much am I willing to give up?

And the other party has to really push and figure out? Will I get the space I need to be able to run. It's a good point.

I think, as you see, how this evolves, this is also interesting. So now we're going to look at the actual leadership teams.

As companies go through these stages. So we saw how like the overall team sizes would evolve right. But what's happening at the leadership level is really what we are focusing today's and the next few weeks on. So we spoke about seed seed is fractional leaders. That's the least risky way for you to have

leadership support with expertise, but without having to hire them internally because we discussed it just doesn't make sense. It's a hard to solve equation.

Once you have gotten from seed to series A,

our belief is that you should have functional leaders for each go to market function. So you should have a head of sales ahead of customer success and ahead of marketing.

and they should report into the CEO, who in this instance, is playing the role of Cr. And the reason for that is that this is a very hands-on moment. We have to develop and run these experiments and try to create repeatability and predictability in these individual functions.

So we need somebody who has the pure focus to be in the front lines with the team trying to figure these things out, rolling up their sleeves, etc. That means they have to be at a certain stage in their careers, and we need to focus them in on this one problem which is their problem to solve. And so we feel that what we've seen play out the best is at the series. A stage traditional series, A have a head or Vp of sales, head or Vp of marketing head or Vp of Cs. It's a to B big shift, because now you feel like you have repeatability, predictability, and scalability. Now it should become a total market function for which you have a chief Revenue office and that, and how the reporting works here is interesting cause I think the market still figuring it out. I believe the chief revenue officer should own Cs and sales and marketing should report into the CEO, generally speaking, but you at least have C levels in each of these functions. But the C-level and Cs might report into the C. Cro.

and then they at the series B stage have started hiring their frontline managers, and so they have.

And usually it's front line managers sometimes at the series B stage. If you are, let's say a more high velocity team, or you're just growing really quickly. You you're doing really well, and you have a massive growth. You might get second line managers at the B stage, but usually early B's is frontline managers and sea levels. And then at the serious stage, you're starting to get all the layers of complexity into the mix. You have front line managers, second line managers, etc., and then so on, and so forth. And so it involves a great deal in terms of how these teams should be structured. What type of leaders you should have, how many of them all of that involves a lot of companies, go through this stage.

The other thing is that

it's really important to recognize that in go to market that same words can mean different things based on the stage. And so just to reinforce that point to kind of hit it on its head. We decided to say, sales executive, just executive.

How does that person's life evolve

between these stages? So at the seed round. They're establishing value proposition trying to prove custom interest against pro product market fit at the serious B stage. They're clearly defining to go to market goals. They're creating a process driving metrics to achieve them in a repeatable and predictable manner. And they're trying to create a culture of performance and cohesiveness, which is really hard to do when everything is so ambiguous at that stage where they're trying at the serious B stage. Now, it's about building a highly capable and compatible pro market leadership team. And at this point you're starting to get super analytical about the types of hires you need to make and the overall systemization of your hiring machine

at the series C stage that same individual or the same type of those same words, the person in that role is now thinking of. How do I do the term? How do I make sure I have a repeatable, predictable, and scalable recruitment function, so that if I'm hiring 20 aes every few every 6 months that I'm hiring the right 20 aes etc., etc. So it evolves a lot.

Hey? Asad. Yeah, we have a question in the chat. Mark is asking how important is industry experience. And then, in parentheses, domain expertise when hiring for these various roles. I think

so. If this goes down to the point of relevant experience, relevant experience is what connects to ramp. Basically, you know, the more relevant you experience the faster the ramp.

if it's too relevant and the ramp is 0 days. That's a red flag, because it's a natural move.

and on the other end of the spectrum is around operations. You know. How much ramp can we afford?

And so, I think.

could a person who has sold into who's, let's say, can. Theoretically an Smb focused revenue leader.

late stage Smb. Adjust to early stage enterprise. Theoretically they can. It just might take a very long time, and we might not have that patience. And so then that becomes a thing where?

Okay? So what is usually the right way to think about this in my mind, it is deal sizes, sales, cycles, decision makers.

If they and usually decision makers means you're kind of in the rough area, you know. It's the same same segment of tag.

I think that that becomes really important. I think it takes a I think the shift between Smb to mid market is a significant shift. I think that Mid-market enterprise is significant shift and I just don't think companies have enough runway or patience, even at the board level, to hire people in leadership roles that figure all of that out.

Once you are way more advanced, and the market's more stable. Access to capital is easier. Interest. Rates are low, so sales is easier generally. I think you can become a little bit more flexible there. But the reality is this year, next year, hopefully just next year. These are environments that are really hard to be go to market professionals in and so risk minimization across the board is important. And I think in this instance, for them to have at least dealt with the data, sizes, sales, cycles, and the decision makers that we don't be selling into from an economic buyer. And influencer perspective is quite critical.

Thank you.

Wondering, like, Hey, if you were coming from a world where you sold, you know, to primarily the financial services industry. But now you're trying to apply same deal size structure, you know. Kind of. But now it's to devops like.

you know I see that as a barrier sometimes, but sometimes, if you walk the walk and talk to talk, you should be able to bring that over here.

I think the challenge is that let's say the deal size was constant, the sales cycle was constant, but now it's selling from, let's say, office of finance to the CTO or financial services to

technology companies. I think that's a pretty significant shift cause the buyer is totally different.

You know, their personalities are different. What they're optimizing for is different. And that's a lot to learn. And I think in the good times people have more patience for somebody to learn that in these type of moments there's just no patience for that, because it's just. It's such a tough market. It's like, you know, the the first time that net revenue retention averages dropped in the public markets was, and of this year.

and those companies were really resilient to some extent like this bucket of about 60 cloud companies, and that's dropping new AR is down.

Private market fundraising is hard, like product just released a bunch of data on the fact that you know this. This is the highest jump they've seen startups growing bankrupt. And so in this market I just I don't think that founders boards, or even a cru looking to hire their front and second line managers has the appetite for that.

So

the next thing I want to touch on is just this chart a little bit. Most people probably have seen this. Anyone who doesn't know what this is.

This is our triple, triple, double double double

double charge. Right? So this is kind of what elite level growth for a tech company looks like.

And you can see all the companies that in the past have done it. This is what most people are really aiming for, right? Like most

companies, tech companies that have been venture funded at least by tier one and tier 2 Vcs, this is what they're trying to activate. And I think the thing that I want to just point out over here is the fact that this is an intimidating slide to me.

because I don't think ever in history based on my research, have there been so many companies trying to grow at these rates before.

like, maybe there were one-offs here and there. But this is this is a unique thing, the way that tech companies are growing right now is kind of unique.

And so.

or trying to grow. And

there is a level of Magnus that happens when a company is going from. you know, trying to grow 3, 200 300 200 300% like that type of growth

year over year creates anarchy internally, in a way. And so a lot of the job of a of leaders in that organization is trying to create order from chaos because kios will happen. You can't grow at those rates, and everything is working well. And I think so. That's the first thing that just sticks out to me is that if you, in a company that has

that type of trajectory. Be down for anarchy a little bit, and know that your job is to create order from chaos. But there'll never be a moment where you won't feel there's some level of chaoticness over that number 2. It's really taxing when you're in a company that's trying to grow at this rate like it comes with implications.

And for a total market team to evolve.

these are 3 different global market teams in 5, 6 years right? If you think about it.

there's the company that's trying to get from that the series, A journey, the series B, the growth.

These are 3 different total teams. And so

that's just intense. And if you are thinking about your own careers, it's really important to look at this and then think about besting schedules.

How often does the person who took a company from their year 2 number to your phone number like, how often does that happen? Really right. And so you get a 4 year besting schedule on a one equity state. Really, what you're getting is probably half of that right? That's the average and so it's really important to keep that in the back of our minds, because it is very rare. Like I wrote about this on LinkedIn yesterday, 64% of employees at startups have been there for less than 2 years.

And then, if you think about the average tenure in startups, it's very low. The average tenure of go to market executives is under 2 years in most cases, and so really important to keep this point in mind when you're negotiating as well.

The reason why companies are unable to achieve this are distilled into 5 reasons, based on my conversations and the learnings from material from people like John McMahon and Mark Roberts. The first is they didn't have product market fit. They just didn't. They looked at the wrong signals.

They saw lots of revenue growth, but it all turned eventually, but they started making moves before turn would come into play, and so they kind of got stuck there. That's a very common one. The concept of first value is something Mark Reverse spoke about at Saster. It's a video worth watching for every revenue leader. So Youtube first value, it's the best way, I think, to think about this.

Not hiring great people fast enough. So this is David Scott, who was the father of Sass. He's considered one of the early investors for Hubspot. He spoke about this a lot, he said. When you get to product market fit. Now you need to hire great people fast enough, and it's a really tough problem to solve, and if your company is unable to do that, then they might lose their lead position to whoever else is in that category trying to compete against them.

The wrong leaders is a disaster.

Right? Like you have strategy and cultural issues, be players, high C players. We've heard that probably somewhere as well. This is what I've learned recently. I want to have fun at work irrespective of the market. I wanna enjoy it. And when I reflected on that, I took my first vacation in 3 years, and so I had reflection time. And one of the things I learned was that with 8 players it's just more fun, irrespective of market. They're just more enjoyable to work with.

and B players and C players. They just slow things down, and those are usually the meetings you're dreading

and so I think it's really important to have a high bar there, especially for your leaders, because if your leaders aren't the best in the world that the people under them will just not be.

The next one is, we were not really good at retaining our people.

So we had people that would potentially be great. But then we didn't equip them.

And now it's biting us in the ass.

A point on this is that I ask companies about onboarding, and I usually get told what happens in the first 2, 3 weeks, and I think the ecosystem has misunderstood. What onboarding is that's that's orientation.

I think onboarding is your path to ramp. That's how it was traditionally viewed. And I think we just don't do enough that. And then the last part is just general strategic mistakes. Right?

An extreme version of that is, you're trying to do plg with something that just one would be. Lg, so let's stop that, Dave.

Yeah, hey, Asad? A great conversation so far.

Just a quick one about talking about let's call it potential turnover and hiring

so real scenario right now, where I have a pretty

ambitious internal hiring team. and I'm not talking about senior exec roles here I'm talking about.

Let's call them senior as a bunch of others. What's your take on the internal team how long they should be hiring those candidates for versus then going to external

and the reason for that is, we've been back and forth. So I've been at this company now for quite a few years. We did external at some point. We then recruited an internal team. Just so, you know we're at. We're post d round.

But I'm I'm interested in your take on, let's say external hiring versus internal based on what you're talking about. Let's call it the ramp rate and and time to hire really good question.

my viewpoint is very like it's a personal viewpoint. So take it with a punch. It's all I run a recruitment agency.

But I think the logic is sound cause I've socialized it with in the last few weeks a couple of Vcs and PE fir, and I think thinking is sound, which is that when you look at.

let's go back here. If you look at this chart, it looks like these smooth lines right?

But if you were to break this down from a hiring plan, a a hiring perspective hiring doesn't happen smoothly all the time. You have these inflection points series a raise a series, a around me to hire a bunch of people

or Smbf focus teams will do a lot of the hiring end. Q. One.

Intact, at least. For some reason. Q. One is very busy.

Raise your C or d round need to hire a bunch of people right?

I think if you think about it in a chart, then. So you have this average amount of hiring that has to happen with these peaks. And when you now think about designing the organization internally from how do we build these teams out perspective? So what does our talent, acquisition, strategy look like?

If you hire a team internally that can so help you. During those peak moments you have fixed costs for all other moments that are not leading to an roi

right? Because they actually only at capacity in specific moments. In time. Their salaries, the softwares they've they've got licenses to, etc. Those are all costs.

and if we had to, if the market turns, we don't have nimbleness here right like we haven't built nimbleness into this, because now we have to cut these teams down. Internal recruiters are the number one most laid off role in tech over the last 2 years.

Because if you're not hiring, then why do you have these teams? Right? So then you go and track them. But the clock comes at a cost for severance cost software as you're tied into.

Linkedin made you sign in 2 or 3. And so it's actually, in my view, a bit of a flawed strategy, and I didn't come up with this other approach. But I've seen companies implemented, and I thought, Oh, that's the right way to do it. Which is, you build a very nimble but lean internal infrastructure that is good for your standard hiring that has to happen, and then for the peaks and for complexity, you leverage external partners. Now, when you leverage external partners, you have different forms of partners. You have Rpo type of firms where you're paying for time. And so really, how those firms work is.

Their best interest is higher recruiters at the lowest cost possible, and then their salary plus 30.

They charge you right? So it's like a devops dev shop type of model. So when you pay for time, then what happens is quality becomes a bit of an issue on the other side. You have people like us who are charging you for outcomes. We charge so much that, like you can't just give us all your hiring?

So you have to kind of build a relationship with us.

And then, once there's trust on both sides. Then you come up with a bit of a model that's a little bit different. Those are the 2 options. You need to be able to know how to leverage these various options, and I think one of the things tech companies have not done in the past is build internal recruitment teams that knew how to leverage external partners.

Is that a black belt still set up this? Do they have pre-existing relationships at these firms? Will they get us prioritizing? Will they get us the best deal possible. And I think in the in the markets we're going into where nimbleness is more important. And you don't want a lot of pitch cross on your book. I think this model is the model that companies are gonna go with a lot more, which is a nimble team that's experts at leveraging external partners know how to use word for wide because we're in a market where we have less mistakes to make.

and when you have less mistakes to make. You would also want experts leveraging doing the recruitment for you. And so what that means is that if you

have to get it right. Then you would want a person who's only solving that problem over and over again to go to market on your behalf and be your partner there. Then somebody who's a generalist, right? And so I think, for all of those reasons, I think knowing, leveraging external makes a lot of sense. But it has to be at a cost structure that is palatable, and that's something that people have a tough time putting out. And inevitably what happens is

I was just talking to

the one of the top 3 largest Vc. Firms in the world. I can't even the exact name one on the top 3, and they just fired a very well known Rpo firm from the vendor list.

and the reason they fired them was, most of their companies actually chose to work with that vendor during their beef hiring, and then they built really bad teams, cause it was like they were paying for time right? And the challenges of that came into play. So it's really important to know how to leverage external to get quality. Otherwise, you're just trying to get what you get internally, and that's not solving the problem. So that's I know it's a bit long winded, but I hope it's time, if you've got any companies who can share offline or or any experience for that, that'd be great. I'd love to

point my hiring team in the direction of that.

I will make a note for that for sure, my friends, Elaine.

sorry I was trying to find that unmute button aside. If you go to the next slide. I was kind of curious

given economic headwinds in this shift to like default. The live is what we're often hearing, and how does it like especially start up, scale up the desire or need to stay, default alive and not burn during your growth phase, and probably like what I've been being told recently, is all the way until 2026,

when I think of Number 2,

like, even internally, I've kind of been challenged with that of. And I'm not necessarily suggesting, like, Hey, let's just throw a whole bunch of headcount like salesperson headcount, and that'll increase our sales. But there's things that need to be put in place like Sdr. Teams that may not have existed before, so on and so forth.

So I'm kinda interested, like what you're hearing, seeing as you're talking to other Cero's of how do you balance the scaling the go to market quick enough, but without going to a point where we've seen historically where it was okay to burn cash at a significant rate, because that was the goal. And now the goal is really that this default to live stage?

This is such a good question. So the job just got a lot harder, basically, before it was just growth grow. We'll figure the rest of this shit out right? That's much easier than grow still at really high rates actually right like, if you're a think about this, I think Yc is doing seed rounds at 30 million post.

That's like priced for perfection. You have no room for error there. So when you go to raise your series a. If you didn't show them the tier, one level growth, irrespective of a market with low churn and good unit moments. You're not raising a series, a license not happening. And so I think what's happened is investors have said growth matters and efficiency also matters. And so the job became a lot harder, theoretically speaking, I think, for everyone.

When it comes to the exact speed at which one particular company settles down on. I think it's really important during that planning period for revenue leaders to really be active members. Chris, listen. You can take any financial model and make torture it to make it tell you anything you wanted to tell you, right like we can all do that. And when Ops finance and Ceos spend most of their time and planning, and then with the board, and then Cr is kinda in and out of it. I think the person who suffers the most of the cru. And so we kind of need to fit ourselves into the process and really try to understand

what is this space? Is it achievable? And then what are the implications of it? Because once it has been agreed upon, then there's no deviation. We've essentially agreed that. Okay, guys, we're growing at 200 here, the functions we're putting into place this year. And now we have to do it. What's interesting as a tangent is.

Once, you know.

there's a I find that there's a certain pace that is just impossible. Like I had a growth stage client. We were talking to them. They were like, seriously, they would grow in a mass. They raised a shit ton of money, and they like, we have a one interview process. And it's like guys you can't like we. We were like, we can't do this like you have to have more due diligence when you're hiring. There's no way for you to know this person has gotten one interview. There's just no way you will make so many mistakes. And so I think we're getting to a point where that type of insane growth that people will looking for is kind of out of the mix now. And that's a healthy thing for the ecosystem right now we're in a dark phase, and so everything seems gloomy and weird. But I think hopefully, where we'll settle into is more of a normal market, and that normal market is executable where there will be resources for the right companies to build out the right functions. Hired people. But there'll be a lot of

focus on doing more with less because of fundraising and economic environments, and also with AI,

like, I think, the the element of AI that is important to note is that it's already improving productivity by 50% in certain functions next year might get 75. And so it's no longer one day like in the next year. This is gonna be part of our work flows. And so that would just mean less people. In the function, but more productive functions. That's gonna be what people are looking for, I hope, does that answer it?

Yeah, definitely does. It's. And I think it is like you said, it's getting a lot harder, and then it's becoming a lot smarter. Yeah.

we'll hopefully, it continues to get bit smarter. You know, one of the things that was going to sound about in the podcast was that the ecosystem doesn't learn lessons really? Well, like, if

you think about the valuation problem like we just. We're suffering more than any other set of tech has a recession, but grows evaluations right? The rest of the market didn't hit a recession. We are in a recession for sure. And so that recession was caused by the valuation issue. So you would have thought that, okay, everybody's learned that lesson right? And then you look at artificial intelligence. I was talking to the analyst at Pitch Book 2 weeks ago. The average series. A valuation is 40 to 50 times revenue for the application layer, and a hundred times revenue for the infrastructure lay. And that's just insane like it's just madness. And so

just like that in 2020, when customer success was being hired into and stock was being reallocated into it. That lesson wasn't retained. And so I think we're moving in the right directions generally, but we retaining lessons is hard for us. For some reason.

Planning obviously, is where I think

a lot of the game is dependent on. I think this is where the plan for the year is locked in upon. This is what that plan has everything to do with job security for revenue leaders, because now you have to hit that plan.

Funny thing is, sometimes you'll hit your plan. You kind of watch yourself out of a job as well.

That's also one of the rough realities of pro-market leaders. Right?

Cause. There's a lot of prevailing thoughts that okay, the person who did series B to see might not be the right person from C to D, and you can debate it on both sides. But it's just important to keep at the back of your minds. I think the most important part of this is, we need to know how to be members, really important stakeholders here, and we need to help. People got checked their thinking. So if they're thinking of from a top down perspective, can we do a bottoms up analysis to help them see if this is actually achievable or not, because it's very easy for people in finance and Ops, and a technical co-founder to just be like, yeah, we'll hire 9 aes, and then we'll hit this number. And then, you know, it's obviously way harder than that. And so I think it's really important to be members there and to check things and play an active role for planning. We need signals, some qualitative, some quantitative. And so for the rest of this session. We're going to go through a bit of a state of the market high level.

But before we do that we have a poll.

we do have a right? Yeah, there we go. What is the average tenure of a Cro?

Alright.

54%. Where's the rest of you? Okay, here we go.

Can you see that

67% is right? It is 1.8 years

which is shocking, right? Like, if the average 10 years, 1.8 years, we should probably be asking for double the equity grant. So that we can even just get what right now is the standard equity grant is one way to think about it.

but it also means that as revenue leaders.

should we not be spending 10% of our time

creating optionality for ourselves.

Not aggressively, but at least, you know, Si, strategically, making sure we're building relationships with more investors and more fun and more founders and just increasing our network. So that if it's 1.8 years many times with problems that are not associated with us.

that we at least always have good optionality. I think it really raises that question in my mind, at least.

But now we don't wanna do a state of the market. So

it all starts with Covid is where, at least for today, that's what we need to start. It was a healthcare crisis that essentially shut the economy down in a moment.

and everything changed personally and professionally, and for the sake of our discussion, the most important things that it did was it created a realization across the board that companies needed more technology. It created comfort around digital experiences because we've all started at home doing things digitally that we used to do in the analog world like, buy tissue paper on Amazon that we used to buy in person and then central, buy and reduce their interest rates because of pro way down

to 0 from already very low rates. And then there did tons of quantitative easing.

Mckinsey wrote this in late 2,020, and what they said was that COVID-19 has pushed companies over the technology tipping point. They didn't just buy more technology. They got good at buying and implementing it. And so what that meant was that in some cases they were 25 times faster at selecting and implementing technologies than before. That's really insane. 25 times not 25% faster.

And that shows up in revenue growth and demand numbers for technology companies. No one had seen that type of growth at that scale before it was really like it was mind blowing. So think of the investors. They look at that right revenue growth on demand just off the books.

and they thought this was a moment, and the other part that was really important was that they were sitting in a market where interest rates was 0. And so they started deploying capital. Lots of it.

and capital is a commodity. And so how do you win a deal? How does Sequoia versus Andreas and win a deal.

You know, one could be the value we bring beyond the money on network or infrastructure, etc. But in a really competitive market. Those things become S secondary, and what you have is more of a blunt instrument, which is valuations and secondaries.

and both went up valuations skyrocketed to 50 to 100 times revenue for a lot of companies and secondaries were very high as well, secondaries meaning that founders could get a bunch of sell a bunch of their equity and get some money themselves.

So if you look at this venture, capital investment doubled year over year between 2,019 and 21. There was a lot of people at this time in the Vc. World that was saying things like, Oh, Macro doesn't matter when people were saying, How is this sustainable?

You know that obviously bit those people in the end. But

this is the state of the market. Back then capital was free flow and company building was thriving, hedge funds got involved again. This is actually a real sign of a bubble is when non-traditional investors get actively involved in the then early stage market. So you saw Company a crossover. Funds like Tiger become really active

and also not really care about traditional terms like they were not taking board seats. They were not. They were just giving capital and kind of doing an in depth strategy. Or, if we can get into as many serious. Be rounds as humanly possible. The average of it will be upside for us. We're starting the theory that they took, but whenever you see a surgeon on traditional investor participation. It's actually a sign that the market's getting bubbly which is an interesting lesson

Vc fundraising itself. So then, raising money from their out piece. It went above a hundred 1 billion for the first time in 2021, I think. Which is quite intense, you know they prior to that. If you looked at the averages

you can see that not just the investors, but even the out piece felt like all we're in a moment in time.

and so that means money had to be deployed, and the deployment of capital will lead to a few things, one of them being

growth of workforces. And so what happened was that we saw a significant increase in the demand for talent compared to supply in a way that we'd never seen before.

The supply of talent is something you cannot increase in the short term when it comes to high caliber door market talent. So what happens is, price goes up.

And so the peak of the market was actually February 2022. When you think about it, from a private market perspective fundraising kind of peaked out in as well from our perspective. The talent market peaked out then. So the demand for software sales talent in the top 10 markets of North America. There were 137,000 open jobs in these markets.

and the supply of talent in these markets, supply of software sales, professionals in these top 10 markets there were 91,000 people, meaning that if every software sales professional in these markets immediately took a new and available job, there would still be 46,000 unfilled jobs, not to mention the backfills.

That was the state of the market. So when you would hear of those crazy stories like your Smb rep would off in an enterprise role type of shit like, while like kitchen synchronic people stuff.

That's what was happening in the market. That's what was driving it

in the background. We had a problem supply chain issues, quantitative, easing, low interest rates. They kind of converged and led to inflation. So you can see that we went from 2.3% in 2,019

1.4 in 2,020 to 7 in 2,021. A lot of people thought it was transitory. But it was quite clear that was actually quite sticky and quite bad. And so then, interest rates all. What have to go up? So central banks have a couple of mandates. One is to keep interest rates. Sorry to keep inflation, that 2% is one of them, and then the other one is to do with the unemployment rate. And so when inflation peaks, it's so dangerous. I lived in a country with high inflation. And it's really damaging. So once inflation becomes a problem.

everything doesn't matter. We need to get rid of inflation, and they have a hammer, they don't have a nuanced way to do it. It's a hammer which is interest rates. And so central Banks had to start increasing interest rates to pull the economy down to reduce inflation.

And it's just not fun. Times when you have to pull the economy down right like demands how to generate deals, or how to close deals, or how to get prioritized morale drops. You know, even personally like, when you're in the good times you end your day at 6 Pm. You've been winning all day, your partners like how was your day? It was fucking great now your partners like, how was your day was a fucking drag, like I feel like shit right now. Wednesday afternoon, and so interest rates are magical things. They affect us way more than one things.

So that's what was happening there. And so this statement becomes very relevant. Offer, and what Warren Buffett says interest rates are to asset prices like what gravity is to an apple when they're low interest rates, there's low gravitational pull on asset prices.

So what happens? These are a bucket of the best public cloud companies.

and you can just see what he said. Kind of played out here. Right? So valuations have gone up like crazy in 2020, 2020, 2020, 21, and they've dropped now, quite significantly. If you kind of zoom into this a bit, you can see that this is very recent data, by the way, is like from a few weeks ago. So you can see that high. And this is for high growth companies, high growth public companies. So not just average of all public, but the high growth ones.

And so with that the high growth median is 11.2 times revenue.

So now, if you're thinking about why, there are some growth stage privately funded companies that are really stuck. It's that the last time they raised money was at 100 times revenue.

and the comparable valuation in the market for them is 11.2.

How do they raise money?

Especially when growing revenue has been hard and churn has been high, really big, tough problem, right? Investors don't want to get into that deal. They'd rather give money to AI, and so investors cannot fund those companies. It's why the hardest part of our ecosystem is that growth stage? Right now

we get the 2023 numbers here. I just wanna show you the 2022. Here you can see that as this was happening right? So we saw peak of valuations, and then they start dropping dramatically.

You saw the same thing. 2021 venture funding was peaked.

And then, if you look at the flat line, the line that's going through all of this is the dollar figures.

By 2,022 it dropped in harm.

And so private funding had dropped quite significantly lots of dumb rounds and shit like that.

This is the Ipo market that you're looking at right now.

So I think to understand the Ipo market. You have to think of startup building as like this assembly line, you know. Do you know, what venture does anyone here know what venture capital was called? First when it was first invented?

Once, twice.

thrice. Hmm.

venture. Capital was called adventure capital.

because funding these early stage crazy ideas was a wild adventure. And so basically, you have this cottage industry, you know, craft ventures is called craft ventures because of aside the cottage industry that funds people with ideas.

and if they build a business around that idea that is exceptional has a large market, etc. Then it grows and grows and grows, and eventually goes public, hopefully or yes, acquired for online the people that are investing at those early stages. They get the upside. When that liquidity event happens, it's usually 7 to 10 years at the most minimum.

And so this becomes critical now, because if you clock up the Ipo market, that means liquidity is a challenge now.

So we saw a record amount of ipos in 2020, 2020 going on

literally a thousand like that's insane. That's a combination of 5 years worth of ipos before. And then the public markets basically kind of shut down

in 2022 and 2023.

When you look at these 100, 8,117,

it's important to recognize tech was not a big part of those, and the ones that were going Ipo were kinda really desperate to go like there were a couple of these IA couple of these ones,

were went public and stock went down 90%. But it was the last rasp that they could do right. They had no other optionality. And so the Ipo market shut.

That means investors are not having returns that they can give back to their Ipos, meaning Ipos are not giving them more money, meaning they have less money to deploy. You have less executives who are having life changing outcomes that makes them active angel investors. So you again have less money going to the early stage. So the Ipo window being shot is a big problem. We're starting to see that maybe there's a soft opening with the last 3 Ipos. But it's really up in the air. Is this a soft opening, or what? These bad Ipos, and actually remain stuck. We're no one knows the answer to that yet.

During that, yeah, like, we're 2022. There was. The sentiment was quite negative. You know the there was a 100 recession risk. According to some people. I do want to point out, though, that this was Bloomberg

and Goldman Sachs has been a way better caller of the market. Then I think Bloomberg is paying and so if you guys are looking for really good macro analysis that newsletters really good. They had it at 35 at the same time that Bloomberg had it at 100, and they ended up being right.

That made it quite clear. It has to be the year of efficiency, according to Mount Sutherword. And so companies had to cut toss.

And this wasn't a cheap move for them, you know, like the large companies include 10 billion dollars worth of charges to track these jobs. You know, severance costs, etc.

At the same time.

during while they were doing it. Their market cap went up by 800 billion. And so you could see that the public markets were rewarding this behavior and that behavior is what the private markets lost. You know their companies as well.

Valuations dropped, funding dropped sales is harder. Churn is a problem, so costs must be cut. People are the number one cost for all technology companies. So you had to see an increase in layoffs. And so 2022 as well as 2023 has been quite active in terms of the number of layoffs that are happening. There's still thousands of people being laid off every month, you know, we heard about it a lot in January, but at the end of the day that number actually hasn't gone down to 0. There's still significant amount of job cuts that are happening quite consistently.

Context is necessary, though you know, for all the talks that Microsoft and Google have done this is only to Q. 2, q. 3, 23. So they might have got a bit more, but they might have hired more as well. You can see that they still significantly large. Larger businesses post pandemic than they were going into the pandemic. So Google has 67,000 people will hired during the pandemic, and they find 12,000 right? Maybe that numbers come up to like 20,000 now. So these are still significantly larger businesses.

So now, if we go down to where we right now. So that's what happened. Where are we right now?

The most interesting thing was that through all of that madness darkness still came out and said, we spoke to a bunch of Cios or the biggest companies in the world, and the best companies in the world, and they'd all said that they want to spend more software than they would want to spend the previous year.

And so that has been this interesting thing. Now, obviously, just because they're spending this money doesn't mean all companies get it equally right like it. It's pointed in very precise ways. and I think it's a beautiful moment in time to learn what is truly mission critical software in the market, because when the market was frothy, you had certain softwares that had revenue growth and net revenue retention numbers of a mission critical solution. And as the market turned, you'd realize that. Oh, sure, those are not really mission critical solutions in a downturn is when you see what's truly mission critical. So it's a good moment to go in and into these reports and be like who got this money cause. There was a lot more money spent than previously.

If we start now looking into like specific things like AR or growth.

And so here is the Median cloud Software Universe Quarterly New Revenue added. You can see that there was a decline in 2022, you know, we had a good but, generally speaking, there was a decline. Is always strong for these companies, but there was a decline there and then, and has been challenging as well from a new business perspective.

net revenue retention. I mentioned earlier kind of averages at 120, traditionally speaking, for this bucket, but it dropped 116114 in q. One and Q. 2 of this year.

That means your Median cap. Payback also is increasing right? So in Q. 3, 2022, I saw this, which was that Cap Payback is 38 months now, just not workable.

When I saw this, it actually all sales forces lay offs like perfectly, because I heard that earnings report. And I saw this, and like you can't kind of do the math and be like they don't have to cut this sales team down quite significantly. But, Jack payback period up till if you look at its most recent numbers.

it has come back down a little bit, but not by far so the median is 31 months top desk out of 19 months. 19 months is workable. But top quartile 25 months. So again, it's just things have gotten more expensive. Dave.

yeah, I said, just another question on this, which is great data. So just

one of the things. As you said, a lot of the Sas companies typically cue for as their strongest. Q.

This year, I think a lot of them aren't necessarily seeing that at least, it mean again, certainly these people that we're talking with

and so there, what's your thought around when we're talking about building a a team.

There seems to be a potential that there may be layoffs. You know, either post Christmas or or into the January period.

Again, when I'm talking about that with our investors, one of the things they kind of are describing is like, okay, instead of how you're going to build a growth team. It's like, How are you going to lock in and deliver more with less?

What's your what's your take on that from like, you know the market in this perspective? What do you think 24 is going to look like?

And I guess just from that perspective, it's really around building the team?

Do I need to go away and and and sort of hire potentially people that are just gonna be potentially stronger in the longer run, or do I need to do short term kind of massaging of of my of my teams?

So it's just a question of situation. I guess I think I'll start from the last part if I forget the earlier part to remind me. But the last part is, I think you have to think of the next couple of years as

non-zero interest rate environments. And so I think that the thinking around hiring is kind of the same for the next couple of years, which is 20% of people out there can sell effectively

in a market where interest rates are low because it's a growth focus market demands easier to generate. Buyers are willing to spend, etc. So it's an easier job, and so more people can do it. Well.

I think now interest rates will next year be high. And even after that it's gonna be a while before they go back really low. And so I think we need to understand that it's probably less than 5% of people out there that can do well in this environment. And so we need to understand what is the separation between that 25. What are the things we can look at that? Differentiate these 2 from each other cause we can't afford to hire these ones. We can only afford to hire these ones, and even when we hire the right people for this economy.

they still might not hit their targets, because it's so hard like. I think people just don't understand sometimes when they aren't in our world, how hard what we do really is when the economy is this way.

and we ourselves don't celebrate our wins right like we might close certain deals that like in retrospect, we'll be looking back and be like shit. How do we get that revenue like in this environment got that revenue. And so it is really really important, I think, for the bar to be just super high with the next few years in mind, you don't have to think in shorter increments just for the next few years.

I need to hire from the 5. So let's start by defining, you know, that's a really good exercise to do during this planning season right now is. what does that top 5 in off world look like. And we're going to talk about this more in the coming days.

But one of the things to keep in mind is really focusing in on creating a scorecard with tons of information around. Not just the relevant experience most scorecards I get is around relevant experience with like one line being cultural fit, I think really zeroing in on what are the attributes and characteristics of an a player?

How are we testing it.

and how we, attracting them cause. A players have the most choice in the market, and it's really easy right now. Well, you know, here's a conversation that happens often. You meet an a player in this market. A player is a little bit more expensive. You go back to finance with this person needs a little bit more they like in this market, you wanna pay them more like absolutely not. And so then you they kind of force you into B player hires. And then you're like they're like, why did you miss all your sectors?

You mainly hire shitty people right? And so that's the shit that we're gonna have to deal with right now happening right now. So yes, exactly.

That's that's the headaches of our lives. What was the first part? I think I forgot it.

Yeah. So no, no worries. It was basically do you expect there to be significant layoffs? Kind of back end of queue? I'm not seeing, at least when I'm talking with peers that we're having a super strong right? Like a a typical year. It's still good. But I think it's gonna be a whole bunch. More layoffs kind of towards the end of into Jan. Or do you think it's going to stabilize? I think there'll be a lot of layoffs? So. But

I want to provide some context. So

when I saw the 2.9, I think percent inflation rating.

I thought it was the beginning of the end.

And we spoke about the fact that while this is a really interesting signal for next year.

it also means that we're in the last phase of that downturn, and it's darkest before dawn when it comes to downturns like this. And so they are a lot of companies that I think have been able to survive till now. I just don't know how much longer they can survive. because if you raised a lot of money in 2021 you could kind of get through till now. But at some point you need a cash injection.

right? Especially at that growth stage, right? Like, there's something like

a thousand companies that brought a billion dollar valuation out that, like how many of them are truly 1 billion dollar companies, right? And so, especially with today's valuations, none of them.

So now, their last valuation is a billion based on today's valuation is probably, like, you know, 100 million. Now, what do you do with this company? And so I think they've all tried to get by till now, but it's they're still not fundable.

And so there's a guy, David Spitz. He calls them the walking dead, and he thinks there's going to be a lot of carnage within this segment of the ecosystem. So public companies will be fine.

Early stage has been relatively secure. But that growth stage, these 1,000 unicorns are not gonna remain a thousand unicorns. And so I think during this last phase there will be either there will be layoffs associated with this right? Whether it's a company scaling down to essentially a very different type of business, like a lifestyle business, or whether it has been acquired and processing slash. Whatever the reason is, layoffs have to happen because of this, I don't know if they will be alarming, though, because right now, you know.

if in January, 17,000 people were laid off, and I think in the last few months, it's been an average of 10,000 per month, and no one talks about it right? I think people are kind of they just like come to terms with the fact that layoffs has app and costs have been taught, but it's not like it completely. Shut down economy. And you kind of just moving forward. People sick of reading the depressing news as well. And so I think they will happen. But it might not be alarming and shocking. Unless there's one month where they're really high numbers.

Now the other part of this is that this was my thinking. Before the latest inflation rating came, and then Jerome Powell came and said, we are mostly we are considering another increase this year, and then rates will be higher next year.

Than you guys are expecting. And if you look at the public markets. There's there's been basically a bunch of days where things have been read because of that.

And now I'm noticing some founders and some investors think that all of next year what we are grind, which is really depressing, right? Like we've been fighting like people sometimes disregard how exhausting the people the market is physically and mentally cause you're trying to capitalize on offside. And so you working hard. And so we went through the downturn of 2020, the initial one, the peak in the frockiness which is exhausting. We've been fighting through this downturn now.

And if stuff okay, when somebody said all like early next year things will feel better. You're like, Okay, fine. You invite down and move forward now when they're like, Oh, all of nets. You might be a grind. I think it's going to be really, really tough if that scenario plays out, cause I think a lot of people are at their end, and there's not much more left in them, and so I really hope this is not the scenario that plays out, but this is a new school

of thought that is relatively like 2 or 3 weeks old. And I haven't done enough digging to see if it's valid or not. The people who are saying this are much smaller than I am, so I'm going with the default that they might be right. But I still have to do my research.

Thanks.

my pleasure. Oh, you guys, this was a great start. We'll just continue this in the next one. So it was a great start. I hope you guys found the time valuable. I would really appreciate, like, I prefer lean crew that we can all come together, keep our videos on chit chat through this shit over the next few weeks, so I'd love to see everyone back next week if you enjoyed it, and I wish you the best for the rest of this week.

Thank you all for joining today. We'll see you all next week.

Class 2

text

Hello! Hello! Welcome.

Hi, everybody! Yeah.

Hi.

yes, I'd

a How are you doing?

Good. It's it's tough. I'm I'm like essentially taking 2 or 3 courses now. So it's sometimes tough to catch up during the work hours.

But I, good, good student. I woke up early on Friday to listen today. That means a lot.

Hi! Everyone. Hi! Gary! Hi! Mark! Hi! Erica! Hi! Dave! Hi! David! Hi! Joe!

Hi! Everyone welcome! Just introduce myself. My name is Allison. I was stepping in for Emily, going forward for this wonderful class. Welcome to the second class of building a Gtm.

Leadership. Please feel free to send me a message if you have any questions, or if I can help.

But of course, without further ado for the important stuff, let's pass it over to Assad, as we talk about how to attract top talent today. Thank you. Assad.

thank you, Allison. Hi, everyone. I hope everyone's having a good week. So we're gonna continue from where we left off last time around. And so where we were was we were looking at the market.

and we were trying to see what signals is the market giving us that can inform our thinking about resource, allocation, and the various strategies and tactics that we want to prioritize going into next year. And so

Il don't wanna go through all of it again. But there was a section of the the market analysis which is where we today. And so I'm gonna start from that. There'll be 2 slides that I think will be repetitive, but I think it'll help us for the conversation, and then we'll just continue from there on.

So

one of the things we looked at last time around was that at the start of 2023, Gartner had done a survey of best of Cios

and Microsoft does a similar survey at the end of the year. And actually, the results are quite similar. Which is that net, software, spend and net cloud spend was projected to increase in 2,023 with awareness around the general economy. It's not like they were making this decision

in a vacuum. They knew what the economy would be like. They were still projecting a net increase in spending.

Obviously, I mean important thing to take from that, though, is that that spend is not equally split across every company, in every sector in the ecosystem. It's the more the market gets challenging, the more that spend becomes a little bit more precise towards certain areas and certain companies within those areas and of certain segments. And so one thing that we can take from that actually is that if we are thinking about our own careers.

we want to align ourselves with companies that solve mission critical problems, which was very difficult to figure out when the market was hot. Because if a company has tier, one level growth numbers and low churn, great net revenue retention. How you gonna say that they're not a mission critical solution, right? It's when the market turns is when you kind of really understand what's mission critical and what's not.

And so you can

track this spend to see where it's gone, to figure that out for yourselves, and from a go to market motions perspective. It also helps. You understand where this money is going. If you sell into tech because you can say, here 3 sectors that are not getting spent while we spending time selling into them here 3 sectors that have received quite a outsized amount of this spent. Here's a place. Here's where we should be focusing our attention as well, so it can help you from both handles.

Spend was meant to increase. But, as we said, it's not going to increase averaged out for everyone, and the economy does play a part in how companies are able to generate new revenue. And so this slide is interesting, because what it shows you is a bucket of about 60 cloud companies.

What have they noticed in terms of arr trends over the last couple of quarters. And what you see over here is that 2022 definitely saw some challenging months. Things picked up in is generally the largest

quarter in tech, anyway, so that that jump made sense, and then it really dropped off in. It's picked back up in. We don't have numbers right now. But the sentiment in the economy was quite positive in right.

What's happened since then, though, is that the reason the sentiment in the economy was positive was because there were couple of inflation readings that were consistently moving downwards. And so, if all this negativity in the market is inflation related, and hence the interest rates come up, the economy cools down. That was creating the challenge for everyone. If inflation was coming down and getting controlled, it had

it meant that in interest rates would not have to increase significantly. Beyond this, the fight against inflation might be done. We might even start getting rate cuts next year of a certain amount. And so the market had paid that in

we were going into Q. 4, with a positive sentiment in the market, which meant that a lot of people projected a really good Q. 4. The other thing worth noting over here is, I looked at the cloud providers earnings, reports.

and they are kind of a leading indicator for the economy, because the consumption for aws and ashore, and Google kind of tells you what people are doing which might show up in other earnings. Reports in a quarter or 2 consumption trends were up.

and all 3 providers said we had our clients in optimization mode for most of this year. They're now not in optimization mode anymore. They're not looking to create efficiencies anymore. They've gotten those efficiencies. They're thinking more proactively. so that lent well to the theory that will be good. Since then something has happened which is now the Federal Reserve has come out and said, inflation looks a little trickier. It has gone up, and we might have to increase rates again in 2024, 3, and in 2024 we're not gonna reduce them as much as you think. We're gonna reduce them. You think we're gonna reduce them 3 to 4 times. We're projecting just 2 rate cuts.

Spencer. And so with that, the sentiment in their market has changed. If you follow the public markets, you know they've taken a bath over the last couple of weeks, or especially the last couple of days. And so now that creates a question mark as to what will Q phone look like which will be interesting to see

net revenue retention we noticed last last week. We spoke about this, how it has dropped for the first time in a long time in Q. One and Q. 2 of this year.

We don't have as much data on private companies. So we use public companies as a bellwether anecdotally from lots of conversations. I can tell you that earlier stage and broad stage companies are struggling, which it's a major problem for them right now. And so these numbers would look a lot worse if the company is privately funded and is earlier on in their life cycle.

And right now people expected these numbers to pick back up, but they most likely will stay in and around the range that they're in on this chart is what the hypothesis is by people who are smarter than me, and better at this.

One of the things I found quite interesting over here was, this is some data that was released earlier today. And this shows us

where my where companies are hiring right now. And so, if retention is a major concern, and we are running, recurring revenue businesses where the whole point is recurring impact so that we can make recurring revenue. We have traditionally, as a sector not prioritized. The retention of the customer well enough. You know we are getting better at it. We're learning how to structure those teams a lot better.

I think there's a paper that is worth reading winning by design. Released a paper couple of years ago. Now it's like a peer reviewed study type of paper on the history of Cs. And how to structure Cs as a profit center and how to resource allocate for it. And I think it's an important read for everybody in the good market world. But what you would have expected is all we have a lot of churn risk, and so we should be adding more resources there and less in sales, probably. And what you see over here is that

these companies and these are privately funded tech companies, Vc funded specifically, they're still spending a lot more of their resources on sales than they are on Cs, which is just interesting to see.

Gat payback went up. We saw this

and then sales and marketing spend over the past 2 years. You can see that at when compared to net new revenue, you can see that it has quite dramatically increased, meaning the efficiency of our model is coming into question. And I think this is an important time to highlight, that this is the moment where, as revenue leaders, we really need to rethink that standardized playbook is that inbound only team

for a series Aob stage company, a phenomena of a low interest rate. Environment is a question that I think requires some deliberation. And other such questions have to be asked of our entire model, because the unit economics have greatly changed the market. We're going to be in a 2024 and 2025 is not going to be like the market of even pre pandemic, where interest rates are very low, and so in an economy where interest rates are higher than they have been for 15 years. The implication on demand is that it's harder to generate, and if demand is harder to generate, then the conversion rates within our team go down, and then the economics of that team become more challenging, as you can see on this slide.

David Spitz is somebody who is worth following on LinkedIn. He's a member of Pavilion as well. He runs bench sites. David Spitz is actually the first person in the history of Sas who ever introduced the benchmarks associated with Sas. He was an investment banker who did Salesforce Ideo, and he released this report that showed what the benchmarks were. This is the time when nobody knew what would look like. What is back versus Christian. He's the guy. Everyone

thinks that the person who released those benchmarks is David stock from matrix growth partners.

David Strach actually took it from David Spitz with permission, and released it to the world. David Spitz couldn't release it to the world because he was an investment manager. He could only release it to his portfolios or his clients, and so he's made another post in the last couple of days related to this, where he shows this brav broken down by average deal size, and what you can see is when the market is hard. The most efficient go to market motion was a more transactional deal.

And right now it's the least efficient model in place. So it's just really interesting to see things of that nature. We can still go back and explain what you what we were seeing there again.

Yeah. yes.

So basically, what this is is your Saas sales and marketing spent over the last 2 years. The top line is it as a percent of net new revenue? And the bottom line is a percent of total revenue. And so what you can see is the net. New revenue side is what the challenges, because if revenue is coming down and the spend hasn't come down enough, then that percent increases. So we're noticing that there's an inefficiency right now in go to market motions as the market has turned, our models are being questioned is is is the premise that?

Thank you so much. Sorry.

Yeah.

any questions on that yet.

Good I am.

This is just so clouded judgment. And you know one of the things I wanna make sure is that you guys have the resources that you can go to whenever you need this type of data rather than me. Just hold on to them. And so a lot of what I get around the public market is from a substant which is free to follow, called cloud and judgment. Clouded judgment is run by an analyst at out timer capital, which if you guys listen to the all in podcast that persona who comes on that once in a while he runs that firm. And so he's just showing this breakdown over for the last quarter in terms of medium top profile, top desile performance

against what the guidance was in again. See over your growth, etc. Just I think that you guys should have on hand. We don't have to go through it individually, because we just looked at a lot of this data. Now, I wanna come to the private market. So this is part of data on Vc funding.

which obviously, as you can see on this chart.

Dr. Rose dramatically between 2,020 and 2,021. You know, we discussed earlier on in this market analysis as to what was happening that led to this.

and then you can see that in 2022 we're dramatically dropped. So that statement by Warren Buffett around interest rates into valuations like what a gravity is to the apple makes a lot of sense, and you can see it here. Now, what's interesting in terms of today is that Carter came out and said, when they released this report that the Vc. Funding landscape seems to have bottomed out in the first half of this year

the valuations have started coming up. There's still a disconnect between what founders are optimizing for and what investors are wanting to give. Right? You can think about it with a if you take a specific example like, take a series Bvc stage company that raise their last round at 180 times revenue

or 100 times revenue for easy math. Right now they're comparable in the market we saw early on in this session was 11 or 12 times revenue.

and so when they're going to raise more money in the market.

There's such a disconnect between where they raised, where the market is.

how much revenue they have in churn they have today, right like, what have they seen in those areas which makes them attractive or not? And so it creates this disconnect. And your everybody is just stuck. And so that's stuck. Situation is getting softer, meaning the the gap between these 2 is getting bridged, but it has not been completely bridged just yet.

Earlier the company the less the problems with fundraising and valuations, the later stage, the company, the bigger the problem.

and so what this shows us is that it's bottomed out, and hopefully it continues improving. From here.

I interviewed with Sam Jacobs and Aj. The 3 of us interviewed the author of the Product reports on our last week's episode that came out this Monday, and he shared some other data with us.

One was that 20% of all the rounds that took place on Carter, for Carter companies were down rounds. He also shared that

traditionally. 5 series. A companies shut down every quarter. That number has increased by 6 x to 30

and so when you take the down rounds and the and the shutdowns together, you can see that there's a lot of clearing out that is happening in the ecosystem. And the reality is, it's very painful, and it's very hard. But it's actually what has to happen in this last phase of the downturn. If we are in the last phase.

there will have to be a clearing out

net headcount across starter companies has fallen 5 straight quarters in a row. And so this shows you a little bit about hiring.

you know. Are these companies growing? Are they reducing headcount? What's happening.

What's interesting is, companies are still hiring. And we look at the jobs data all the time. There, there are a lot of jobs in the market, you know, a few weeks ago, when we looked at it, there

was, I think, 5 times as many open jobs in tech in just North America as people laid off in all of tech globally between last year and this year. And so there's still jobs. 1.2 million people in North America have taken a new technology job.

Which is, I think, close to 4 times as many people that have been laid off, or 3 times as many people have been laid off globally. But when you click in on organizations, you get a read on what's happening, which is that these organizations are not growing beyond what they want before they're optimizing. They're adjusting. They're letting go of some teams. They're hiring new people.

That's happening. But net net the head count is dropping the conversation we had about this was what happens in the coming quarters. Is this going to increase, or is this going to stay similar?

So much of it is dependent on what really happens in 2024. In the economy, which is, there's less clarity around the soft landing right now. If the soft landing was to happen. The first half of the year would be Grindy. The second half of the year would be good if the soft landing isn't happening. All of 2024 is Grindy, and that's those are the 2 outcomes that could potentially happen.

Thoughta believes this is going to flip next year, one way or the other. These companies will hire more.

I think the counter pressure on that is artificial intelligence which is an important thing for go to market leaders to really think about at this point, which is in it, is now ready to be utilized. And so what is the implication of artificial intelligence? It is efficiency and effectiveness. And so, if your people are more effective and more efficient, then by nature you should be able to do more with less people meaning a quota should increase the number of lead Gen. Faults you need should decrease, and so will that counter pressure, even if they are ready to be more on the front foot, which correlates with more hiring is the fact that artificial intelligence is becoming more viable for implementation and engineering sales. Marketing. Cs. Will that create a counterpress over there is something interesting to keep an eye on

compensation. Right? You guys as revenue leaders, if you're building teams, what should we pay these people. How should we think about that is acquire is something that we need to keep an eye on. So this is really interesting salaries. For in tech have mainly stayed flat.

you know, 0 point 3% increase.

You basically round down. Then when you take inflation into account, the purchasing power has gone down

in sales. I have data for you around quarter attainment. So quota path just released a report on Monday. That shows that 80% of teams are not even hitting 80% of their targets.

I then went into Repview and looked at revenue attainment by function which has now been, you know, quarter path interviews the leaders of companies. Rev. View is the reps perspective on it, and so quote, attainment is sitting around 40 something.

and so the second, the the implication of that is that the total incomes are not being achieved.

And then the third thing is that the equity benchmark has dropped. It has dropped by 26. So how do you put these 3 things together as a revenue leader? What does this signal mean for you?

To me it means a few things. The first is

at the executive level.

We have noticed that executives are optimizing less for equity.

Why? Because so many people were burnt in 2020 and 2021 when they got equity in companies that were overvalued significantly.

And so

let's say, 90 something percent of people that are any form of stock options in 2021 and early 2022 and even 2020 are sitting on something that's worth nothing in this market. So they've been burnt.

The second part of that is that we're now in an economy that's more challenging. So in this economic environment, with high interest rates, we are all in a risk minimization mindframe. So what that means for us is that we're going to optimize for cash and the achievability of our total cash income way more than our equity. Right? So what leaders are saying to us is.

I don't care about whether it's 2% or 1% right now, what I care about is is this target achievable? How do they set targets? What's the process? How achievable is this? And I want a solid salary. So I'm more focused on cash. And I'm more focused on things like severance than I am on ownership. So that's on the candidate side. We're seeing that pressure. All the companies want to use equity to be added. Discount, the candidate is saying, no, we're good. We want this other thing

on the junior and mid level side of things. Companies themselves are offering less equity, because if their valuations are down and they need to raise money at in the market on terms that to them are not very exciting, but are the reality of today, then they need more equity to give out meaning. There's less for the employees. And so they're giving out 26% less equity.

If you're a go-to market leader, I think you have to read this in a couple of ways. The first is, it informs how you can position your prom packages to people, but the second is, there's a negative implication of this that I think is under understood, which is that the purchasing power of your salespeople has gone down dramatically. So when they had good years in 2020 and 2021. What do all of us do when we have good years?

We start living in a nicer house, so our mortgage, our rent goes up, we buy nice shoes, we, we essentially increase our cost of living, and if your cost of living has gone up, but your income has dramatically dropped now, and so you have less purchasing power. It puts you in a state of mind where financial stress is the predominant thing rotating in your head and in sales. How that sounds is a salesperson who needs a deal to close. and, as I can tell you, as a buyer, if I feel that the rep needs this deal.

I feel like I can't trust anything they're saying anymore.

So it it creates close racial, related risk that is under understood in this ecosystem.

And so that's why things like. I think. setting the right expectations, setting the right quarters.

Not over like. There's certain things we can do to counter this type of risk becoming the reality of the equation. The reality is for most. This is now the reality. So this, then, becomes a training thing like, how can we train against this, because this is what's happening in the ecosystem.

Right now, we have a lot of reps that are worried about their monthly costs and that they can't pay them properly, and it's showing up in everything they do. So I'll stop that, Dave.

Yeah, hey, Asad? So just going back on a topic early, we're talking about

high performers and effectively reducing headcount, trying to either recruit or retain highest performers. So basically doing more with less.

One of the things that I'm struggling with, and this is again just something from internal is my Vp. H. On her team

run constant benchmarks of salaries, both on benchmarks of, let's say, Median and high salaries in different markets, Ngos but also just in general.

and one of the things that I've pitched already, which has had some discomfort, is effectively hiring more top performers reducing overall head count.

But the overall, let's kind of say appetite for the business is, hey? We don't want to increase the overall salaries for individuals, because that's going to weigh off other

parts of the department site product and and other people. So have you got any kind of insight to that? Because for me, I definitely want to do more with less. But I've got some internal challenges on, let's say, proving the business case of let's say increasing to kind of a set of top performers that ultimately will deliver us more value from where I see it today.

But I'm not getting the right kind of feedback from Hr. And benchmarking.

I think this is one of the most common issues in tech today. The funny thing is that if we go back to 2020 and 2021, I did a session for pavilion on the state of the market. It was one of the first few ones I did.

and one of the things we spoke about was we showed them data on the demand for go to market talent versus the supply of talent, and how the gap was so significant that it was increasing price, which is compensation much faster than any benchmarking report to keep up. And so what was happening was and shopify actually use that session to change their thinking around this. But what they were doing was they were going and buying these benchmarks, or engaging these firms.

If you look at how they actually do it

by the time, let's say you get the report. The data is 9 months old. We used to do it, I can tell you. Like I would run the survey. We would get the results. We would kind of study the results. We would make it look pretty. We would figure out a distribution strategy. Then we would send it out. So by the time the first person got it that data was 6 to 9 months old now, in a lot of functions that was never an issue in a lot of industries that was never an issue, because the the demand versus supply dynamics, or generally the ecosystem, and how it was structured was such where it was okay. It worked

intact. This old way of benchmarking doesn't work really well, because the markets just way more dynamic. So I think the first thing is

really questioning the benchmarking you know, that's a challenge that all revenue leaders are wrestling with is that these benchmark reports we all look like at like the Bible. But they're really so flawed. And they're leading to band decisions in terms of the types of teams we build which then negatively impact our revenue growth and our churn numbers. So it's a common problem in terms of how have we been able to deal with it today?

Because the conversation is different today versus what what it was before. I think it has to be made a broader conversation.

So what I've noticed is that if you keep it with Hr. And just debate it out.

There's the win rate of that conversation is much lower than if you bring in somebody on the exact team who's go to market focus a little bit beyond you so it could be a CEO. It could be the President. It could be the CEO. Somebody who understands the nature of go to market. Who

can then help back up the following point, which is, can we all agree that when the interest rate is low.

demand is easier to generate. Can we all just agree on that? Or are we not agreeing on this fact like, if we agree on this fact, that when your interest rate is one or 0 by nature, the economy is in an investment, focused mind frame, and if the economy is in that bullish mind frame, then by nature demand is easier to generate. If by nature demand is easier to generate. Can we also say that the job of a salesperson is easier

right because people are looking to spend. And so

the job of the salesperson is way easier if you're looking to spend than if you're not looking to spend. And so the percent of people that could have been effective for the last 15 years was a percent that is much higher than the percent that can be effective today. How does that statement sound? Right? You you phrase that question, can we say that it, the top 20% more effective

from 22,009 till 2021, and then now it's probably the top 5, and I think what you have to do is speak to what those differences look like.

how do they score differently in terms of characteristics? To me a person has to be way more resilient and resourceful and intelligent in a market like this than in a market like that. And so then you start having that conversation, can we agree that it's 5% versus 20.

And so if we agree on that, then this 5% by nature is a more expensive 5%, because even in this market everyone's not hiring from a hundred percent of the pool. Everyone's hiring from 5% of the pool.

So if you even just do a simple exercise, go on linkedin jobs and look at the total number of open software sales jobs in North America and Europe. And then you compare it to the total number of software salespeople. Right? You get this, you get a percent.

What if you then take this total supply and just say 5% of that supply.

What you'll notice is, there's still way more jobs today than their 5% of salespeople out there. So that kinda helps, you understand, like, how much demand is focused on those 5% meaning that they have options. They're not gonna be taking discounts and compensation significantly.

They're probably feeling secure where they are right now, getting them away, getting them to move for risk is much harder. And so now we need to compete to solve this problem.

And so for that, we need to pay them what they are worth in this market. That's a conversation that has to happen, and it has to be matched with. You've been able to map out almost in a model how this would look differently. What is the difference in headcount capacity like you have to then get scientific with it. Where you sit down with your Revs. And show that this different way of thinking about it, Alina team, maybe even with

totally different functions, like, maybe there's less people that are. Maybe we don't have inbound out of bound. Maybe there's one team that's that's doing all of lead. Gen, yeah. Model it out.

And you show that them as well. That's how you would have to have to build that case.

Okay, super help for us. Thank you.

My pleasure, Joe.

Yes, I saw you mentioned a key data point.

Did you say 40 or 14% are achieving quota objectives today?

Watty?

40? Yes. What about? I heard you say, yeah, like, I think that the exact number was like 44 or 43

are seeing themselves that we're heading quarters.

which is quite scary as well. Right? Like, yeah, that's that's a dramatic.

That's a scary scary number. And so 9, 90 of teams on hitting 80% of target is from finance leaders. Rev. Ops leaders, and then from Reps is 40, something are hitting target meaning 55 at least are not hitting target, which is super scary.

Yeah. So

this is. Now we've discussed what's happening from a compensation perspective which gives you you know, some arma or some ammunition around how to think about compensation when you're hiring how to think about it for your current team, etc.

This is the other thing that I think is really shocking.

more than 50% of employees at startups have less than 2 years of tenure. That is really really shocking. It was. It took me by surprise when I saw this.

And so I think, to understand why this is a challenge. We should have a conversation around the benefits of tenure.

And maybe we can just like, you know. Think about it in terms of our function, which is, go to market like what are the benefits of certain folks being there for year 3, 4, 5. And you know, actually, let's open up that question. Does anyone want to mention what you think? The benefits of tenure are.

Dave? Maybe.

Yeah. So a couple of things from my end, I think I mean, I've been at up to bus, actually, almost 6 years. And I've seen I've actually kept a go a good couple of mine from around 4 and 5 year mark.

I think it does depend if you're in horizontal or vertical sas, but we're we're vertical, Sas, and it's it's super hard. The ramp rates are much much greater for us. But also it's a very relationship based game?

And so it takes a while for even the great assas players to come in and rebuild out a decent book. So for me. I think one of the biggest things is is retention based on an approach with accounts.

Particularly as we see a lot of our contracts of 5 years, plus in terms of Tcv. I think the second one is, if you get people that really grow and understand with you you get a loyalty which, during a downturn or a bare market like. Now

you're not asking. You know, these guys are saying, Hey, I'm okay with no pay increase. I'm okay with, you know, taking a comp plan where I'm only hitting 60% quota, it's much less mercenary than you get. A lot of the guys that come in and leave in a sort of one to 2 years.

Yeah, you nailed it. And so now you know, we know that there's such significant benefits of tenure in the global market team. You know, when you start thinking about some of the other functions like product and engineering. If half the company has been there for less than 2 years. That company, if we were to kind of boil it down to one thing, I think that company is less resilient

at a time where they need to be the most resilient. And so this is this is the type of risk that when you see it, you're like, Oh, shit! We're in a really tough market. The market might get actually more choppy. And next year if that second school of thought ends up being right. and we have teams that are just not set up to be resilient, and have already been fighting for long enough where they're feeling a little bit exhausted and burned out right. And so now they run into the last stretch of this, which might be a long stretch, and they just the organization is not set up for success. So I think it's really important to recognize that a couple of things. The first is

we need to understand what leads to

good tenure versus bad. And we'll talk about this. So through this course, we need to understand that we need to solve for high tenure, and if we have it we should be positioning it like this.

Ha! Most of the companies you're gonna be working at like Dave for you. This would be a huge deal right? Like most of the companies that people that are interviewing with you are interviewing ad will have this type of average tenure. If your team is different, I think that's a that's a employment value proposition that is usually not position, but is a really powerful one.

But but, Asad. I think the question is why? And I can give you 3 answers, and maybe all of them are wrong, and maybe all of them are right. Number one start ups still grow fairly fast, not as fast as 2021, but they still go fairly fast, so it it makes sense, especially at the, at these stages, at least until got a 250 to 5 million, that just hiring more people

number one, number 2. Is it because of the economy that people are getting fired more? Yes, no. And Number 3. Is it just the fact that most of the workforce in startups is is millennials, and they're just dumping.

And that that was the same in 2020 and 2019 and 2018 and 2021.

So question is, why.

I think you're completely right, like, you know, it's a flat line. It continues. The former trend of the last 5 years regard as the

the changes in the interest rate that are changing the economy.

I think your second point is.

is valid, though, that I think startups by nature grow really quickly, meaning that they're always adding employees that by nature will have low tenure in the organization. But the economy, I think it exasperates it, because if you think about a company right now that was alive. In 2,019 they did a round of layoffs in 2,020. When the pandemic hit they did another round of layoffs. When this downturn first started they did another round of layoffs.

laying on towards the last couple of months, right? Most companies on 3 rounds of layoffs, and

that creates a lot of turbulence in the market, and for that organization as well. So I think that economy can exasperated. But you are right that this is probably part and parcel of building a company. In this ecosystem I think what is important to recognize, though, is that we definitely need to understand that there's a weakness associated with this status quo with this thing that is almost part and parcel of a startup. So the weaknesses. Organizations with lower

tenure will have more mercenary type people. They will be less resilient in nature. There is less institutional knowledge. There's less passion, you know expertise states 10,000 h, they say 10,000 h, working forty-day, 40 HA week takes 4.8 years. And so you have, you know, very few

people in the business that are experts at that business. And that is a challenge. So we, it informs our thinking around, how are we going to memorialize lessons and share them amongst each other that enablement function. How are we going to make sure that some people in this organization are truly experts at our organization and space. So what are we doing to maximize retention when possible? You know it informs that type of thinking and resource allocation because it can be better than this 50, I think very really good point around the speed of how they grow, and by nature is gonna lead to something like this. Sales and marketing obviously have the lowest 10 year. Employees, I think, partly grows over, Gio said, and I think partly grows. It's hard to hire salespeople right like there's an information asymmetry on both sides. And so sometimes we hire people, and they're just not the right people, and sometimes we hire them with one go to market motion in mind. And we change strategy that teams on valid anymore. And we've been in markets where the if we have good people. They're still in high demand, and so not as high as before, but they're still in demand. And so they they have a lot of outreach coming towards them, which is distraction. And so those things converge and create. A specifically higher level of challenge for sales and marketing. This is what we were talking about about 2024. So essentially the Federal Reserve. When they meet, they they do this thing called the dot the dot plan. And it basically indicates what they're thinking about in terms of interest rates for the next year or so quarterly. And so in the last one, what they indicated was one more hike for this year. 2 cuts. Next year the market was thinking, no heights, 3 to 4 cuts. And so that's what the market is reacting to. Now it's led to the long term rates. If you guys follow that has now increased significantly, which means that growth starts are coming down in price. And so right now, we're kind of figuring out, we're we're waiting for other pieces of information to figure out what's really gonna happen next year that there have been 2 other pieces of information that have come out since this, which are jobs related, and they were both negative. When you look at it upfront. And so it gives more support to the fact that next year might be higher rates for longer. I just think it's important to remember that for a long time the Fed was saying that they would do no rate hikes in 2023 and they change their mind as data presented itself. So what they say is not probed in stone. It's still written in pencil, and they very happy to rub it off and change their mind as new data and presents itself and informs that thinking. So, we don't know, we just have to observe. But if we're planning for next year right now, it's really hard to plan for full. Yeah, with conviction when there's such a big question mark. So you have to keep that at the back of your mind as well. and the second implication is, AI AI is something that if you were to think about 2024, the 2 things you have to think about is market and AI. And so AI is as revolutionary as mobile phones in the Internet. You know. I think by now all of us have probably seen enough technology to understand that this is meaningful, I think earlier on this year it was very theoretical, like, this is cool, and theoretically this could lead to some really cool shit for go to market, will it?

I think now you're starting to see the implementation of these things. So we interviewed the Cmo. Of writer which just raised 100 million dollar series B, they create. They have an Llm for marketing specifically, and the technology built around it.

And they released a report a few months ago that showed that engineers were noticing about a 60, 70% increase in pro productivity using copilot. I you know, I was a really bad quota back in the day, but enough so where I could go and like, look at the tech and see if it was meaningful. It was staggering. It blew my mind.

It's not good.

And in marketing the uplift a few months ago was about 30, 40% and now you're noticing that the implementation has really put on, and the first layer of implementation will be co-pilots. And so co-pilots are designed to be an amplification tool. If you steal a word from Sam Altman. Amplification means productivity and effectiveness increasing. And so that means that you should be able to see people deliver more results with less hours hence you might need less people.

I was at a dinner with 35 crows not too long ago. Only 2 of them had a Charg. Gb. Account. They were the 2 best people in that room. So I think the first thing is, we just need to start keeping a much closer eye as an ecosystem on this technology. I think it is really important to be early adopters and effective early adopters of this technology because it gives you a competitive advantage.

I think, in an economy that's gonna be more challenged. It gives you nimbleness where you can have the same level of productivity with a lower fixed cost base because employees are your largest cost. And so I think these are the 2 things that should inform your planning, your thinking around next year. And when it comes to this course, which is about hiring and building teams and retaining those teams, I think it also has to inform the type of people that you hire, because we have to remember that the technology adoption of, let's say the Crm is still not 100, right? Like the adoption of most of this tech in our ecosystem is is low, for how good the tech is

those people kind of gone by? Why? Because even in at its best use case the benefit to a salesperson. And, let's say, an enterprise salesperson of using the Crm really well was a 2030% increase in productivity right? Like it's best case scenario. And so reps would be an enterprise. Reps of 1015, 20 years. They had great relationships, they were like. Listen, don't tell me to do this. I'm gonna do it my way, but I'll get you the numbers and that they kind of worked.

I don't think an 80, 9,100% increase in productivity is something that you can afford your reps not leaning into. So you have to hire people that are of the mind frame where they are earlier adopters or stuff like this. That's important. And you have to look at your existing teams and say, Are these people going to be resistant? Or are these people almost themselves trying to figure out how to use this? Dave?

Yeah. So I've had a couple of candidates. Both vps that I'm hiring for, and also senior reps that I'm hiring where

you know you can ask a question and interview about Chat Tpp, and they can all just say, Oh, yeah, I use chat. Tpt, right? How do you qualify that for really good candidates that they don't just kind of have an account.

Do you suggest that there's something, you know, as part of the interview process that we should now be doing like, how how do you get that out of of a high performance individual

you know. And it's basically not just the kind of Bs term that they've stuck in a Cv. you'll really like the next 2 classes, because we don't cover that a lot. But I think at a high level, we have to understand that are the people that we interview are the hardest to interview, because they by nature are go to market professionals that have the ability to present well, write, and talk and be articulate. The bad candidates have more practice than the good ones, so they even better at interviewing. So it's really hard to like assess if the person's truly good or not, which is why you have to be systematic about it. Right? Because just a good conversation could mean nothing in our world. I I'm a big believer that you need a forensic component at the end of the process to dig into things, and so that separates the words from the substance in my mind, and I think it is highly it's totally appropriate to have an exercise cause. The people that ask for day plan like. what? What does that tell us? Like everybody has that template in the inbox? The users a little bit. Right? So yeah, you want to give them something specific. And so you can say, here's a specific case study. And we want you to leverage this technology to do this, this, this. And you can see how they did with that. That's one way to think about it like design. A case study where the use of A AI is critical, I think, to understand if AI is being used well or badly. You have to, and your your leaders have to be good at understanding what good usage versus bad usages cause.

I have observed, really smart people use Chat, Gp, and get bold out of it, and I've I've observed people with lower IQ leverage it and get horrible shit out of it. So it's like. And so I think it's important for us to understand how to use it as well to be able to leverage it properly, and assess people's ability to use it properly in terms of if you're just interviewing them. And you're trying to assess like, does this person have it.

I think you can ask a question, do you? As John typically everybody's gonna say, yes. I think it's like, what have you learned about it like? What are your lessons? And as you've used it in terms of like, where it works really well, what are the nuances related to it? Where does it not work really well? Give me an example when it hallucinates. Give me an example when you know, like you can really push on that. And you realize. Oh, this person has not used it properly versus a person who has actually using it like a co-pilot almost like that's where the second, by fourth, fifth questions become super critical.

Joel Wilson.

Yes, I had an account would be 3 months, and I'd like to understand more like you said in the next couple of classes. Maybe we will learn how to amplify it.

It's almost like a tiger by the tail.

It could, if you understand the the the user's analogy, the stream of gold.

How to use it? It could be very

very, provide a multiple experience or ramping. But if you don't.

and the person's not using it can be a real distraction and and get people in trouble.

I'm just curious on this call. Has anybody used oh, here, how you use it, what percent of people on this call are using it in their go to market motion? I'm just curious.

One.

Yeah, yeah.

I've used it myself, and I don't have great.

It's so specific that I couldn't scale it across the team yet. Right? Let some Sdrs sort of play with it, and it gets just

doesn't work. He's not scalable yet, at least.

here's some talks on it right like I. I've seen people hire one less person, and Rev. Ops, because Rev. Ops is using it.

So I think that's really meaningful. That's one less head count for \$20 license right? Like that's great for you. Unit. I have seen salespeople that have understood how to use the you know. You can actually tell it that type of prompts you want. You can give it like preset context.

and then you're leveraging it for research. And so you almost told it. When I ask you this question. I want an answer with this template. Now, chat Gpts connected to the Internet. So it's a perfect research tool, right? Like, if a half 10 min, and it presents it to you in a template that is designed by you essentially. And the third format is.

I want to edit this. You know, personalization. That scale is something companies like outreach and sales law used to say, and it just made like, just as you add a person's name and title and something like that to an email does not make it personalize like that is not personalization at scale. For the first time there is personalization at scale that is possible in the coming months with this type of technology. But in the meantime.

you know, I think of the AI being able to lift the roof and the floor of your go to market team. So you have a couple of reps, let's say, who are so articulate in person. They write the worst emails. Right? You can take a standard email that they're writing. Put it into Chat Gp, and say, you know, just fix this in the following ways. You can even tell it to have the tonality of a certain person who's writing your life like. Let's say you like

Scott Galloway right? And you like his writing style. You can say, edit this email and the tonality of Scott Galloway, and that's a 30 s edit outcome. You let it beyond that 11 is right to use. And so there are some really implementable use cases right now, I think the most important part is, we're still in the early early phase of this. So those who figure out where it is viable today will be able to rethink

the structure of their team a little bit. The strategies they're leaning into like you'll get the benefits before it becomes averaged out across everyone else before everyone else stops doing it.

I've got 2 cut. What use cases for us as well. So one is with the enterprise, reps with, effectively the the fortune 500. And any any shareholder reports.

Yeah, they are using it to firstly, summarize all of those, including the recordings, transcripts, and then to develop usually a 3 to 5 bullet point strategy for those accounts. And that's actually going into our win plans for 24.

So it's a really important tool for that. Second one is we?

Yeah, it's super useful honesty for the enterprise reps. They used to spend hours trawling these these these reports all the time and again, the fact that we then implement that into the win plan means we can also, if they reissue a mid year, update where they I don't know.

They're selling half the business. You can also reissue another set of bullet points and change the strategy. And we're trying to then turn up to the CIO Ctos and say, Hey, you know, does this. Reflect what you're working on the next year, and it's it's highly accurate.

Second one is, we've actually removed marketing analysts. And we've only got one left. And she's actually well versed in GPT. And that's because we're using Gpt, and actually, we're building our own tools

to effectively do a lot of the market analysts job. So we we have effectively replaced 2 people where they are.

That's absolutely brilliant. I have a similar use case for it where I used to like to read the earnings, reports of the larger recruitment agencies in the space, just to understand what they up to. And it was this thing I like to do every quarter that I never had the time to do, cause it used to take so long, and I do that I just like I pace the thing in. I'm like, hey, give me a summary, and the beauty of it is you can. Then I'll stick questions related to that. So you can say, Okay, tell me a little bit about sales in this same like, where W. Where did the W. Which geographical breakdown segment breakdown? So you can actually ask the questions off of Gpt to get more information from that report. And it's it's stunning like we're now what used to take me so many hours that I wouldn't do it in half an hour. I can look at all the companies I wanna look at for what I'm trying to get out of it. So it is that there are these useful.

It's already the market analyst. One is interesting. How many did you guys have before?

Yeah. So we had 3 in a team. We had a leader. Now, the leaders actually gone off. And he's now building more and more AI tools. He's he's kind of almost doing 50% of his time researching AI

because all of our vendors are also bringing out AI right? So you've got, like Clari AI Hubspot stuff like they're all coming out with AI And what we're also doing is figuring out, do we build it ourselves because we've got a really good algorithm team and a bunch of AI experts internally. Which we have done. So we've done it there. As I said in the marketing analysts. We've also done it. So if you, any of you like us, are in like these, we've got 12 languages on our platform. We used to pay over. I think it was half a million dollars a year to translation agencies who are continuously up updating. I mean, we we did all some automation.

But we've got rid of all of that entirely. And we have an AI bot that's continuously doing. It's not Google translate. It's doing language, learning and updating all of our products into 12 languages.

So those are the kind of 2 bits internally.

And that's \$500,000. Save, that's absolutely amazing.

Okay. So we've got market. And AI is what has to be absolutely top of mind when we think about planning for next year resource, allocation as well as the type of people we wanna hire and the type of people we wanna retain as well because we have to look at our workforce and say which ones of these made sense to have right now, right like I think the the thing people sometimes don't look at enough is

I built this team for that market? Is this the right team for this market? And if not, how am I gonna hedge against that is an important question to us so efficient growth in 2,024, enabling an engagement productive team and leveraging AI to be more effective. These become like 3 core priorities, I think, based on the signals we are seeing in the market longer term priorities, obviously, how not to be made. Obviously, by AI. I think this is standard for everyone. This is I wanna highlight this because

I found this pull. I had nothing to do with the search. By the way, we don't run this. I don't even know Kevin, but Kevin is the co-founder of a company called Catalyst, absolutely killing it in the customer success space like 400 500 people, company and catalyst software hired the Svp. Of sales from Outreach to be the Scroo

he's quite special. He took. He joined outreach when Outreach had no revenue, and he was there till they had 250 million in arr. and so he had 23 companies chasing him, and 7 offers in the end.

and catalyst one

because they took winning this very seriously at a time where a lot of Vcs. Were saying, at least hiring will become easier. They didn't take that advice. What they did was they got the whole team involved. They got the board involved at the end. The coo and co-founder wrote an analyst style report

for the Cro. But

comparing catalyst to the other 7 offers to show him why greater upside is that catalyst. And that report is what convinced the guy to sign.

And so that's the stuff you do when you realize the difference between hiring from the top few percent versus the top 1020.

And you don't take advice from someone just because they have a good resume. And you really think through it. And you're like.

but this guy is gonna have a million options, no matter what like by nature for it to actually be much easier to hire. They have to be millions of layoffs and no non-existent demand until that happens. I think it's it's really risky for go to market professionals to think it's going to be easy to build teams

if you try to whittle it down and say, What do we need to look for in go to market professionals and leaders in 2023 and beyond, I think, resilience and discipline is really important.

I think the ability to quickly adapt and so

adaptability alone is not, I think, what's important. It's the speed of adaptability that we need to be testing for

accountable people, I think, is pretty. Standard shares the spotlight. You know more of a team player, more collaboration. I think that's necessary when you are in choppy waters, as you need to crowd source a lot more. And so I think you need people that are less mercenaries and more collaborative in your go to market team, so that your problem, solving together

and curiosity and creativity, I think, are absolutely essential, because

curiosity is going to be critical with us. How do you get a deal prior sized when no Cfo wants to spend a dollar, you know. That's why curiosity can really help, and creativity can help, but also creativity. When?

How do we get in front of someone

when all the outreach by the end of the year is going to be hyper, personalized and at a high quality, meaning that right now our inboxes are full of shitty outreach. What happens when the inbox is full of great outreach? How do you send out them?

And so you need people that have what it takes to fight that fight, and the last spot is they like the Brian like this is a chance, for they were kind of annoyed that everybody was winning in 2021 21. They wanna show the world that they're different. And there are people like that that

like 1 s, I'm not like, I'm different. And I'm this is my moment to show why I'm different and how I'm different, because I'm gonna be able to be productive. Now, when everybody else is gonna be lying down. So that's stuff to look for a poll. What's the average tenure of a Cmo. We did CR. OS earlier.

So let's do a quick one.

I thought this one was not on the original presentation deck. I don't worry about it. Then. I sorry, guys, I added to the

it's 2.2 years. So what's interesting here is that

your crows are 1.8 Cmos are 2, and I don't think this will be pre loaded. So I'll just tell you right now, Ccos are onee.

And so part of this is actually what Yaya made like a very sharp point, which is that these businesses, if they're growing at 100, 200, 300, then

if you think of the concept of stage appropriateness, it's like the person who's right from one to 10 million won't be right from 10 to 50, let's say, well.

that feeds into this turnover. Is that actually a person's only really coming in for a shorter period of time. By the time they did they accomplish the permission. Some will have what it takes to take you to the stage beyond that. But most won't. The other thing that is important to recognize as individuals is

the average tenure of employees is under 2 years. and the average tenure for executives is around this 1.1 2.2 years. Mark.

The average vesting schedule is 4 years. And so when you're valuing the offer you're being given in market. I think you have to look at it with like 2 to 3 years. You can't. It's rare to like be there the full 4 years. So the full value of that package is probably never gonna be actualized or die regularly isn't. And so that's something to keep at the back of your mind as well, and it all it gives you the ability to be creative

with vesting schedules for your company if you have that influence.

So why do we make mistakes when we're hiring? We know that we need to, if anything, from the last bit of the conversation. The takeaway is that we have limited mistakes to make now, like we gotta really dial in and figure out. Who do we need to hire and hire the absolute best people because we're in a dog fight and a dogfight with less people. So these people have to be absolute killers. Right? Well, sometimes we make mistakes, which is

we just didn't have great people to choose from. So how do you make a good choice when you just have bad candidates in the pool. Right? And you have an urgency around it. Sometimes we choose poodle, but we make that has because we choose totally. We didn't have the right methodology in place, the right system in place to facilitate a good decision consistently. And the third mistake is that we didn't equip these people for success. And so

that's what informed the framework that we're gonna be talking about a lot over the next couple of classes, which is the Ace framework. It's basically focus on, how do you attract great? Go to market leadership, talent. How do you choose the right people? Once you have good people to choose from. How do you still systematically make your choices over and over again, and then let's say that the easy work has been done. Now you've made a good choice. The hard part is, how do you equip them for success? You know.

One example of how we think wrongly is, we think on orientation, that first 2, 3, 4 weeks of a person joining the company is onboarding onboarding is probably the path to ramp right like. That's how one should really think about it. So we're gonna think of it differently about equip. And so we went through this.

what is this one? The number one employment challenge right? Company needs.

we're gonna skip guys. So now, we actually gonna go into today's class

but not to worry. We have 2 more classes. So we'll cover everything today we would want to. If we finished at the first loss in the first class today, we would want to focus on how do you attract the best talent so choosing great people requires having great people to choose from is just the first basic understanding. I think, that we have to lock in on. We were asked by a large software company, one of the top 5 in the world, to come in and help them understand why they had really high turnover in the Enterprise software team.

And what we realized was when we asked them why they made mistakes. They said, because we aren't good enough at choosing.

When we actually analyzed the problem, we figured out that they just never had the chance to make a good choice, because when you brought down the funnel that they were working with. It was just about quality funnel. And so we think this is where companies have a lot of weakness and need to spend a lot more time and energy

to do that you need to first start with. Well, where can I pull candidates in from into this pool? And so you have to understand what the various candidate pools are out there, and they're 3 pools.

The first are

candidates looking for the type of job that you have available. Let's call them active candidates.

And how do we connect with them? We connect with them through a job board

when posting a job on a job board. We are really hoping that an elite candidate who has the talent and experience that we're looking for is going to that job board.

But we know that the absolute best people in go to market traditionally are paid well treated well and busy, so they don't frequent the job boards as much.

And so then why are we posting the job? Because once in a while they do. And so let's try and get lucky.

But let's know that posting a job is trying to get lucky. So let's not rely on luck as a strategy, and too many times a major source of a company's hires are inbound applicants, and that's a mistake.

So we should always try to get lucky because the list is sold easy. It's like just post a job and then see what comes in like. Let's do it. But let's not rely on it.

The second group of people are people that know our brand or of people.

They are essentially our network, right, the employer network employment network. And so this is a really high, this is a place where you should spend more attention and energy. So these are usually you can hire great people from here

because a they're coming through people that are connected to your business. They are the employees or investors, and so they want good people in the organization. They don't want to look bad by bringing shitty people to the mix. And so there's a there's a filtration that happens just by that.

And so it's a good channel. The challenge with it is that unless you're a really large business, your network is still limited compared to the net hiring that you have to do. And so if you have to hire.

if you're 100 person company that's growing by 100 people, your networks just not large enough for you to rely on it. And so then you need the third group of the Third pool to go through. These are people that

have the skills and the talent that you're looking for.

They don't know who you are. They don't know who you are. They don't know they're not looking for a job actively. They might be passively open, but they're not actively open, so they're not going to the jobboards, and they just need to be approached. Somebody. It's actually doesn't matter who as much as the fact that somebody has to approach them. Somebody has to go and head hunt this person and bring them into our Talent Pool. And so what's important to recognize here is that till you are.

let's say, somewhere between

Prata and Google.

You probably can't rely on your network for the majority of your hires, and you can't rely on your job boards for the majority of hires. So this is the pool that you're gonna spend the most time and energy on. The challenge with this is, it's a heavy lift, right? So you can optimize for quality here better than any other pool. But

speed is a challenge cause. Usually these are passive candidates, so they take a little bit more it takes more effort to create a pool through them. They have way, more leverage on compensation cause you approach them right like. If the person applied to your job. Call you email, you sent you a video to interview them. When you make them an offer, you have more leverage. When you message the person to say, I have something for you. They have a little bit more leverage. So compensation leverage is higher on the candidate side of the yeah.

The most important thing I think of here for us to think about is that we, as leaders, have to think about

who is involved in our processes, who is doing the selling, who was doing the evaluation, and what are some of the flaws associated with that? But before we do that, let's just quickly look at the pros and cons of each group, so that we understand that no group is perfect and no one group can be relied on completely. So employee referrals, likely a strong cultural fit. But people do overvalue the friends skills sometimes.

The other thing that I think is important to understand is employee referral quality goes up and down based on the interest rate, which is kind of crazy to think. So when the interest rate is high and layoffs are happening, what happens. You want to help your friends. So you become more open minded to making introductions

for people into your organization. If your organization's hiring when interest rates are low. What do you wanna do you wanna make there are jobs out there like there's less of that sympathy.

That you have for people that are looking for a job. And so now your bar goes higher. So actually, when the economy is really good is when this channel becomes the highest quality, active job seekers that either find your job they easy to get.

but they lead candidates frequently, will will not frequently go to job boards and head 100 candidates as strong alignment that you can solve for. But they have compensation leverage, and it's the slowest pool to engage from. It's the heaviest lift. So right now.

depending on the search, it takes us 40 to 100 h to head on for one role. If you kinda do the math now just use that rough map. This is over the last 6 years this number has stayed constant. So it's actually a good benchmark. So 40 to 100 h worth of head hunting for one role. How many roles you hire, and for how many internal recruiters you have? Can they do that? You know that that becomes a way to really understand. Do I have internal support? Or do I need to look externally

right now? Only 25% of global market leaders are open to new opportunities if they had 8 or more years of experience.

meaning that 75% of these people are not looking for a job.

So they're not coming to you on the job board. 75 of these people need to be approached. And that's

right. Now, in this economy, this 25% becomes smaller when the economy gets better, it doesn't actually become bigger, which is fascinating any questions.

Okay, we don't continue.

So

our approach to hiring is that hiring is a science, and it's not. It's not ignored. It can be done in a very systematic, repeatable, and predictable way, which means just like in sales. We need to start thinking about it from a formal perspective. That's where we need to start. So this is a funnel for one of the leadership, roadmarket leadership searches that we just completed.

And these metrics are real numbers for that role. These metrics evolve per position.

I think what I want to highlight over here is the lift. So

we had to reach out to 216 candidates. We had to have 72 conversations, 18 phone interviews to get 2 finalists and a higher in the end. 5.

These, the conversion rates within this funnel.

are depend on the quality of that effort. Right? So if the outreach is a bad quality, then that 216 becomes 400, if the streaming is more buying and less selling, then you need to screen a lot more people because people self select out

if we're in a competitive market or a market where people are la are more risk averse, then those 2 final like lists might back out, because eventually the risk of taking a new job is too much. So maybe the finalists were not enough.

And if our process offer process is not tight and compelling, then offer doesn't get accepted. And we're back to the outreach components right? So that's the way that we need to think about it, the funnel based approach. That's why we're so well suited to building a leak teams. Because really, what we're doing is the same. Should we do on the sales side? We're just doing it on the team building side.

Strategic key takeaways, yeah, strategically, making a leap to market leadership highest requires a lot of heavy lifting, as you can see over here, and just like in sales. We can drive efficiencies in the funnel by improving things like our outreach, our conversation tracks or how compelling our offer processes, how

compelling we are in the interview process! How quickly that interview process goes, etc. Etc. Just like in sales.

We have to actually start by understanding our lcp if we want to make this funnel efficient.

right? So the more you understand your ideal customer profile, the more efficient your funnel is just like that, the more you understand your ideal candidate profile, the more efficient the funnel is, it's literally the same shit. And so we need to start by understanding.

What are people even looking for from us?

Is that that's where I think you have to start. So cause your ideal candidate. Profile evolves, based on role, right, like whatever relevant experience, etc. But there's this one constant, which is the employment value proposition is static. It's the same shit.

And so we don't start there. A value proposition, generally speaking, is we are solving an important problem, we're uniquely able to do it. And we have made clear progress. Right? That's pretty standard value proposition.

The employment value proposition adds 2 more elements. To this our growth is creating great career opportunities for people and our people feel important and valued. And so when you put these 5 things together. This becomes your employment value proposition.

And you.

when you're communicating with candidates, whether it's on a job description, your career page or when you're talking to them.

These are the elements that you want to touch on in various ways. So this is now the static. It's constant across everything else you do.

I have this one. I thought it was awesome last week. Yeah, these are all up to date. Let's launch it.

Oh, yeah. So that's all. You. Which of these is not in the top. 5 elements go to market leaders, look for new roles. Excellent compensation package worth life balance, fantastic but open effective management, a role that can have meaningful impact on a company's trajectory. You can see my voice is growing up like back to back today. So like by the end of this, I'll be done. Alright, the results are coming in. I'll give everyone a few seconds to put your answer in alright. Let's see what we've got.

Exactly. Yes, what a group! Crew!

that's the thing that does not matter. So if you think about this.

if you had gone on all the recruited conversations that are happening in your organization.

Do you think births are coming up a lot? They are strangely a major part of the initial conversation

that first conversation. So much of it is focused on. But it's a thing that people care about the least.

which is why, as go to market leaders.

who's the implication of building a good team or a bad team is highest on us because we lose our jobs. If it's a bad team cause we've missed our numbers. I think it's really important to top out sometimes to really understand what is happening on the talent acquisition side in the depths of it, and then try to influence things in a way that makes sense for us. So we went out to try and help you understand what your Icp actually cares about. So the IC, the ideal candidate profile is.

in this case, a go to market leader. Right? We should be more specific. But then it would take a million hours to do this across all types of roles. So we just said, Let's say, all go to market roles

that are at the leadership level, average them out. And so this is what they have said they're looking for.

They've said. The most important thing to me is compensation.

The second most important thing to me is worth life balance. The third most important thing to me is that the role has a meaningful impact on a company's success and the set. The part of this that isn't in this report is that they actually want that to be the understanding in the organization cause. A lot of door market leaders have worked for technical founders who think that their product is so great they should just be flying off shelves. And so they under value under appreciate the global market team and they go to market leadership's effort and work when things are going well, it's because the product was great. When things are not going to. Well, it's because the total market leadership. And so they want to lead it. They wanna work for a team that understands how hard this is, and how much work goes into this, etcetera.

good colleagues and culture, obviously self-explanatory, open, effective management. What do you not see over here? We don't see Perks anywhere, which is interesting. The other thing is good work. Life balance was never in the top 10 before it became part of the top 10 after the pandemic, which is, it became a much larger concern for road to market professionals during that period. The other thing that's really interesting is open and effective management was never in the top 10 either.

But now it's the top 10 concern, yeah, I was talking to Sam a little while ago on the podcast about this, which is so many Cros don't know how much cash the company has that they're working for

right, how much trust and is that creative. And so people are looking for these things because they have dealt with the stress associated with not having it. So if you're thinking about positioning right, you have to start by understanding. What do these people really care about? And are we talking about those things? So if they're talking about, if they're their number. One thing is compensation. Why is compensation? This one little thing at the end of our job?

Description

of like we pay a competitive compensation plan with nice benefits and purpose, if that's the most important thing to the person, right? And so I think, once you understand what these people care about, you can rethink positioning in various ways.

These are the things that we over-empus emphasize free food gym, memberships, a fancy office, a 4 day workweet, which is. And I don't get me started on that an unlimited application. There's a real. We have to understand the history of the ecosystem to understand why these things got so much prominence.

And so what had happened was that Google was trying to solve a particular problem.

How do we get our engineers to work long run?

And so the answer to that question was, make their life easier and their time in the office more fun. life easier will will do your laundry

right. There was a dry cleaning service at the Google campus. We'll pick you up and drop you. and more fun in point, table, free food, etc.

So what they thought was that if we do this our engineers will stay in the office longer, because we're doing all these other chores for them.

The environment so much more fun than that boxy apartment in San Francisco that they're paying \$8,000 for much rather hangout here, and they might even get their friends to come. and if their friends come, then you'll have them staying even longer, because now your friends are there, you don't have leave the office. If your buddies working with you. And so this is what they were solving for. And when they invested all of this time money and energy into these births that they were offering. They saw the results that they were hoping for.

And then the rest of the ecosystem thought, well, I can just do my series a version of that, and it'll be as meaningful. And it's just not. It's like, I think the world has firstly changed where people are not going into offices as much. They're not looking for that experience anymore.

Work like balance matters more to people. They're not looking to be manipulated and staying at work that much longer. And in our world of broader market, I can assure you we've never spoken to a candidate who said, I'm leaving this company with us. They don't have these perks, and we've never seen a candidate join a company because they had good perks. We have always heard things about compensation, management vision. All of that never about birds.

And so these things only really matter. If you can offer all of this. If you can't offer this, then this should matters. And if you didn't offer this and not offer this, you're so fine. No problem.

So any questions there.

yeah. Post a question relative.

you know, work, life balance issue where you know you, you've talked about doing more with less this hustle culture that you know we need to, you know, deploy in a go to market function.

And then someone follows that with a Yeah, I want to understand how much you know, Pto, I can get, or you know that I won't be bothered on slack after 5 Pm. etc. Like, how do you balance that?

How do you take that? You have to decide what you are as an organization and then optimize for that. I don't really optimize for offering tons of work-life balance anymore. Right? Like, I made that decision like, we're gonna in a dog fight. We're gonna fight.

And so you're gonna get a message on the Sunday sometimes, and you're gonna get a message in the evening. I expect to hear back from you. And I think if you set that expectation, that's fine. People can self select in and self select out just cause. That's something that a lot of people want doesn't mean that everybody wants it. There's still people that are absolutely elite, that understand that it's going to take more than 9 to 5, and they're willing to do it, and some that are like, I'm at that stage in my life where I can't do it. I think

I think it's about transparently having that conversation and setting the expectation to let let people self select in or out, usually in the interview process. I think if we had quite clear with people that listen, guys, we're building even the series, a stage like we have product market fit. We're trying to figure out. Can we sell this in a repeatable and predictable way? And we're doing it initially economy. And so we need to be able to be

really all in in a way that maybe at a publicly traded company you might not have to right. And so that's what this is.

How does that sound to you, and if the person will self select out, if that's not for them that happens all the time where they're like, yeah, I get you. I appreciate. You told me I'm out.

I have a I have a friend of mine. He runs sales at a company called Owner.

and they are very transparent. They're like. This is how we are right now. Internally, we're not. We're not burning people out, but we're hard workers, and he's built a great team around it, and the good thing is, no one joins the team.

then learns and then leaves. They just know upfront so they can self select out in the process.

So I think just as in this survey, it says, people are looking for. This doesn't mean everybody is optimizing for this, and doesn't mean that people are not willing to compromise for the right reasons. You know people are willing to

risk and upside those 2 things grow together to them. So if they are joining an earlier stage company, and they are taking certain risk. I think they're doing it for the potential outside of that journey. And I think those people understand that they'll have to compromise a little bit. And a lot of them are willing to do it.

Okay.

actually, you know what guys, I think this is going to be a larger discussion. So I'm gonna stop it. Here. We're gonna end the class a few minutes early so that everybody can go and relax.

You've heard me speak at you

in your years for the last hour and a half. I'm sure you sick me as well, but next class will be quite important, because we're finishing how to attract people.

And then we're focusing on how do you make a good choice? So we don't talk about an interviewing methodology that is very implementable. Internally, we're gonna talk about why scorecards are stupid. And instead, it should be a risk evaluation card. And so there's some meaty stuff in there interview processes how to design them, and so would love to see everyone there, and other than that, I hope you have a good week.

all the best, everyone

excellent. Thank you. Thank you. Everyone for being here. It was a true pleasure to be with you today. Feel free to send me a message. If you have any questions, or else I will share the recording in the deck before the end of the day.

Thank you everyone have a wonderful weekend. Bye, guys, see you soon.

Aye.

Class 3

text

Hi! Everyone welcome. Thank you for your patience. Welcome back to week 3. Thank you all for joining us and taking time out of your schedules

without further ado. I will go ahead and pass it over to Assad, because at this point we're all friends, and we know each other well. Mark, are you there as well?

That looks like the omni at the back? Yeah. So I'm in Nashville for go to market 2023. A lot of the people that are in the course are here and in various different sessions. So a bunch of people are gonna watch the recording. So we've got a lean crew, and then everybody should catch up online and then meet us in the next class. And so we're gonna jump right in mit Ctl, and we've got to finish off what we left off yesterday last time around. And then we're gonna jump into the choosing component of this section and depending on how much time we have left, I might actually do something a little bit different because we created this workshop. I ran a workshop yesterday for for the attendees of the conference.

and there it took into account the choosing methodology that we don't talk about, but then looked at how we need to think about choosing and optimizing for the type of people we want to bring into our organizations with

this market that we're in in mind. So the non 0% interest rate as well as AI. So maybe that'll make that'll be a good transition cause. Moving forward, I would combine the 2. So let's see if we have enough time to do that. Let's jump in. So last time around we were talking about attracting talent right? And we spoke about a number of things. If you wanna go through it very quickly. We spoke about how we need to take a funnel based approach to this we spoke about where we can find different types of candidates for the various talent pools that we can tap into the pros and prawns of it. We went through

how to think about structuring a value proposition for employees as well as what people are really optimizing for when they're looking for a job right now. And what doesn't really matter which is usually on the birth side.

I wanna talk a little bit about how we should allocate resources based on the stage of the business. Because the job of any executive is the effective allocation of resources and resources by nature scarce. That's why it's a tough job, right? You they are theoretically a million things one can do. And coming up with those ideas is actually a very easy thing. It's figuring out what are the 2, 3, 4 things that we focus in on that is quite complex.

And so the reality is where the businesses in its life cycle should should come into consideration in terms of the things we deploy resources towards when we're trying to attract elite equal to market talent. So if we look at companies that are between seed and series. A,

then over here. What we need to make sure is that there are 6 things that we've given some attention to. That doesn't mean that we own these things right, like the reality, is that a lot of the talent acquisition happens through your talent, acquisition function or your external partners, but you have to have an eye on it, and to have an eye on it. You need to understand it so that you can then influence it. And so the first part is in-mails and job posts.

and posts. I mean about if there's a post growing on social media related to this job.

So an inmail is how you primarily headhunt. So when when your team is saying, Oh, we're gonna go out and find people for you. We discuss their 3 talent pool so they can tap into that third group where, especially at this stage, where your seat in series, you're gonna get. Get the majority of your great greatest hires from.

though that's called outreach in many cases. And so they will use a tool called LinkedIn recruiter that gives you in-mails, and you have a limited amount of credits, and they are very expensive. It's \$3 per additional in mail. The cool thing about in males guys is that they have a 92% open rate.

which is pretty wild. Think about your cold outreach over email. If it had 92% open rates. That's pretty crazy. Right? So 92% of these in-mills are opened.

The average response rate is close to 1012%.

The response rate takes into account positive and negative responses. So if a person says I, wanna talk to you, this is interesting, or even if they say this is not for me. Both are counted as a response that that cumulative of that is 15. So there's this huge delta in between.

and that delta is fillable because we've played around with inmails a lot sizing what we say, how we say tonality. And we've gotten response rates up to about 50. Now, in some cases even 60. And so you can drive that up.

And so I think, as revenue leaders, you have an idea on what type of cold outreach works really well, or you have somebody in your team that might or you have somebody in your network that might. So if your team, a recruitment team is going out there to headhunt they gonna be sending these in mails. You wanna make sure that they just share with you what they're about to say in that

and I can tell you that there is a huge gap in terms of what you would want them to say, and on average, what people are saying in those. So that's the first place, you wanna keep an take a look at the second is the job description, the flow with job descriptions, guys is that they've actually been built

from the job. The internal document that one creates when they're trying to get approval for a job that they want to recruit for right. So back in the day, if you wanted headcount, you would write out what this person would do, and all the different requirements, etc., and much like a statement of work. It was like an internal statement, or what type of document. And then we kind of just took that and made that the job description. And it's quite flawed if you go on LinkedIn. and you look at the number of job job ads that are on the job section of LinkedIn, and you kind of go through them. They all look very similar.

and they all have a couple of flows. Firstly, it doesn't feel like a marketer has written them, even though it's a marketing document. Essentially it doesn't traditionally address what a candidate that's elite is looking to see in an organization. And it also creates a really high bar in terms of what you're looking for in terms of the types of people that will apply to it because it gives the maximum experience that one is looking for. It's listed out over there, a job description that goes out as a job ad should actually have this idea of the minimum viable experience. Because you wanna create a large top of the funnel.

And that large shop of the funnel. Then you can go to let that down through, screening them without even talking to them. You can stream the ones out, but many times you've hired people for a role that had a little bit less experience than you might have initially thought you would be looking for, and they've done really? Well, so you wanna throw this larger net out there. So, having a look at the job description, making sure that it's if it's growing on a job board that it has the minimum viable experience are looking for, and it is compelling to read that copyright. A hat has to go in there. The recruiter pitch.

Are we help them craft the talking points you get this way better than they do. Are we? Screening? Is selling as much as we're screening. Do we have the context to screen? You know, we we have a lot of conversations with internal folks that are in talent acquisition, and sometimes they don't understand the mechanics of adro market team which makes it really difficult for them to

take nuance into account. And so you have to help them understand it now. Later on, when you're series D or series E, you might have a go to market recruiter who gets it, and if you work with them. You can see the difference between them and a generalist. Right? But if you're early on, you have a generalist, and you have to help them cross their talking points, the interview,

experience, or process. You should have an eye on this like you need to create a balance of being able to do your due diligence and being able to screen a person effectively over here. The offer process is something that at this stage you should care about the first deal you're going to make with these people is the offer, and speed is important in this but at the same time you have to understand that both feel that they've done the work to earn a lot of credibility which they hope

can be taken into account to get them the best deal possible. So on the candidate side, they feel like if there's a range, let's say a hundred 50 to 175,000 for an enterprise A. E.

They feel well at the end. If you're hiring me, I should get the highest cause I've gone through this process. I've shown you. I'm the best person you're speaking to. That's why you've given me the offer. And then, when on the other side, how we sometimes feel is.

well, we've shown them why we are great place to work. They should be willing to come here for \$150,000 based salary. This happens all the time, and so we need to think through these things a little bit beforehand. The reality is, both are on the middle ground is somewhere where right exist?

And the engagement and speed of the process matters, and then post engagement touch points. There are a lot of counteroffers that happen, and there's this pretensive notion in the market that oh, if a person accepts a counter offer, then in a year from now, they will not be at that organization anymore. It's really old data point.

And that doesn't take that just is not taking into account that in many cases a counter offer is just not monetary is also structural meaning that if the person was leaving because they wanted a next step in their career

well, maybe that type of maybe that is becoming more of a reality for them, and the data on whether or not they stay in that organization for a long time after that, or leave within a year is different when that happens. And so the touch Point program helps you keep an eye on your risk through engagement with the candidate, and also helps maintain that excitement with the candidate. So it's a risk assessment

process as well as a way for you to keep that excitement and help them prepare for a great first day.

Once your series be onwards. There are a few other things that you want to spend some time on

as a revenue leader. You do want to look at that career, page. Now. it's not your mandate. but it has a heavy influence on your job.

And so you do at some point want to just open this page and say, if I was a candidate.

that is a go-to market seller that came on this page, does it hit the points that I'm looking for, and if it doesn't, then you've got to communicate that feedback internally.

The reason we say that this is done. Post series B is that this is when the business has the resources to really invest in a great page and drive traffic to it early on the page exists, but the resources are limited, and the traffic to it is inconsequential.

And then the offer package. This is actually a very simple thing. But it can be powerful. So if we're a go to market person.

we have to understand that there's a lot of information, asymmetry or sorry.

there's just a. There's a lack of information when you get things like start options.

And it's also we shouldn't expect that they know how to calculate the potential upside based on different scenarios. So what we've done for some of our clients is actually create a very simple model that does some scenarios for them, that if the business does A, B and C, then the outcome for you on the equity. It would look like this and on your variable compact would look like this based on your performance. If you take your past performance into account, let's say you've averaged

110% to target over the last 5 years. If you did that here, this is what that looks like from a total income perspective. It's something that most don't do. It's helps them get clarity on what is achievable and the variables that can come into play and can be a powerful way to stand out the dos and don'ts are that you want to optimize, for during the process, I think

in the first communication that you have with a candidate, make it very specific to them. They're getting lots of outreach. That is spammy, because most people, when they're recruiting or throwing out a very large net which obviously negates the ability to personalize and so the more you can personalize, the better. Very simple strategy we do. This is if you're sourcing a list of 50 candidates, which is a good starting point for a job.

then break them into groups of 5 to 10. There's usually some commonality between those 5 to 10 find that commonality and that becomes some of the personalization you can have in there. And this is the advice you can give the recruiter.

You wanna make sure that we're not puking every part of the value proposition to them in this email, because no one reads more than a few lines they read more than one things because the the assumption is, you can only send 4 or 5 lines in an email. But we send about 15 sometimes, and they work just fine. The initial screening. We need to remember that you're not the only one with choice, which means Don't O, and so we have to sell. But we shouldn't oversell.

The coffee meets are very powerful, but only use them to engage an employ important candidate that is employed. Great way to interview without interviewing and sea level board. Ma members can be leveraged over here as well.

But don't let your recruiters do it. This is not a tactic for them to leverage, and don't give them just the blanket ability to use your calendar for profit, mates. There's only so much profit you can have, and then don't. So it shouldn't be part of your standard process. Hiring manager interviews should start by talking about what this role is and why this is a great opportunity. But don't think that them. Interviewing

with your company is a privilege for them. Don't allow hubris to get in the way that that that comes into play a lot. I was talking to a leader from Paypal, and he said this was a big cultural shift for them. He was the head of revenue over there for one of their segments, and he's like, for a long time we felt it was a privilege to interview it, Paypal, and when we just broke past that, it really changed, how we would talk to candidates and the engagement that they brought out of it

assignments and assessments.

Also influencer interviews. So use these to get alignment on senior hires and screen for fed. It wouldn't use them for more in the individual contributor type of roles. So what I mean by influences that's like a investor.

You want to use assignments and assessments, you. They help you validate your own perception and further explore areas that can be challenges. Salespeople interview. Well, the

good ones interview well, because they're really good, and if they're good salespeople they'll interview well. But the bad ones do, too. They have a lot of characteristics that lend well to interviewing well, and they also have a lot of practice doing it. And so you need some type of a forensic component in the mix to be able to really assess. If this person can deliver what they're saying. And so some type of an assignment or assessment is helpful.

Time gaps between stages, so be communicated, and then follow on through on what you say. So it doesn't have to be a very fast process. Just set the right expectation, and then have a plan on how you want to maintain the energy through that process. The longer the process, the harder it is to maintain excitement. Right? So you have to have a plan for that when it comes to reference checks. I think the do is that use it as an opportunity to figure out how to manage the person and communicate to them. Don't have somebody else do it for you. There's no point in that. Just don't do them.

The reality is, it takes a really silly person to give a bad reference. and so it rarely happens, you know, if you were interview to interview them, and they'd gone to the end of your process. Rarely are they given bad references. So it takes a lot of sophistication to actually be able to get real information out of a reference call. I'll give you an example. If you ask a person, tell me about this person's weaknesses.

You're not going to get great answers to that most of the time. But if you say you know, imagine that I'm hiring a person as a right hand person for this individual.

What should the skills of that right-hand person be that will enable this person to be at their best? You'll now get all the weaknesses.

the other is rank them out of 10 in this particular particular area.

Right? Let's say, prospecting random out of 10, like, if the person's an 8. You get a lot of sevens and eights when you ask them that question. Great!

What would it take for them to get to 10? That will get you a lot right. They'll give you everything. So you have to really think about. How are you going to manipulate this conversation in your favor to get what you're looking for. That's the reality, right influence, manipulate same thing. And the second is you have to be doing. It offers. Remember you some empathy. Remember that this person feels a certain way at this point that they built a value. Don't get your backup when people are asking for something. This is what's supposed to happen in the process.

When you're rejecting them, please give thought just be kind in that rejection, meaning that people can tell when it's a templated response, and later on, serious C or D, these responses come across as very try. The person has invested time with you. You will reject more candidates, and you will hire those candidates do talk about you in the market. So just have an eye on all these rejections that we're gonna do? What are we gonna say to these people? And the dial don't is the templated email and then Pre touch points. Make sure that they feel part of the team immediately. Zoom! Don't assume that the deal is done just because it's signed doesn't mean it's done. There's still risk here for you.

The biggest mistake that one can make, irrespective of the state of the market.

Whether it's cold, warm, or a hot employment market is that they feel that it'll be easy to meet these hires.

and we essentially feel that there are lots of active candidates looking. So it'll be much easier.

We allocate resources towards things based on the difficulty level of the problem. So if we believe that it'll be easier when the market is cold, then we don't allocate resources. Accordingly, when I went back and looked at the history of previous downturns, there were many moments where hiring did become much easier.

But there's actual math to it. The math is that demand has to be nonexistent, and supply has to be available in the millions. SIM, kind of like what happened in that one quarter of Covid, where millions of people lost their jobs and no one was hiring. That's when the one person hiring was easy for them. It was easier.

But unless that is happening, like, if you go on, the simplest check for you is go on LinkedIn jobs. And are there thousands of open jobs? It's not easy to hire now, right like that's it. That's as simple as the chat that one needs to make.

Internal alignment is really important before we start recruiting, because the number one reason based on our investigation into this that leads to a process becoming elongated after it has begun and elongated against the ideal timeline for that process is the fact that internally there was misalignment.

So what is what could that potentially lead to more steps in the process? More people that are playing a role in that process. A change in the requirement for that particular job. So a scorecard is evolving. It could happen, even if you do create internal alignment. Sometimes the market changes and what you're optimizing for changes. But you want to reduce the occurrence of that happening. And so you wanna get launch a agreement on the long term goal of that position number one.

you want to get agreement with what success looks like early on in this position. So whether it's 3 months or 6 months, I think it. It varies based on sales, cycles for individual contributors as well as for leaders, I think it. You can actually tell sooner than you can for an enterprise. Ae, but you wanna understand, like, what is success here? So that we're not. Everybody is not looking at it from their own point of view. There's a proper Me mechanism that we can go back to and say, according to this mechanism, this person is doing just fine.

you want to build that scorecard out

of requirements. You want to determine what the interview process is and what the different roles. Everyone is going to play in the interview process. We don't talk more about this today, and then you want to remind everyone that if they are playing a part in the interview process, that they have a responsibility to sell us as an opportunity as well as a screen on our behalf.

And so

later on. This might not happen in a series Cod stage company, but Series A's. I've noticed that sometimes you have people that are not the CEO and are not a revenue leader or Hr. That take part in the process. Right? Another co-founder, let's say.

And sometimes people from technical backgrounds of finance and Ops. They don't sell in the interview process at all, and they really screen aggressively. And

I think they need to be coached a little bit sometimes if that person exists in your organization and they're playing a role. Yeah, that coaching is required. Otherwise it hurts you with the best candidates out there.

and then ensure that you have the right data

around the financial conditions in the market for this position, so that you're going into market in the best way possible. And you've already thought through things like, well, if what we want we can't pay for, then what are the concessions that we're willing to make, and not willing to make any questions on this stuff.

Cool.

Well, now, and you should give me a second, so I can get the other deck open.

Thought I posted a question a little earlier about back channel references, and when and where is appropriate to use them?

Yes, quite controversial right?

And so I think it depends. It depends on.

firstly, your comfort with it, and what you're looking to optimize for.

Personally, I think I prefer using.

I think, the concept of a back channel references that you can get information out of a back channel that you can't get out of a normal reference role. I've learned that you can get a lot out of a normal reference role just by being

thoughtful about what you're doing in that equation right? Like, so sub couple of the questions that I shared with you. You can learn so much in those conversations. Because when you asked a person, tell me about how to make this person better if I'm hiring a right hand person for them, what are the skills they have so that they're complementing this person? You get the full list of weaknesses right if you say, Oh, how does this score this person out of 10 in terms of dealing with the legal and procurement there in 8.

You'll always get Aids. How do I get them to attend great all the weaknesses there? And that's really what a person is looking to understand when you are doing a back channel is what are the weaknesses? Because the references a person gives? It doesn't give weaknesses. And so I think a I feel a lot more confident getting all of the information I need from the references. So I rarely tells towards doing that for most positions, but

as the risk related to a position increases, my due, diligence will also increase. So if I'm hiring for a C-level executive, or if I'm hiring for Vp. Or even a director. You know those type of positions where the the cost of a mistake is more than one person's quota. I think I can understand when a person wants to do some bad channels, but it's really important to do bad channels very tactfully, because

if a person is a passive candidate, meaning that we had hunted them.

They are gainfully employed. Then you can't do it at that current employer.

If they brought 4 years of 10. Yeah, that current employer. Then you're going back 5 years and asking somebody they worked with 5 years ago about a back channel right? I don't know how valid that Bat Channel might be, but is, I'm a different person today than I was 2 years ago.

I'm a different level of a professional today than I was 2 years ago that, and so I don't know if somebody spoke to somebody that I worked with 5 years ago, how valuable that feedback really would be, I don't know, like, you know, maybe maybe it would be interesting, but it wouldn't be the thing that makes my decision or breaks my decision. So those are some thoughts on it. But if anyone else, this is an interesting topic, if anyone else has any thoughts on it. Yeah, what do you think

I'm sorry I'm not 95 listening life and death situations overseas. Okay, you deal with that. You deal with that.

Let me get this opened up. Guys.

Okay, everybody sees my screen.

Okay, so today, we're gonna focus on how to choose top talent. Now, the core lesson from today is that we need to treat this as like a sales and marketing function.

And we need to understand the funnel. We need to think about how to fill that funnel and the implications of time and quality of candidates on that funnel. Once we've done that, our ability to make a good choice greatly increases, but it is not sure short. You can still make a bad, a bad choice, or you can make the the choice. That's not the best possible choice to make. So that's why you still have to understand how to optimize for choices. And that's what we're gonna do today.

So there's a couple of really key steps here when it comes to choosing talent consistently, in a good manner.

You have to have an interview and methodology just like you don't have a sales team without a sales methodology in place. You should not be interviewing without an interview. Methodology. You shouldn't be. It shouldn't be wild. The Wild Wild West and everybody's doing their own thing.

You have to define and build out, define the mandate, and build the scorecard before you go into market. So that you're using a scientific approach to assessing alignment and caliber versus comparing candidates. Because when you start comparing candidates, you might have 2 really bad candidates. Now, you're just comparing a shitty candle with another shitty candidate. One looks less shitty, but that doesn't mean that the right people that you're talking to you have to have the hiring committee pre-selected the. It is not right to have people pop into the process later on, like you need to define a process for due diligence here and be confident in that process. And so you have to do the work beforehand and say, this is my hiring committee. That's that we're gonna work with.

you have to have an interview process laid out, and then you get started simple steps.

We're gonna start with the interviewed methodology. So

were you there many out there we have one. Obviously

we call it DNAP. O. The history of DNA pr, o is this

so? For the first 4 years of this business they had no methodology that they were using. And so a few things happened. They realize that every time they spoke to clients and multiple people within those clients.

They were hearing a lot of things that people were looking for. But no one was speaking a common language, and a common language is necessary, which is, that helps with internal and external alignment.

They

they went into an organization, and I think I've mentioned the story before, which is, we were asked to assess why this company, one of the top few enterprise software companies in the world, why they had high turnover in their Erp team on the Enterprise side.

and we UN. We uncovered the reason, which was around the fact that they were hiring candidates. That were not great candidates because they were heavily focused on Erp enterprise experience, meaning. There were only 3 other companies that would hire from, and everybody was just hiring that each other's people, and the pool was just rotating between

different companies versus going outside and looking for people that have enough relevant experience to come and be dangerous, but can also be really talented people.

We were asked to teach them how to make a good choice then. and so we started that session in A, in a in a board room with about 85 directors and Vps, and we said, Everyone just tell us what you're looking for. How do you? How do you look? How do you know a person's word? And so we felt 5 Byte whiteboards full of words and statements that people were saying, and then we said, Stop, none of these are wrong. No, none of them.

but none of them are the same thing. None of you are saying the same shit, and so you need to have a common language for that, so that those are the insights that led to the creation of this framework. So it's called DNA Po.

It looks at talent and experience.

Talent is defined by drive nature and acumen, and experience is defined by performance, history, relevant experience for a position and opportunity management. These 6 components enable us to assess caliber and alignment

drive is defined by the person's work, ethic and resiliency that can be leveraged to achieve difficult strategic goals. Drive is not ambition.

Drive is the engine that enables a person to achieve difficult things. And so if the person, if there's a person who has a goal on the other side of a wall. A driven person will run through, jump over, dig under that wall to get to that goal. And a person needs this in sales which sales is hard. There's a lot of losses along the way, right like, if you had a sales team that had a 50% close ratio.

That's pretty normal. A 50% win rate means you're losing 50% of the time.

And then markets change. And also where companies in its life cycle affects things like win rates. And so they they have to be able to get back up, really quickly, learn from the loss and move on and sales is something where

work ethic is just so critical in sales. And so it's the first thing we look for in a person. It's also the first thing we look for, because you can't teach it. You can't incentivize it. You can't give a pep talk around it. This is the thing they must bring to the table. If they don't have drive, then you sh! Don't need to look at any of the other things, which is none of that matters anymore. Now you know that you should not be talking to this candidate.

How you qualify for it. You know I can give a question for each of these, and I'm happy to discuss. Others as well over time. But a way for me to assess drive is, I asked a person to tell me about a very difficult professional goal that they set for themselves, and it's plain to me how you planned on achieving it. Your journey on trying to achieve it, and walk me through the details like, what were your roadblocks? When did you stumble? Give me the details? And everybody has one really good story, and they'll give it to you. They'll you know they'll give you their heart and soul in that story most of the time, and then you ask them for another one. and a driven person will have many examples, and the one who doesn't have real drive would have given you one good answer, because they're prepared for it. Drive on. Its own is dangerous. It has to be channeled effectively, and so to channel it. Then other 2 components of talent, nature and acumen become important. Nature is emotional intelligence and interpersonal skills, slash strategic empathy that enables a person to connect with different stakeholders as well as look at the world through that point of view

those 2 things are different. I need to connect with different stakeholders, and that the more complex the sales process, the more internal and external stakeholders there are a fun fact. The highest failure rate in terms of job transition is when an Smb goes to Mid-market. Ae.

the failure rate there's the highest out of all road to market roles. The reason for that is the job fundamentally changes the sales. Cycle becomes much longer and more stakeholders involved, you become. You have to understand how to manage a project. Internally and externally you have to bring stakeholders, create roi calculations. It's so different from a one or 2 poll close. And so the failure rate there is very high.

And so the more complex, the more you require high nature. And so you're looking at. Emotional intelligence. You can put many things at emotional intelligence can be considered like an umbrella. So if you're thinking of integrity, if you're thinking of entrepreneurialism, those things can come under emotional intelligence. And then separately, you want to say interpersonal skills and strategic empathy. How you qualify it. It's really hard to qualify it, because there's no one question you ask. And so this is where psychometric tests can be very interesting.

This is where having a hiring committee is also very interesting. Why? Well.

there are different ways to think of personalities. I have. I like this one framework that says there are 4 main personality, try types, their drivers, their amiable people out there. There are expressives and their analytical people. And one of the mistakes. There's a reason why first time managers have the highest turnover rate in their teams. Why.

it's because when they meet candidates to hire, they make a very common mistake. They hire the person that they had the best conversation with. You could end up having the best conversation with a person that has a lot of connective tissue with you in life. Right? So you went to, you grew up in a similar environment. You have a lot of cultural similarities. You don't have a good conversation that doesn't mean that that person has the ability to adjust that tonality, volume, pitch, body, language, etc., when they're dealing with people that have different personality types to them. And so this is where an interview process with different members in the hiring committee can be helpful as long as your hiring committee has. Members have different personality types, because if the person is able to build relationships and rapport with all of the people in the hiring committee, or many of them. Well, now you know that this person ha! Has some decent nature in that you can also ask them some strategic questions around in the case study section of your interview process where you give them a lot of context and ask them to look at the world through the point of view of the buyer, and explain how they would how they would think about that. You can look at

clear signs of accountability, situational awareness, good storytelling. Those are signs as well.

So it is more more complicated thing to test for than drive, I think. Drive by the end of the first interview you can tell whether the person has drive or not. I don't think you can tell if they store really highly on nature. By the end of the first interview or not.

an acumen. The ideal interaction between a salesperson and a customer is a doctor, patient interaction, the basis of a doctor. Patient interaction is expertise.

and expertise requires the following, it requires focused curiosity, not just general curiosity. But I need. I need people that can focus it in a particular direction.

and they need to be intelligent.

And so if they have those 2 things, then with time and with repetitions, they can develop expertise.

And so acumen is focused curiosity and intelligence, because those are the 2 things they have to bring to the table from a talent perspective. And then over time and with repetitions they might develop that expertise. It takes 4.8 years to work 10,000 h, 40 HA week, you know, so somebody could do it in 3 or 4 years if they're working a lot more. But it takes time to become a real expert at something.

If you believe in that framework, I think there are ways to accelerate it through enablement in an organization. But you could have the best enablement in the world. But if your team has people that are not

intelligent and they don't have focus curiosity, then the expertise level of that team will be low. So that is talent.

I'm going to do questions at the end of it. Actually, I think that will work better. So talent is those 3 things when you're like when you're building a sales team. And you're looking at junior talent. That's the only thing you're looking at, right. They don't have a lot of experience for you to assess on right. So like, let's say you hire in a Bdr straight out of university, right like you. You are looking at the talent that you're investing in.

When you are looking at somebody with more, with a couple of years in the workforce they're more expensive. It's a bigger bet, and they have experience that we can now look at and say, what does this tell us about this person? And so we need a met a framework to assess that experience with. And so the first thing we look at is performance, history.

the beauty of the roles that we all deal with on a day to day basis is that there's clear performance metrics associated with each position. So we need to understand what those metrics are. But we also need to remember that people lie all the time, you know. If you, I can tell you, the majority of resumes we get from candidates. Everybody's hit every target they've ever been given.

But then, when you actually look at your quote attainment in companies, I think in September 42 of salespeople hit target intact. And so there's always a discrepancy between what people are saying and what people are doing. And so people lie.

and there's nuance. So the nuance is this, if a person says I hit Target 5 5 years in a row. that's great. How did you rank on your team?

That's a contest question. Because if you the person says, Oh, I had a team of 6, I was number 5 consistently. Well, now you have some additional contest. Doesn't mean that that quote attainment was bad. But you're gonna take that into account.

Sometimes we look at back port attainment, and we just disregard the person.

And I think that's also a little bit flawed. Because if you saw somebody who would hit target 4 years in a row and then hit 62% to plan, and then 75% to plan, and then a hundred percent to plan. I think there's some questions one should ask. But there's sometimes what happens is a person is asked to take over an under performing territory and really turn it around.

And in those cases, if the company wasn't kind enough to reduce their quota there, which was given a bad territory, but they were able to build it back up. Those achievements are meaningful. But whereas to build back a really bad territory is a really meaningful achievement.

And so ask those additional questions. Candidates know these numbers at the back of their hands, and if they don't. That itself is a red flag for you over that. So the first thing we look at is performance.

The necessary when it comes to experience that we look at is relevant experience to a position so relevant experience has to do with the ramp up.

How quickly can a person ramp up is based on how relevant their experience is to what you are hiring for.

And so things like deal sizes, sales, cycles. I ideal customer profile you know, function that they're selling into industry. They're selling into type of technology that they've sold. All of these things create relevancy. And what we need to find is, firstly, we need to ask a question of ourselves. How much patience do we have?

Some companies don't have any patience, and it's fair fair their number one rap, just quit.

They need to put a great person in seed. They can't put somebody who's gonna stay 9 months to learn. The clients of that territory on air are really upset, and so their tolerance for relevancy is very low.

and in other cases the company is able to take on a little bit more is more patient.

And so it's an internal question one has to ask. In my opinion there's no right or wrong.

I do think it's hard to get the world's best salesperson to leave to do the same thing somewhere else.

And I think that is a hard thing. So you have to really think about why this person is doing it. And how do I make it interesting for them? If your relevancy criteria, if your ramp up criteria is very low. So that's how you wanna think about that.

And this is where I think internal recruitment teams struggle. Performance is easy. Right? What were your quotas? How did you do? I think they really struggle with relevancy, like what is true relevancy? And how do you look at it in a nuanced way? So you can yourselves, or through your hiring managers, do a lot of coaching when it comes to this thing.

and then the last part is opportunity management. We are optimizing for a great hire. That was the common language we created early on in this course, where we want a person that performs well contributes to our culture, and is there for a long period of time, and then an appropriate amount of time.

And so opportunity management is us understanding the decision making process that they've leveraged to navigate their career so far.

and that decision-making will help us understand. What type of risk we're sitting on? Will this person be patient, or will the next time some interesting opportunity lands up in their inbox?

They move. Are there any red flags here like red flags? Are 2 sorts, bad gaps.

or lateral or backward moves are things we need to deeply investigate.

And then what type of

compensation are they used to and want to make are things that help us make the right offer and assess if we are excited, to continue talking to this person or not, so that becomes opportunity management when it comes to the more experienced people where we assessing DNA and Pr. O,

usually you're willing to give up a little bit of experience for the highest level of talent possible.

But it is a fine balance, right? Like you're not gonna give up a person's ability. Let's say you're

not gonna hire an Smb. Rep, who scores really high on DNA for an enterprise role that makes no sense. But if you see somebody that's storing off the charts on DNA, and you are hiring for an enterprise role. And this person is a mid upper mid market wrap. That's a very viable person to be looking at and especially early on. So the earlier your business, if you're a series A or series B stage business selling the enterprise which is really hard for many reasons, including product development, but with feedback cycles are slower. I think it is really beneficial to get that Upper Mid-market to enterprise transition early on cause. They have so much more

patience. In that role, and open mindedness in terms of habit formation that somebody who's been a 20 year vet in Enterprise sales might not have joining a series A or B stage company. They might not have that open mindedness. And so those are some rules of thumb to keep in mind.

Here's some common mistakes. People confuse, drive with ambition.

People forget that nature is all about empathy and sales requires a lot of empathy. I'm not talking about empaths in terms of personality types. I'm talking about strategic empathy. Can you put yourself in another person's shoes and look at the world from that point of view.

Acumen education accomplishments has is not acumen.

I was a horrible student. I actually think that pretty decent acumen so it's not just accolades. It is actually trying to dig in and understand if they have focus, curiosity and intelligence. But it's also not using

tests that are fundamentally, sometimes floored to asset. It's us really understanding depth. So like, here's an example. I asked a candidate a couple of days ago for an internal role.

Tell me the last time you changed your mind about something important, and why?

And that answer that this person gave was so deep. This person had done so much research around this topic, you could tell that this person really thought through this. And to me, that's a sign of intelligence and a sign of focus curiosity. Tell me. Tell me a time that you tell me about your biggest professional mistake.

You'd be surprised how many times people do not give an answer or give an answer where they end up looking good at the end of the day, and that's a sign of somebody whose nature is a little bit flawed. So just keeping in mind that we need to look for more than just things that come up on papers.

And then, when it comes to performance. All accomplishments are good is a common mistake.

They're not like you. Nuance is important relevancy. That 100% relevancy is a good thing. I think it has fundamental flaws, but sometimes you don't have a choice, and that not understanding the why. Behind every move is a common mistake related to opportunity management.

So let's stop there. For a second. Any questions.

how are we doing for time, Allison?

48 min. So we still have an additional 40 min to go

brilliant.

I have a I only have my laptop today because I'm in Nashville, whereas usually have multiple screens for life is much easier. That's why I can't tell.

Let's go into the hiring committee side of things. So ask you a question. I'm sorry. I was just wondering what has been your experience in working with founders, and how well do they design the roles?

Are they? Do you find they're

earlier, this stage, the founder, the more involved they are in in crafting it, but they probably need a lot more assistance. Right like. If it's a first time founder versus second time founder. The first time founder, needs more assistance, and I think, if they, the earlier the business and its life cycle, the more assistance they need as well, and the more involved they are in the process right, like the founders, not involved that much higher in Aes and directors at the series Co. B. Stage, but they're very involved in the series, a stage and the seed round stage. So I think they struggle. And it means we have to help them kind of lock in on it. So a lot of the work that we do early on in our process is sit down with them and really understand. What are you trying to achieve with this position? Is it even achievable? That's a big one where we actually have to sit down and really understand. Like, are you trying to solve 2 problems that you're dealing with? But the same person can't solve those 2 problems like that sometimes happens. And so there's a lot more work we do the earlier this stage of the business, and more the and if it's a first time versus second time founder.

What's your experience in life with that?

I find that they lack that sort of training, especially, you know, especially at the earlier stages. For sure, I find that's a big part of like. I think they want to run through it very quickly. It changes so much throughout the sort of recruitment process. They flip flop and I think it's a reflection of how well they know their business and where it needs to go.

So it's you know they tend to be very myopic in a in a sense that it's like very near sighted. you know, in terms of like what they need, and I think so too, like, I think a lot of times. What happens is that an organization when it's

early on? It's just anarchy. It's like, you know seed and series a. It's like you're trying to tame mobile beasts. You put it into a bots and it breaks out from the other side like that type of environment. And so a lot of things change very quickly, and you just move at a rapid pace, and speed is important when it comes to that right when it comes to that state. So it's also not. It's understandable. I think it's trying to slow them down is hard, but is required. Because what ends up happening is that if you can slow it down a little bit.

you can start the process with

a better with a better understanding of what the problem you're trying to solve still mean that you're going to be experimental about it. Right? So I'll give you an example. So let's say, a person says.

I want to hire head of sales for my series, a company. I think there are a couple of profile types, that this person could look at for that position.

and I would like them to actually be aware of all these different profile types, upfront with some pros and cons of each.

and then lock in on. Are there a couple of these?

Are there a couple of these that we can address earlier on in the process. So if you like, 2 of these profiles.

can we meet both these types of candidates early on in the process? And then, after the first or second group of candidates have gone through the first few rounds. Let's get back together and say, do we want to lock in on a particular profile type. And so that's like the pre work. It doesn't mean we just need to have full clarity. It proves still be experimental. But let's be experimental intentionally rather than we're just moving with the punches. Once we're in the market.

Yeah, that's right.

Yeah, I have. I actually have a question. If it's okay, just ask.

So I think you hit upon something really interesting when you talked about the stories of how you know candidates have overcome challenges, and if they are aware enough to share kind of the things that they didn't do right, some of the negative and the positive. But when you're go, when you have a hiring committee, and some of that hiring committee doesn't actually see the negative as actually self awareness.

How do you? How do you manage that if you're on that hiring committee and want to be able to at least influence others and help them understand like, this is actually a good thing.

I think it's a really good question. And it comes to 2 things that we're gonna talk about in a bit. Which is that a defining what the role of each person in the hiring committee is, there are 2 types of hiring committees, fundamentally one that's gonna make a decision by consensus, and one that is designed to help a person make a decision where it's a person's call, and I think that has to be clearly defined up front cause that just sets the presence that great I heard you.

I get it. My point of view on that is this, and so I've shared my point of view. But I'm not looking to change your mind. Actually. Cause I've just pre. I'm looking for opinions. I'm going to then take everything into account, made my decision. I'll explain to everybody later on at the end of the process why I've made this decision so that they get it, and they get my thinking. So there's there's conversations to happen. But the decision making is going to be more authoritative. And then, when it comes to

a hiring committee where you are making decisions by committee. It requires a lot more deliberation and a lot more creation of alignment. And it's really hard, like, I think those type of committees are are fundamentally flawed, because I think it's rare in business that you should have consensus based decision making. I think it's important for people to be able to make calls, but have opinions. They rarely do need a lot of people to all come together and make the same choice together. It just slows things down, and some people don't have the expertise of the contacts to really have the ability to influence this decision the same way. Like recently, a Cfo. Would never dealt with recruitment was helping hire any slight

how you gonna figure it like how you gonna help right? Like you can have opinions. But like if you're if your note kills the process that's really tough now. So I think that's one thing. The second is, I do think it just requires a lot of conversations with that person. It's like helping them understand why they're wrong in their thinking.

Right? Because a lot of times the people in the hiring committee might not have global market experience, so they might not be able to understand why it's a strength or why it's a good thing. And so you have to. Then, as a go to market, lead to help them understand that?

That's great. I think that helps me like when I'm in that position. And I'm hiring. How do you actually be very clear on who makes the decision?

That's the big one, the biggest one? I think this is the a lot of people make hiring committees. Very few actually define how the hiring committee is gonna work the mechanics of it. And that's like this little thing you can do, and it just changes the complete game which is interesting. We

don't roll right into this. Actually. So if you think about hiring committees, there's responsibilities and selection. That's the 2 things you have to think about when it comes to a hiring committee. And so when it comes to the responsibilities of the hiring committee. I think it's it. The hiring committee is supposed to help identify and clarify the search criteria. I think that's a really important role for the hiring committee to play.

They're going to help assess the candidates.

They're going to help get candidates excited to join this company.

and they're there to advise the hiring manager in an ideal scenario, because I think the ideal scenario is not consensus based. But if it ends up being consensus based now they have a vote.

The selection of the hiring committee should be 3 to 6 into key stakeholders who understand the company's current state and future goals and culture really? Well. they they are compelling people for candidates.

because the reality is that the greatest of candidates have the lot of choice even now. and so the person has to be compelling.

That's the that's actually a fundamental selection criteria for them to be in a hiring committee.

And can they commit the required time.

cause that there is. You know people have this saying of like high, fast fire, slow higher, slow fire fast

highest slow fire, fast or high, fast fire, slow like some shit like that, and they actually both wrong, because it assumes that you should hire slowly and fire quickly. But it assumes that a good choice is only a slow choice, and that's not true.

And so I think you can a. You can make a good decision.

and you can do it in a timely manner.

and that's important, because great candidates are cited when they enter your process. But if your process is 4 months, if they're not excited at the end. It's a fundamental reason why Amazon, when the market was more vibrant, had an offer. Acceptance rate of 60 dropped down from 94% they reached out to us to understand how to maintain a high response rate. And the biggest flow to that for that process was speed they were just taking too long.

and that had worked for them for most of the time, but when that market got a little bit more aggressive. It stopped working. And then the last part is clearly defining the responsibilities. And how a decision is going to be made that part right? Or you were talking about it. That's the last thing that you really have to lock in on. And it's sometimes people get really upset about this, like, you know, a lot of people want to have a vote and you have to as a global market leader than say.

Il just don't think that you guys will have all the context required, and I think by the time we made it good choice by voting on it and creating 10 senses. We're gonna slow, the process down too much. And so you have to push them back a bit.

Oh, there it is, higher, fast fire, slow wrong, higher. Slow fire fast. Also wrong.

So an ideal interview process enables 2 things create due diligence for you and an engagement siding process for the candidates. That's what it is.

And so here's one that we just in implemented for a couple of Vp level searches for a series, a stage company again, your process can look different, based on what you are in for, etc. Which stage you're at, etc. So over here we started with a phone screen.

Then there was a hiring manager. Interview number one and number 2. Why, 2 back-to-back hiring manager interviews. I believe the most important person people to spend time together, are the hiring manager and the candidate. So the hiring manager, in the first interview you spend 1 h with the candidate you start by telling them about your company and the role. and then, once you've laid it up, I want to get the candidate excited. Once I've brought in them excited. I'm like, tell me about yourself.

And I wanna see how well they can sell themselves when they really want something. So I'm gonna make them want it. I'm gonna give them context. And now I'm going to assess, if they are really good or not in terms of how they position themselves for something they want.

But in 1 h there's only so much I can learn about a person, and so I can learn that career's trajectory. I can't learn as much about how they achieved something. And so the hire End manager interview number 2 is for me to dig into the

how behind their achievements like, how did you do this? And that's super critical, because sometimes a person could have been in a company that was a rocket ship, and their achievements look great, but they were not intentional, and I need somebody who knows how to intentionally do this because I'm in a grindier state. Right? So I need those 2 interviews. After that

I need to again. Now, I really like this person. So I'm thinking about, okay, how do I get this person excited?

Usually, if your product has got a product, Demo, here is a really good step. It gets them really interested because it and it helps them stream themselves out. If they looked at the product. They're like, I can't get excited about this.

So the product demo becomes the next step after the hiring manager. At this point. At the end of that the hiring managers excited about the candidate and the candidates excited about the business. If we're still there now, I'm gonna have other stakeholders meet with the candidates. So my hiring committee in this case, I'm gonna have them come into the mets and ideally, it's in a cup in in one day or 2 days. I'm having all of those people meet them.

Then if at the end of that process we are still excited, both parties are interested. And there's we want to move forward. This is where we introduce the case, study business plan and then move to an offer process.

Here are some guiding principles that can help us get the right process. It shouldn't be too long, it shouldn't be too short. It shouldn't be too long. Each step should have a distinct purpose. Each step is done in a way that ensures. The candidate wants to move forward, and we are deciding if they do or they don't remember. If we if you interview somebody badly, then they will feel a certain way.

and we want to be the ones to reject the candidates. We don't want candidates rejecting us.

That means there's something problematic in our process most of the time. If the candidate is rejecting us.

So that's the process that we implemented and is a way to think about interview processes.

We feel that we should be able to take a candidate through this process for this company in 2 and a half weeks. and we usually give one week for offer.

So, and we have hiring against a scorecard, not against other candidates. So each candidate.

We're not waiting now for the others to get through the process like one candidate can get from start to finish within a 3 week. Process 3 and a half.

When you think about how you are assessing a candidate, you have a couple of different tools that you can leverage. You have structured interviews you have influencer meets and reads. You have reference checking. You have performance stats. You have third party interviews, personality tasks, ongoing communication and touch point analysis, right? Like the quality of an hour, a follow up at home assignments, real time, whiteboarding type of assignments. These are all different tools for you to leverage some of them. You you don't have to leverage all of them, and for each role that you're hiring for, but just understanding you've got different tools to help you make a decision. Try, you know, create when you're putting your process together. pick from here a bunch of things that you think will really help you.

I want to show you something which is much easier to show when we are on multiple streams again. Do you guys see the risk assessment part.

Okay? So here's something a lot of people use scorecards for hiring made sense is it's actually way. Better to use a scorecard than to use nothing. But having looked at so many scorecards in my life, I realize, like there's some fundamental flaws in a scorecard

they make it seem like hiring is quite binary.

like, I'm gonna see us 8. And I know that I'm gonna make this higher, or if I'm comparing a 7 and an 8 8 is, for sure better right like. Now, if you use the standard form of a scorecard and you get a candidate that's 5 and another one. That's 9, you know. It's a simple decision.

but it also makes it feel like, if a person scores between 9 and 10 like Wow, like I, the risk here is very low. and so I feel like

it can be done in a better way.

Firstly, there were these flaws that we mentioned. The next thing is, they also heavily focus on performance and relevancy and not enough on characteristics. We analyzed all the scorecards we sent by clients, and usually I think it was like 75% of them only had one component as cultural alignment.

not broken down by the various things we're trying to screen for. But a lot of relevancy and a lot of performance related stuff. So we think it's more of a risk evaluation card. What type of risk am I really taking here. And so we've created this thing that we've been using recently, which is our DNA pro based risk assessment card. But it doesn't have to be DNA pro based. It changes we, you know you to do it at the standard way. So what we do here is there's a focus area. What are we screening for

within that? What are we looking for? So we hear goals setting work, ethic and resiliency.

How are we gonna measure that? So what are some things we're looking for. So when it comes to drive, we want 3 experiences that where they've set difficult professional goals and showcased strong work, ethic and relevancy, resiliency to achieve it when to qualify it. So this is the job of the hiring manager in interview, one to qualify because we don't want to spend a lot of time with the person that doesn't have drive, and we don't want to scroll them.

And then we're gonna do this for all the different things. So nature

acumen. So we have 3. We're looking at DNA separately. And then we're going to look at performance history same way. We're gonna break it down by how we're going to measure this, and who's going to do it?

Then, at the end of the process, we'd run? This is how like, you know how investors have deal memos. So we actually want to sit down and ask ourselves a couple of questions. We're gonna be a little bit more reflective than we've had to be in the past. What is the probability of this candidate been a great higher for this role in our organization is our first question. and it gets us to think probabilistically.

The next is, what will the what characteristics and experiences are going to help this person become a rate higher for us?

What are the reasons that could lead to this person not becoming a great higher for us, so really clearly defining our risks.

Can I? What can I do to ensure, risk and minimize?

Ensure, upside, and minimize the risk of failure? How quickly will they ramp up. And what can I do to accelerate that?

Does this person have the ability to have a career in this organization for which you need to be able to move up in the organization, or is there ceiling?

And am I? This is the most important one. Guys am I excited to work with this person. We kinda don't take this into account like you should be excited to work with people like they. I work should be fun, and work is fun when you work with a player solving difficult problems, who have, who you enjoy spending time with. You know you know those one-on-one's in your calendar where you dread them because they take your energy away.

and you don't need to have those you you should feel comfortable firing a person that's okay in performance, but takes your energy away.

I'm quite comfortable firing that person

because it's like my energy we can take. That's not working for either of us. If I feel this way.

That person feels this way for sure. And so it's not working. And if it's not working, it's not gonna be at its best. This person's not gonna achieve the best outcomes in that area. And it's gonna be a pain in my ass as well. And so this I think by asking that question upfront. You can kinda save yourself some

some headaches later on. So you go through this reflective exercise, and then you decide on your yes or no.

and so we fail. Old score cards are better than nothing, but their ideal format is a risk assessment card.

Now we'll stop sharing that and start sharing back to my deck once I hit.

Sorry, guys, I'm way better at this when I'm on multiple screens.

No problem. Take your time. There it is.

You see it?

Yep, sure. Do.

Okay. So any questions on the risk assessment product, because I know it's a bit of a new concept.

Hi, Joe.

good afternoon.

Good afternoon.

so any questions on the risk assessment. Okay, we don't move on. Then.

actually, that's the end of our last. Then. So I actually want to show you guys something totally different then. No, no, no, we. We still have shit to chat about. Don't worry, guys.

Okay. So yesterday I ran a session at go to Market 2023, and I was hoping that we'd have some time to go through this, because I think it's interesting. And so the session was, how have the characteristics required? To be an elite tech sales, professional, changed or not through the various eras of the of technology. You know the Pre and post Internet eras and what will be required in the

error of AI and non 0% interest rates. We we used DNA as the anchor for this conversation, because we're talking mainly about talent requirements like, how does the talent evolve? And so we've discussed DNA in this for this particular thing. I want you to think of it as a as a thing. You score a person again, so you can store them out of 3 out of 5 out of 10, totally your choice right? But the thing to keep in mind is you.

you can score a person. The other thing to keep in mind is that every person you know has a different mix of DNA right? Everybody on this call has a kind of a unique mix of it. And the mix that you need for your team is based on a lot of your unique requirements, right like, based on what you sell, who you sell to deal sizes, sales, cycles, complexity of the sales process defines what type of ideal DNA you need to hire for and so keep that in mind.

We don't look at 3 eras. The first era is the 19 seventies until the early 2 thousands. The second era is the 2,000. Still, let's say a few months ago. And then the third era is where we are now, which is AI plus non 0% interest rates. So the first era was when cuttiness technology looked like

fax machines and copiers early on data centers later, right? And the thing about them that was really interesting was the pricing model was perpetual licenses, which meant that a lot of things that right now we consider to be relatively cheap deals

were actually quite expensive back then, because we were buying the perpetual right of ownership for that thing. And so, simplest of things. To this M. To a small mid size business with 6 figure deals. What happens when these deals are 6 figures? Well, a few things, a few implications of that that were really important. The number one implication was that these decisions had to be made at the highest of levels. Because if it's a 6 figure deal, you have a C-level decision maker

a. The sales cycle was long, but there's a lot of due diligence had to be done. There was a lot of status with, you know, lost to status for because a lot of people would just decide I'm just gonna choose not to spend that money. In other cases. You also had individuals companies on the other side were really hard to build, because it was very expensive to build these technologies, and it was also

very expensive and complex to build a commercialization team around these technologies. And so investors found it very difficult to deploy capital in these companies. The thing this era was fascinating because

couple of things happened that are very meaningful for the history of Sales Xerox. Rely something. They realize that so much of this is dependent on the individual's ability to win.

How do we enable that? And Zeroth came up with what was the most cutting neck sales training in the world at the time?

Btc. Later on, came up with medid, which offered repeatability and predictability in terms of deals in a way that had never been seen before. So the innovation of this era.

So the typical salesperson was kind of an island to themselves. They used to do everything, hunting, farming, prospecting, etc. They were on the road a lot of the time, you know, back in the day Xerox reps, would just walk into offices, and you would laugh about hiding your wallets. There was a heavy focus on relationship building. The career path was considered a lost resort, pushy and manipulative, and just not like a place where some of the brightest and best people in the market were going to. It was

the accidental career path. It was financially good for some, but not for everyone that took part in it. And really it was people that had this type a intense personalities that would gravitate towards it and would find themselves in it.

This is a good impress this is a good example of an ideal salesperson from that time, right? And so the innovation of that era was sales training, and Xerox innovated with solution. Selling and spin selling. And then Ptc. With Medec.

we we went and we looked at what were the what type of DNA were you optimizing? For when you were hiring in these companies and in this era?

And when we were taught to these people, we learned that they were. They were really heavily focused on drive

cause it was so hard you had to be comfortable walking into random offices, losing things all the time, right? Like it's real. You need a unique person. That's a lot of drive you need if that's how you're selling. It was relationship driven. So a lot of nature.

But what is interesting. Xerox really didn't think about intelligence a lot like it wasn't what they were optimizing for. It doesn't mean that their salespeople were not intelligent. It wasn't what they were optimizing for. Then we went and we found something

we said, this is what you were looking for. Once the era was actually mainstream, right? Like momentum had been developed.

What were you doing at the beginning of the era when innovation was at the earliest stage of its cycle?

Because

when a innovation, or when innovation happens and the cycle just begins, you have early adopters. They are little bit curious.

but you have to take that curiosity and convert them into buyers. You have to create a sophisticated buyer. You have to help them become comfortable about making an investment at a time where that investments not mainstream. You have to help them understand why they should lean into this, create a use case for them, get internal buy-in. They're doing something unconventional, and because you're trying to get people to do something unconventional.

your

losses are going to be higher in quantity. So you have to have a lot of drive

your nature. There are going to be a lot more stakeholders involved, so your nature has to be off the charts, but you also have to really help them understand why to why they need to invest in this thing for which you really need to understand the thing.

And so the requirements at the early stage of the era were a 9, 9 9, and that was really interesting for us to figure out. Say, oh, shed. Ok.

Let's look at the Nest Era, Sas price and model change. Right? We went to subscription based pricing deal sizes, came down, sales, cycles went down. Decision Maker became more junior for things that it used to be sea level decision makers for before, and that this enabled us to have return revenue businesses which enable investors to deploy more capital in the market, which also enabled businesses to think about growth over profit in the near term, because once you hold on to a customer, you can turn them into a profitable customer later on. Let's let's worry about that down the line. Let's focus on market share right now. That became a thing. Once Sas became a thing the most. This enabled us to create the assembly line in sales. So instead of having an island model, we broke a complex thing down into simpler parts, and we brought the average age of a sales team down by about 10 years.

And now we had more junior people that could do top of the funnel stuff to learn the craft, and then we had specialists across the rest of the channel or the rest of the funnel.

There! There was a lot more inside sales or a lot more inbound leads that were coming through. And and we were really focusing on discovery and value selling. This became a more compelling career path for many more people that was financially great for more people than it was before, and it became more inclusive in the sense that people from different backgrounds were able to come in and thrive.

This is a sales team from this era, right like look, it looks so different to the ideal team of the previous era. And so this team is young. It dresses differently. They're all in the office. They're having more fun.

Innovation of the aerial era was, I think, the assembly line and sales force with predictable revenue in terms of training.

When you look at the type of people these companies hire. The reality is sales was easier.

And so they were looking for starting

a 7 out of 10 on drive. Actually, this should be 7, 7, 7. So it's 7, 7, 7. They were looking for 7 in drive.

because it did become easier. You didn't need person storing off the charts on drive. Nature always has to be doing itself an acumen. You know. You're helping people and buy innovation. You can't be a donor. But again, don't have to be rocket scientists as well. This would have stayed a sites.

but at the start of the era, when you had to explain to somebody what the cloud is, and what Sas is.

and why they have to be comfortable. Putting their data into this thing called the cloud. Till then the only thing that they thought the cloud was was clouds, and so now they had to really figure out why they should lean into this. You needed to score 9 9 across the board. For part of the reasons why we discussed earlier on, when we figured out for all the reasons we discussed earlier on. So when we figured this out we were like, Oh, shit! History repeats itself.

And so this is an important call out right now for all of you, because I think we did this market analysis at the start of the session start of our class. That showed that we are in a new era right now, which is the next couple of years that gonna be defined by lower interest rates

and artificial intelligence becoming mainstream, artificial intelligence becoming mainstream, has 2 implications. It has an internal implication on how you, the tools you use and how you structure your teams. But it also has an implication on what you're selling cause. Most technology companies are implementing this right now. So the buyer is now going to be similar to how the buyers were in the early stage of the cycle. But they're also in a financially tricky market. So they're that much less focused on buying, they'll look focused on risk management. And so if you are hiring people, you have to focus on a 9 9 9 right now, cause we history is going is repeating itself. We're back at the start of the cycle, and the people that are gonna thrive in here score really high on drive nature acumen.

The reason that's an important call out is, you can't have everything. You can't have a 9, 9, 9, and drive all the experience you want and compensation exactly what you want it. So you've gotta decide what are the compromises we're willing to make, and usually the compromises on experience, because you're not in a market where you can just go and throw the hitch and sync at candidates, either. And so that's something to keep in mind, and I'm glad we had a few minutes to chat through this.

so I think it'll be helpful to people, so I'll stop there any questions.

Well.

in that case, I hope you guys have a good end to the week. I'll be back in Toronto as of tomorrow, and I look forward to a lot. Thank you so much. I appreciate that.

Yeah.

thank you. Thank you very much.

Class 4

text

and then we'll go into. How do you equip people for success once you hire them. So the first thing is that you want

Sorry. Yeah. So you

have to have a hiring committee that you design for roles that are senior positions, right? Like we are talking about leadership roles. A leadership team is the core of this entire course, and so these are really important hires with large implications when it comes to getting it right or getting it wrong.

And so we need to be as systematic, as thoughtful, as humanly possible, which means we need to have given some thought to who is taking part in helping interview this candidate. That is what a hiring committee is supposed to do.

Now

you usually have a hiring committee. The difference wasn't designed, or did it materialize that's really the only thing we are discussing, because there's no role in which there is no hiring committee right like, because it's rare that you would hire a senior person with only one person running that interview process. There are various people involved.

But if you don't design the hiring committee, those people don't really know what their roles are. and they don't necessarily have your guidance as to what they're qualifying for, and how to qualify for it You and and so what ends up happening is the worst candidate experiences when you are in an interview

that feels just like the other interview you had. But the only difference is, the person in front of you is a different person. That's a really useless way to spend your time. You feel like things are being done in a less than elite manner in this organization. And so, if what we are optimizing for is at the end of every interview step.

The choices are whether this person stays or moves forward, and they want to continue moving forward. We have to optimize for that. And if you're sitting in on an interview where you're like, wasn't this just what we did on Monday. Do you guys not even talk internally like doing. Don't. You share information, Don't. You have any a a system designed here, then. Now you start feeling a certain way about the organization, so it's that it's the the differences. Did you design it or not? We believe you should design it.

You should also design it because it helps you do one more thing which we've seen to work be quite important.

which is, decide at the top end of the process. If this is a decision by committee or not.

because just because you have a hiring committee does not mean that this is a decision by committee.

But sometimes when you Don't design the hiring committee. Things play out in a way where it becomes everyone has to say yes, and it's quite haphazard, and if one person has a dissenting opinion. We we don't move forward like these things, just kind of materialize, and it no one's really not necessarily the case that the company wants that that decision making process. So it is important that when you're designing this

a keep it lean. You know you want somewhere between 3 to 6 people.

You know people that understand your organization and your your your function within that organization well enough to help you with your first responsibility when it comes to the hiring committee, which is

identifying and clarifying the search criteria.

Also pick people that have the information required to help you in assessing candidates and in attracting the candidates. These are 2 separate things right. We need to sell while we're buying. And so you need to put people in there that are really good at that.

and all too often you have a person in the mates who, after that interview things just kind of like they did Momentum didn't get built. It's either flat or went down. and some find 3 to 6 people that can help you with these things. The last responsibility of a hiring committee is to help you make a decision.

and when you're designing the hiring committee, you don't want to decide upfront, as we just said, if this is a decision by committee, or if you're looking for various opinions, but the end decision is a one-person decision. This is a really important thing to figure out upfront, and you don't have to tell these people that.

and give them the reasons as to why. But once this has been pre decided.

Now you've got the ability to run things efficiently. Everybody knows what their roles are. You're not bringing new people into the mates, or wondering what is the right next interview. Step, Who should this person we are, maybe we should get you to meet this person at that person. None of this should be figured out as you're doing. It should be pre decided. And so all of that's been taken care of, and you, as a hiring manager, feel

like you have the support of intelligent, reasonable, logical people in your organization that will help you make a choice. That is the right choice to make, because none of these choices will

have 0% risk associated with it. You're trying to find the best risk versus upside ratio, and for that opinions and discourse are needed. And so you don't feel good that you've got this sorted. Now you can get started.

No.

if you

from here. The next thing you have to design is your interview process, and the interview process is something that

is probably still one of the most common questions. What is the right interview process? And probably why is such a common question. Such as you know, Standard. A conversation that that happens in the market is that there is no right or wrong, or there's no like one right? Answer. But there are a few things that I've learned to completely wrong. And so let's start there.

There is this idea in the market where I got asked this on a panel recently, where the person was saying, hey, it should be higher, fast, and fires low or far highest, low and fire fast.

and it's like one of those strict questions where I think what they're hoping for you to say is that you're on a highest level, but fire for us because it's decisive. We're getting rid of people, but very slow and making good decisions, which just seems really weird.

So they these are both extremely wrong, and we have to understand that, because if we think this is right, this is going to define our process, which means our process should be slow.

I do not believe that the only way to make a good decision is a slow decision.

That is not the case in areas where you have expertise. where you have experience where you have confidence, where you have a system that is going to facilitate a a good decision. I you don't need to be extremely slow, like one of the things that had, you know, if you think of productivity as it increases with time and experience and repetitions, is because early on, if you're doing something for the first time. You have limited experience over that, right? So you need to really be a thing through things a lot more given more time as you gain experience in an area. Decisions that took you 20 min before happen at wop speed. In your mind it feels instinctive and instinctive. Feelings are 2 sorts, those that are actually wisdom. It's just the speed of processing in your system is so fast because you've already dealt with this enough where you've internalized a lesson. From then next time you face that problem, you're able to get to the right solution very quickly, and that's what you want. You know you want to be able to do this. It makes you more productive over time, and then the areas where you have no experience like. If I get attacked by a bear.

and every part of my body, says Punches, bear on the face. I'm never really like i'm no experience. I'm not going to like. Trust my instant as easily as I would in terms of you know, when it comes to recruitment or sales, or business building and things of that nature, and so you can make great decisions very quickly if

you have the experience. If you have the expertise in that space. If you have a a system that is facilitating that. And if you're feeling confident and so do not slow it down unnecessarily, trying to optimize for a good decision, being a slow decision.

Now the ideal interview process, and we've discussed it doesn't have to be slow. So what are we solving for but run as a question

is that it has to first and foremost be designed to enable

Tara due diligence.

That is its first purpose. And so you have to keep that in mind, and then the second purpose is that once you have done your due diligence, and you've landed on a person you want to hire, that when you want to hire them. They want to work for you right? So it has to have built momentum excitement. It's a value in the eyes of the candidates, and so it has to be engaging and exciting for a candidate.

It should feel like it has a rhythm to it that you know you're going through stages and stages, and it's it's it's got like a it's like a percussion that's how it has to feel.

and a lot of people don't keep that in mind. They're not optimizing for that. And so you see weird steps happening one after the other, whereas the sequencing could have been different, and this could have been like a fun experience as well, or you see that the gap between steps is too long. And so any momentum built here has been lost by the time you get to the next step like these are the things you're trying to like. It's so simple right when we say it. But then, why does 90% of the world do it? The wrong way becomes a question. And so it's simple. Where you still have.

we have to be thoughtful about it. We have to optimize for it. And so these are the 2 things. Now the big question that everybody gets asked is, how many steps

and the reason it's a common question. It's a big question is because there's no simple generic answer. There can be some driving principles that help us design a process with the right number of steps. And so let's start with some of these principles. It shouldn't be too short.

Shouldn't be too long. Those are 2 principles.

Each step should have a distinct purpose associated with it. So you know, people are like I have my interview in style.

Okay, like I, I don't need a person to do their own thing in this process I'm. Designing a hiring committee, i'm. Giving a role to a person to go assess ABC. Things in this next step. I need them to design a way to do that, and I might guide them on how to do that. That's what I need, and so everything has a distinct purpose. There's no haphazardness. There's no shooting from the hip.

Each step has to be done in a way that ensures that the candidate wants to move forward at the end of that step. This is the quite. This is the question that you lost yourself as you're designing this that'll help you optimize for the second part. Which is is it? Engage in it's item for the candidate, Remember, if they are interviewing now, the

this is so simple for me to say, and Bo apart. One of the reasons why it's not operationalized like this, and why there are some interviews where a hiring manager feels quite disengaged in that interview, and it's just not

because they're like there's no world in which i'm going to hire this person. And so why am I like, what are we doing here?

And so on the spectrum of how this plays out there's some people that got the interview short. and there's some people who do the 1 h with the person. But they just ate life in that moment, and that comes across.

And so

it's fair to say that most people interview more bad candidates than they do do it, candidates.

And so how are we going to do a change? Our behavior in each of these depending on the quality of the candidate that we're spending time with.

The first thing is

that it is actually better to get the interview short. If you think the person is somebody that there's some massive red flag, and you're never going to hire the person it's better to in a respectful way. Cut it short.

then to do an hour where you make the other person feel like you don't like them. You don't respect them. You hate being here. They'll prefer that you got a chart, hey? I value your time. I value my time. Here are some reasons why I do it in a nice kind way, but that's actually way better than a bad 1 h Interview playing out the whole way.

So that's the first thing, and then give that freedom to people in your process that certain people who you trust to be able to use that the right way, you know, feel free to give them that, and keep that for yourself as well. Because if you're running this process, you're going to be in the most important interviews, right? And usually this challenge plays out in the first couple of hiring manager interviews.

especially in the first one. So

a if it's a bad interview, just got it short. Don't let it lay out long. The other thing is, if it's something in between. Now give it your Adam, because you might not hire this person and most of the people you interview you not hiring, but they out. Then the world talking about you. and employment branding a big part of it is how you treat the candidates that come and go through your organization as you're building your teams out.

And so you, if you've decided that i'm not sure. Now you're optimizing for what we discussed earlier, which is now, i'm going to give it my best, because I want to have the option to say no At the end of this I don't want the candidate to say no to me. So that's like the a really important thing that we need to keep in mind

when it comes to designing it instead of like saying, here's the one standard way of doing an interview. I picked it process that we had designed for a client where we were doing a couple of leadership searches for them at the Vp level. This is a series, a company and kind of talk through what the logic here was, and then we can. Do, you know, open it up for questions. I'm Sure, people are very curious about this stuff.

So over here the layout is that it was a series, a company they had product market fit, locked in. They had good investors who wanted them to go and build out that layer. What tail. At the first layer of their leadership team

all 3 leaders were being hired simultaneously, and we were looking to hire people as we've discussed at the series. A level people that were stage appropriate had dealt with the at Google Market velocity that this team was going to deal with, and were extremely experimental in their approach.

And so this company asked us to help them with the interview process, and we came up with the following.

We said, Obviously, there, there's gonna be a phone screen first, and this is after we have put a person through the mates, we felt like we still want you to be able to run it with a phone screen included. So we said.

Phone screen up front.

which is our chance to get the person who is new in Hr. Kind of familiar with the game as well like this person had just started. Now one would say that if a person just started, why, we, putting them in front of these candidates because

the the interview has a distinct purpose to it. It's defined there's there's no left right way that this is gonna grow so you can equip a person to have a narrow conversation within the first 3 months of them joining. And so the purpose of that goal was to just get a feel of the candidates, talk to them a little bit about the culture of the business, and why somebody who just joined the business loves working there.

So we're calling it a screening. But actually there, there's another purpose to it, which is. if you're a candidate, you are looking to see how people that have just joined feel about that company. So we had this little player here that we could do because this person was relatively new. Was there for long enough that they could speak to it intelligently. They were not just in week, one and they they could play a good role here. So we kept this up. Sometimes we take it out when we feel it's not going to be helpful.

and then we said we need 2 hiring manager interviews 1 h each. In the first interview we do something quite different.

Usually a hiring manager interview includes the hiring manager sitting back and asking the person to tell them about their career and walk them through it, and then they'll ask some precise questions to understand more contacts and get gain more depth.

What we usually do is, instead of starting like that, we start by telling them a bit about the business where it's going. Why, we're hiring for this position.

and the reason we do that is that I don't want to just see how this person tells their story and what's me through. You know their life on any given day.

I want to see how good this person can be when they really want something.

And so i'm going to first do the layout like, where i'm going to talk about the things that we just discussed, because if I do it really well.

i'm. I'm ideally optimizing for this person getting more excited about the opportunity, so i'll do that for a little bit of time. Usually. The way the first interview is split is 30 min where i'm going to talk a little bit about the things we just discussed, and then allow you to ask some questions, and for the second half of the interview i'd love to learn a bit about you and your career and your journey, and I'm going to ask you some questions. There's relatively high level. 1 h, these 2 buckets, you know you're done. You haven't gone much depth here, so you're not like testing for

particular. You're not going to deep in any particular way, and You're just getting a high, level understanding. At the end of this interview you have to ask yourself as the iron manager, if you could feel excited about working with this person, and if you, if it's a if you feel that they have. they have what it takes

to qualify for the next round of the interview process. That's the decision you're making at each stage. Does this person qualify for the next stage?

And so, if they qualify for the next stage, you felt that they they had the right experiences. They they! The personality was good. Their performance has been good, like, you know you're looking for these signals, whatever those signals are for you in that moment.

For me, usually, that first conversation, even with leaders, is more around DNA than it is around.

Pr: All right like I am. The experience matters to me. But in the I'm gonna get to that later, i'm gonna first. I figure out if this person has the talent, because the talent tells me how far they can go with me.

whereas the experience tells me how quickly they can ramp up is the main thing i'm pulling from then. Have they been good in the past, but I can figure that part out through my DNA conversation as well, so it's mainly a DNA focused conversation from my side. What i'm assessing

if I like them now, i'm gonna put them in for another interview with myself. Right? So in this instance the hiring manager was gonna have another me sign. This meeting is now a deep dive. I know what you've done in your career.

Now I need to see how you did it to really understand who you intentional? Were you lucky? Did things work out nicely for you to in your life as a great and and things happen, you know, sometimes Just work out. Or

did you manufacture these outcomes, and what these difficult outcomes to manufacture like.

These are the things i'm trying to figure out. So for this vp of sales role.

a big thing they had to figure out was, they? Tell us, about all the experimentation you did in your past role like what us? Through what was the hypothesis? Why, how break it down? So you're having these technical conversations here? The reason you have to do these steps back to back is.

if the person doesn't pass this second step, or the first of the second step here from a hiring manager. Interview perspective. You don't need anyone else's opinion. You. You can make a call at this point on whether or not anyone should meet them, and whether or not there's some potential here or not. And so you're doing that, qualifying

at the end of this at this interview, where you've understood the how and behind their achievements. You can now start putting them into the rest of the process for this particular client. One of the things that we had was a really compelling product.

like super super compelling. And so, as soon as this next step was done, we set up a a product. Demo.

I don't know what percent of retro to market leaders join an organization before seeing the product. But it is anecdotally strangely high. like if I if somebody had a gun to my head and said, Put a percent on it, I would say probably 30. 40% of people join companies without having seen and played around with the product.

That's just ban on. As to me, I think, for both parties, you need to show the product.

and so the product Demo is the next meeting, and usually what we do over here is we get a senior technical person. So a senior member of the technical team to do it. Somebody like a chief product, officer or vp. Of product vp of engineering, CTO. Co-founder like one of those people, to do it. Why? Because while they're doing the product. Demo. We need to assess what type of questions this person was asking

and what they're able to build. Some rapport with this technical person who's more analytical and more reserved. We're really trying to figure this out because they're gonna have to work in with stakeholders of this sort. Were they effective, adding, or will they just good at building a relationship with me? So we added a product demo run by a senior person.

If they do that. Now we've got 3 other 2 to 3 other stakeholders that we would want to meet. One of them was going to be a board member.

That was the lead on the series a.

The second one was going to be a board member who was part of the C. Drowned, and the third one was going to be the the I. I believe in this instance. It was a Cfo, Cfo, c. Or one of these, one of the 2.

And so these meetings can now get the challenge with these. These are very logical meetings to have for a role like this, Like none of this is rocket science.

The thing that we were solving for was not what these 3 meetings have to be. We wanted to make sure each person knew what they're doing in each meeting, and had a game plan for it, and, more importantly, that all 3 meetings happen within one or 2 days of each other.

Our preference here is that they all done in one day. Boom, boom, boom! 3 meetings done in one day. Everybody debriefs together. It's fantastic.

Sometimes these 3 meetings take 2 weeks.

and it's just like kills any momentum you've built. And so it's important that everybody in that hiring committee gets, you know, to take part and provide a point of view, but this goes back to when we're designing it. Don't design it with people involved that Don't have the time to give. You know it. They have to be willing to make the time they have to make this a priority. Which is it by them not doing so? They don't want to hurt your chances of truly attracting the best of the best.

After this it is extremely important that we have some type of a forensic component. Why?

Because good sales and marketing, and Cs professionals speak well. and they interview well the bad ones interview just as well. They have more practice. They have all the national tendencies that learn well to interviewing well, and they have more practice, more repetitions, right? And so you need something beyond just conversations in my mind to really get a read on the human being.

You know, when we discuss the in Apr, we discussed how at the end, when you give them something like this, it's a really good way to test that drive nature and accumen because you learn a bit about that work ethic when you give them

in terms of how hard did they work on it? You learn a little bit about their personality and emotional intelligence and their nature generally when they're presenting it, especially when you push back, or you catch them a state, or you disagree with them. What was the feeling in that moment? And then acumen is how good was what they put together.

And so it's really important to do it for that reason, and to save yourself from hiring somebody who's just a really good talker, and even the best of us sometimes in an interview, will have a wrong read on someone, and this step really minimizes the risk of making that kind of a mistake. and so it's really important to have it. Now. How much work, and what should it be? As a big question, Mark.

I think, if it's a more like a frontline sales manager for a more advanced company. It could be as simple as a case study that's designed to test for the thing that you know you feel you want to test for for that type of a particular position. If i'm hiring a frontline sales manager, the number one thing I care about is is this person a good coach?

And so the thing i'm doing over here is i'm taking 3 recordings from ground of my aes on calls. I'm sending it to this person being like, Listen to these and tell me what needs coaching, and how would you do it? That's all i'm doing in this stamp.

and that is I that'll give me a read on if this person can be a good coach in my team or not. But if i'm to. If i'm hiring a vp of sales, it's a little bit different like. Now I need to know if this person

can think way more broadly than that. And so i'm giving them probably a business plan more than a case study, and that business plan is not a 30 69 Today i'm looking for at least a one year game plan here now. I'm not looking for it to be super detailed. It's actually a red flag. If a person gets 2 details, especially if they didn't then come back and ask me more questions while designing it. But I do want something that's at least a 12 month breakdown of how things are going to roll. Chris. 390 back in the day might have worked well.

but the floor with it is that it's very. There's just a 1 million templates out there. Pavilion has a ha, ha! A bunch of them as well, so there's just way too many templates for people to pull out and use with slide adjustments. The second is that

for a Vps, is it really like that the first and 36 90 days, and not enough for me to know, like, how you plan on tackling them is not enough for me to know whether or not you're the right person, and so I need something a little bit more than that. The pushback one will always get to. This is while the really good candidates aren't going to do it.

and

I I really push back on that. I understand there is like, I know that there's some people that are like, Really, you're asking me to do this. I want to do it.

but I want to make a great higher. I want to manage my risk, and I want to be intentional about managing my risk. I want to get things right by me intentionally. Getting them right, was again lucky. I feel like, without a forensic component. If I made it good high. I got kind of lucky.

And so if it means that I have a step in my process that will have 10% of really good people step out because of it.

but because i'm good at finding and attracting candidates. I feel like i'm willing to take that risk. Okay, and most likely that's a sign of a personality type that's not going to work well here, because anytime a senior candidate has called us and said, hey, this is asked me to do this. I feel offended.

We like why you offend it, don't you want to know like, Can you work with these people if you're presenting something, and they've doing those conversations. You realize, you guys don't collaborate. You just saved yourself lot of heart 8 of joining it, not working Well, you guys having to break up now you can figure this out on the on the onset.

and so it's in. Everyone's best interest to have something of this sort. You want to design something based on the seniority of the position, and

you want to make sure that you design something that can't be template like, so no template can be used against it, and requires not a not an

unreasonable amount of work, meaning, like, if it requires 5 to 10 h worth of thinking. That's okay. But if it requires like \$40 worth of work, you got it wrong is something to keep in mind.

I would say, Matt, like I've I've never sent one that I think requires more than 5 h worth of work like I, because I don't need to see beyond that.

And then the last part of this process was the offer process and the offer process. There are a few steps here, right? You have to structure an offer.

You have to submit the offer. You have to negotiate the offer, and you have to get things closed up.

structuring the offer. These are internal discussions, and then you present it to them. Then they come back to you and then negotiate

how it seems to work in tech commute. We prefer to send the fundamental offer first, and then the contract right like we don't tell you your salary and your commissions, and like very high level information. First give us a verbal. Yes, now we'll send you the contract. I think that's that. Just slows things down to be honest.

But, Chris.

the contract for so our leadership. Roles has meaningful clauses in there that matter. So it's not like if I say yes to your high level offer that i'm undeniably going to say Yes, to your contract. So now we are just negotiating separately at different points for the candidate. It's better to see the whole picture, and then negotiate, and one for for you Also, it's better to negotiate in one which is less annoying that way, and so to me. The way that we should run an offer process is.

as soon as you know, you might hire this person. You've already started the conversations around what the often needs to look like. So this has been pretty decided before you. You have to actually make it so you may be entering the last mile. You got 2 candidates going into the calendar case, study, business, plan, stage, great. 2 candidates are coming in.

We know what they we know why they were coming from from account perspective, or how much they are looking to make, etc. We have all the relevant information. If we have any gaps in that information, I said, it filled up. But let's now start talking about what these offers look like, so that as soon as we're ready we can operationalize it. So we save time. There.

once you are ready to make the offer. There are 2 ways to do it. One is that you, Aren't, going to jump on a quick call with a person and tell them. Listen. I'm super excited.

You know you'd essentially lay up the offer Super excited. You did a phenomenal job that we are going to be officially making, and off we feel like you are the right person for our company at the right stage in our journey, and so we are very excited to put something together. Give me a day or so. I'm running to get it over to you.

We'd like you to then like, review it, and then we can jump on a call and go through your questions.

But this is what some of the high level data points might be. So you could do that right like you. Haven't given them anything. You haven't also verbal. Yes, but you've given them a little bit of information, especially if that information is compelling. You've given them a little bit. And now, as soon as you're done with that call later that day, you're sending them the paperwork to review.

That's one play here.

The second play is that instead of sending them anything first, you actually booking a call. you're walking them through the finances of the offer, first on some type of a model or document that you built out for them, that they can then take and play around with. And then after that call you're sending them to paperwork.

That works quite nicely, especially when you're hiring candidates that Don't know how equity in a particular company works. So

an example of this is that if you're at the Pre Ipo stage, some of the candidates you are hiring are from publicly traded companies. We have an example of an Svp role that we just close for a series. See a stage company that is very much at the Pre Ipo stage.

and that company is hiring leaders that can prepare them and facilitate them, going public in the near future. When the public markets open up. And so these

candidates

I to Rs use, They're not used to stock options.

And so now that's a challenge for them, because stock options have larger upside and more risk, and some very specific dynamics in terms of how they work. And so.

and the the upside calculation is so different to how you calculate upside on Google's, Rs: so this is what Google can do if used to ours. And now how to understand this. So they got the offer ready

before the case Studies section, because there are 2 candidates, one in there for to present the business plan. They had the offers ready. They knew what how they would adjust those offers depending on the candidate have, after their business plan Section they They had their review meeting amongst the hiring committee. They made the decision on Who's who who they hiring? They had decided hiring

decision by committee is how we're gonna do it. They decided on the person they put to call with the person. They had a a Google sheet laid out that did scenario a, B and C scenario a is that we draw at the rate that we're growing today without you as our Svp of sales. We're still growing at this rate. What happens to your upside scenario B is that we grow at the rates that we are hoping to get to with your support, and the market varies at the market reforms in the following ways, and the third is, it's a complete shit show in the economy for the next 2 years, which has it's wise the implications for what happens, and they model this out for the person. They walk this person through all of it.

Now, as soon as that call was done a. You could go through a lot of the questions live on that conversation. So now the person has clarity before they sit down, and they think about it, and then they sent the contract immediately after the person reviewed it. They had a call with them for 2 days afterwards. Those were 2 days for this person to speak to. Their lawyer. Read the contract, come up with that questions on that call. They went through those questions, negotiated a couple of points, got everything closed up. This offer

for an Svp level role at a company of their sword in the market, takes 2 to 3 weeks.

That's crazy. That an awful process. Your tape, that's not. We feel like it should be done within a 5 business day period.

Our offer acceptance rate as a business is 94%.

It's stayed that way over the last 3 years. Amazon reached out to us to ask us how to optimize for offer acceptance, because Amazon was so used to a very high 90% lost offer acceptance rate for the go to market leadership roles. But in 2,001 it dropped down to 62%.

The reason it dropped down to 62 was that the market was really hot now.

and so before candidates would wait through amazon's. 9 month, interview, process, 6 month, interview process.

I

my system law, I think, lost like £10 interviewing for Amazon like the interviews process that intense right. And so people would wait around back in the day because Amazon was the most exciting place to work. There were only a few options of that sort, but in 2,001 they were no longer that it size into everyone right, because the rest of the market was hot, and so they saw that people were not waiting around for them, and when they understood. But when they dug into like, why do we have a low offer acceptance rate it was that it was like

we. Our interview process is too long. Our offer process is too long, like everything is just too long over here, and maybe in a cool dish market. That's okay. But in a market that is either hot or warm, that is less than optimal. You're aiming for efficiency in engagement, and that goes through that. That helps to design the process, but also the steps within each of the different steps. In the process, especially the office stage, so i'll stop there for a minute like I think it'd be interesting to do some questions here, any questions.

but I've messed my voice for an appropriate amount of time, so we don't jump to the nets, then. So if you look at the offer, the interview process, the next thing that we look at is like, what are our tools

as we design

this process out, because a lot of attention is given to like having this one tool, and we feel like this. One thing is gonna make our life a lot easier. We've got a psychometric test that we make our candidates do. And now our chance of having that high is down by 30%, because that's what that company told us, and that's just not the way it works.

The things we've discussed are the important things. And now here's a toolkit, and you can pull a couple of these things out to leverage over here right? Because you have to design what's happening within each of the interview stages

so structured interviews is a part of your toolkit influence. A meeting rates is part of your toolkit. You can choose to use it or not. So an influence. A meeting greet to me is a back pocket thing that I use for either candidate that has been very hard to get into the process. So we've discussed that earlier right? Coffee meets and greets are not for every candidate.

but can be very effective if you're trying to. If you're trying to read some who is a very high quality and requires that type of engagement strategy.

A reference checking is a tool that i'm going to use at the end of my process to understand how to manage and communicate with the person that I have already decided to hire. I have never gone into an a reference check call. Looking to validate my decision.

I it's either I feel confident, or I don't reference, that if i'm relying on those to like, help me make a good decision, I am screwed.

but if I don't rely on them for that, and I rely on them on how to maximize the probability of the upside that I want to activate in this higher now that there's a place for that. And so i'm going to use it right at the end. But some companies might use back channel referencing earlier on in their process as well. Again, you decide where you're using what?

But the the preference for me would be at the end of the process predictive performance test. I I don't like them

personally, so I don't use them when I hire. We are completely fine. If clients are using them. We used to resell desk and a bunch of these other things. We just realized that this will be flawed, and so you can very well make great decisions without having something like this.

but

it helps if used. Well, how's it? You as well, later on in the process as a way to give you some guidances to things to ask for, and things things to test against. Never at the front end of the process.

You want to candidate engaged and excited about your opportunity before they get a test of this sort, because when you look at these tests in a bucket, and you see, when do they usually not work.

or is there variance in the results based on the enthusiasm, energy, rest, level of the person giving it? The answer is, Yes, and so to make sure that they do it the right way. They have to want this, and so you have to first make them want it and then give it to them later on in the process.

Third-party interviews is the old school way of doing a predictive performance test and that's what that is right like you actually have a human being out there who is an expert interviewer and does an interview on your behalf. We have a client that does this in the supply chain space. and it's it's amazing like the person that they work with is a true black valve like she's fantastic. and she really did. Does a forensic deep dive into the how a person was successful like that's what they trust her for, and it's fantastic. It's just not very scalable right like they're not a 1 million people of this sort out there that are absolutely amazing that you will trust completely. And so you're better off if you're looking for another source of information you're better off using a technology than a person, but we see it, and they it can be interesting when you as well. Personality test is similar to like a predictive performance test. But this is just on the personality side, so it could be like one of those, you know. There's so many of them the the one I like is is around the idea of their 4 personality types, analytical people, drivers, amiable people and expressives. Everyone has a primary personality, secondary person. I think I like figuring that out, because I think it's super simple, but it gives me some direction as to how to communicate with a person like if I've got an analytical person on my team.

my one on one's a bit longer with them

early on, because i'm really trying to explain things down to the level of detail. They need to be able to get comfortable with it.

and then you can see, like over time like that. They They stop processing things relatively quickly. But for them to get good they need to learn a lot more than sometimes the driver personality. It needs right. Like driver personality. You could kind of point in the right direction. Give them a little bit, and then they'll They'll just run for it right, and they'll figure it out along the way. Some people aren't like that, so you have to decide it. Figure out who's why and how to help them, and I I can find some utility in in that ongoing communication and touchpoint analysis. You know

I have said no to candidates based on the quality of the follow up notes that they sent me. I recently sent no to somebody for that.

and it wasn't a bad note.

but it wasn't anything beyond the absolute basic step.

right like, hey? Thank you for making time for me today. I really enjoy discussing this. I look forward to exploring this role further. Let me know if you need any other information just basic as it can be right.

And so it does this saying that one of our founders has, says, i'm sure they didn't come up with it. which is like how you do something is how you do everything.

and

that to me is a sign of you know the way that you kind of conduct yourself. But at the end of a process you are sending a generic basic follow up note versus Well, if that's bad, what Does it

look like good to me as somebody that is building momentum through this important communication step.

if we know it's best practice with the I am waiting for it. They know they have to send it. They now know that it's got a 100% open right right like i'm expecting it. So i'm gonna open it and read it. And so

how have you leveraged this opportunity? Have you remembered a point that we were discussing about? Then? Maybe we didn't go deep enough in, but we'll let me highlight you in a really good way if you provided some more information.

Are you sending me something like? If you an article or something that I think i'll find very interesting because you learned this about things on thinking about a lot, and what. And here is something that can help me. And you're building a conversation around that like. Are you doing something that is

above and beyond is what you want to see in that. And so you can analyze various communication points to see like, what is this person like at home assignments? You just ask them real time assignments, a real time assignment is interesting, but you have to know how to use it. So we've discussed at home assignments a lot that's the case.

Study businessman stuff right

in sales. You see this point at which people are trying to test for coachability, and so we are now talking less about leaders, but it applies to them as well. But this happens a lot with individual contributors

where you're trying to test if they portable, because you're hiring people, you need to coach them to for them to become good, and if they resistance to being coached, then you're screwed, and so

to do that they'll run a role play. And in between that role play, or at the end of one repetition of it, They'll tell the person how to do something differently.

and then they'll say, let's do it again. And what they're hoping to see is that the person was able to make an adjustment.

That is not how you approach someone right like it. It is too high Pressure high states in that moment for the person to truly make a legitimate adjustment. And so, if you're trying to see if they made the right adjustment, and the execution was good. If that's a flawed way to look at it all, if you but if you're trying to see, did they? Yet it's cited to get coached.

And did they try to make an adjustment that's actually quite a valid thing to date into right like that that would give you some really interesting pieces of information. So it's important to know, like the pros and plans of these things, and for real time assignments like there can be some significant flaws if we are looking for perfect execution.

But if we're looking for a indication that this person has the characteristics that lent to success down the line, then it can be quite useful. So that is our Those are some of the tools that we can leverage people. These are super helpful if you know when to position them and how to use them

back Channel references, Michael.

I can see the pros and cons of it.

The biggest thing that I don't like about it is that who are you to tell somebody that doesn't know? Most likely that this person is looking for a job that they're looking for a job right like that's the thing that makes me super uncomfortable about it, because companies are.

they can get a little bit selfish in the sense that they optimizing for the best decision possible. So they like start calling people at the time person's current employ. Hey, tell me about this person. or they're calling people at the employer before that. But, like people who would know this person now know that this person is engaging with them.

And if the person is open to work on linkedin and active in the world, great like no problem but a lot of people, especially for global market leadership roles are very passively looking at new roles. They'll have some conversations, but they're not a lot of times. They're not aggressively in market.

and we're gonna screw them over by making it known to people that they are. That's not our information to give it's their information to give. And so for me.

I find it a little bit lazy, because I feel like there are more sophisticated ways to get a really good read on a person than calling the person they work with today to ask like, hey, what do you think of this human being? And so I think you can get to the same. You can make a good decision without doing this.

But by doing this you could screw a person over, which is why I don't love it, but I can see why so many companies use it.

What do you think?

No, I mean, thank you. Because we I see this a lot now, especially in cyber, and the problem is, is not the people that you refer to is always going to be the best boss or something that they really had a great relationship with. And we seen some really good candidates they kicked out because somebody didn't like them just at a personal level.

Yeah.

do you feel that

the process like it. We, after looking at some of the information we've discussed today, and even in the last loss, if you were to reflect back on that

on moments where we hire somebody, and we had to let them go just because they were not likable. Do you feel like they you, to do other things differently now to try and qualify for that, compared to the process that was in place previously.

Now, definitely, I mean, that's where the kind of the committee comes in, you know, but committees have their ups and downs, because we always say that if there's a murder weapon you want to make sure there's a lot of fingerprints.

I think that that's such a good point. My, my monthly is. I remember telling that she used to love these murder mysteries, and so she used to have things like this.

That's why, when personally, now, like I've given you guys a lot of theory. Let I'll speak personally. Now, I love hiring committees. But I want to make a decision like a dictator. So I just want opinions. But i'm actually not making a decision by committee like this is my decision. I will own it. You have an opinion. You do not have a veto right like that is how I designed the committee.

Now the reason I like the committee is that I always have all 4 personality types represented in that committee. If the person was able to build rapport with at least 3 out of 4 of them

keeping in mind the fourth one can be like one of the main personalized types of they'll deal with the chances that they know how to work with people like they didn't. They know how to twist and turn their approach, based on the person that they're dealing with right like. So that's one

indication is like this person at least has the strategic capability to adjust things like posture, body, language.

a tone, volume, and pitch of their voice, little little things to like, based on the type of person they're dealing with right? Because people like people that they're like, or people that they want to be like. It's very hard to convince people, especially in sales, and most go to market roles where you're not. You. You're just going to know a person that they should be like you. But what you can do is create comfort by showing them that there's similarities between us, and that would be, you know, on a phone call something that's in the lesson volume, pitch, and speed of your voice.

or in person, you know, if the person is sitting with the legs cross, and you cross your leg even subconsciously that creates comfort. And so i'm trying to see. Does this person have that it still doesn't. Tell me if they're good, if they have a nice personality. All i'm learning right now is that do they have the ability when they want to switch it to made the right adjustments. Is it happening instinctively with them?

Now I need to see. Do I think this person has integrity? Are they a nice human being. What is the moral compass? What are the values that matter to them? And so, if it's a meaningful role that i'm hiring for, I will state them for a dinner or a launch. I like the dinner, because I actually think that loss of wine in both of us will be useful for that type of a conversation.

And so that's why I'm using that step. I know that, you know. Sometimes we are under so much pressure that we're just trying to make a fast decision, right? I don't think we should be too fast or too slow, like I do think it's important to take these steps because you're gonna be working with this person for a long time. You get it right, you know it could be magical. You get it wrong. It could be a huge disaster, and you get it somewhere in between these 2, and it's just annoying, and so do the steps, and you'll start life, seeing that at different points in that process you're uncovering little bits of information that together will give you the answer. I will be like working with this person or not.

Okay, any other questions.

Also that one thing you said this is David. Good afternoon, Everyone again to account that you made earlier about the the reference calls. I couldn't agree more, because what I try to do is

try to understand the whole person, and I say such because i'm, generally speaking, to somebody senior and like we've all done a lot of reference calls. I'm trying to understand who the person is or the best

help them be successful in the best position to understand their strengths happened right. What did you see often disarmed people? You did a little more. 360 degree view what's happening, because you are.

People can say anything that in the process you try to build throughout the flu from the real material that you need to know how to go on. It's always with the 2 sessions. I'm learning something each time, and I appreciate that we're going with. This this time continues to be a great class, and thanks Emily and you for pulling together. So thank you so much. I appreciate that a great deal.

So one of the things that I think is really really important, is remembering that the a good decision is facilitated through the process. Not by any one of those steps.

and it's like, and that's brings us to the next part of this which we touched on a little bit in the last discussion, David. Actually it was related to the question you'd ask. But i'm gonna go back to this because i'm not tired all together now.

So we looked at what we we we've discussed things like score cards, you know, but in our professional lives we've had this word so many times. and so a scorecard is a major part of the interview pro, of, of, of of of the way that you make a good choice, right like you have an interview in methodology. You have a hiring committee, and then you have an interview process and a score product. Those those are usually the 4 things that fall into this market.

and that's really it compared to doing nothing. A score can be useful. But is it best influenced like? Could it be made better? Was the question we wanted to ask ourselves. And so we said, what is the problem with the scorecard? And so here a few problems. Most of the score cards we are sent have a

all the key information in there is around qualifying for the relevant experience that this person has. So the score cards are usually around trying to figure out how long a ramp up might be. and sometimes a combination of ramp up, and how the probability of this person being effective in the role based on past performance. So it's like. Have this sold into government and have this sold into government. Well will be like the type of stuff you would see on scorecards.

and we felt like. That's just part of the game like there's so much more to learn about a person.

The second was that whether you put weighted score cards or not, like Boy, what does the score tell me is like this big question, mark that I've always had, because I know that below a certain score I shouldn't hire the person, so it's like

kind of like. It gives me a cut off point, and then there's the case where, if a person has a 77, and a person has it 82, most likely. I'm gonna hire the 82 person. But it as simple as that.

Probably not right, like the extra few points

are they in areas that matter a lot or matter less like maybe that 77 person is scores really highly in an area that is going to land well to success, and it didn't doesn't. Really, it makes it seem like hiring is a little bit binary.

and that and it doesn't help you really do what I feel one is doing at this stage which is assessing the risk versus upside of making this higher.

Every higher you make has risks associated with it. Are you aware of the risk?

Do you know what it is? Do you have a game plan on how to mitigate it? Do you want this risk.

What is the upside like? These are questions that i'm way more important to me. And so we decided to just scratch 4 cards and rebuild this and tie it all together, which is where we created our DNA pr risk assessment card.

which you can see now. So i'm gonna I we did a little bit of this walkthrough before, but i'm just gonna do it so that it ties in, as you can see up here is the risk of valuation is is the part that looks closest to a score card. Is this right like this? Is

this is what a traditional, slow cloud would look and feel like with some differences over here.

We have ensured that a person is now looking at all of the 6 elements that they have to look at to assess talent versus experience. So you've got drive Nature acumen laid out. You've got performance relevancy opportunity.

You've also got it. The elements that you're looking for within each of these things, because some of these things are constants, and those will actually, in our document be locked in as well. So a drive is these 3 things? It's nothing else.

But as measured by here's the question. I'm going to look at. Here's where you would actually pre before getting started right out the question. So as measured by 3, he 3 experiences where they have set difficult professional goals and

showcased

strong work and fake

and resiliency to achieve it. We want 3 such experiences when to qualify hiring manager and to view one. and then scroll up one out of 3 right.

So you'd want to like to write these things out over here. Some of these, as we mentioned nature emotional. A a intelligence is editable because you can add, like the elements of emotional intelligence that matter the most to you, and that you want to qualify for a human is fixed because it is what it is like. This is what acumen is.

Performance is exactly what this is. It's asking the questions around it. That yet interesting but relevancy is like completely open, because relevancy is now based on the position in our company and the type of risk we will entertain based on the type of ramp up. We are willing to deal with right? So we'll put that in here

over here. You, as measured by you, start writing out what is the core things we're looking for, as proof that this person has or does not have this, and when to qualify as the stage of the interview process, we are we doing this in the case, study in the face to face dinner, etc. predefined. This. This is you defining the way to make the best decision possible.

The reason we use Can everyone hear me?

Some of my devices just went off, so I just wanted to make sure. You guys, you get me now, some of this stuff.

Sorry guys, I have to make sure that my

I track by what? So I can actually navigate this.

You guys are gonna have to give me a minute. I need to charge this.

Okay, now. Hopefully, it once

isn't this great, it chooses to stop working in the moment when i'm teaching. Oh, yeah, I will use this other thing, because this is not getting started again. On the right side is the score for the element, and that we're looking at. And we really went back and forth on, how do we want to score?

And we felt that one to 10? The waste generally done is flawed

because there's too many like. What's the difference between 9 and 10?

Are we going to sit down and really define these differences? Because if we are not defining the differences between 9 and 10 or 8 and 9.

Then then there's a challenge. Then it's not really designed to facilitate a really good discussion. We feel like we know what 7 8 9, 10 mean, but we actually have to decide and and define every number within it. As we said, it's a lot of like. I don't know if it's worth defining 0 to 10

and it and it would just state a lot of time for companies to be super inefficient, but 1, 2, and 3.

That might be a simpler way to do it. One is this person is just like the most driven is so. If we look at. Drive. One to me is a person that has is almost anti fragile, right like we're in the same toler. Wrote that great port where he said resilient is actually the midpoint of a spectrum. One end of that spectrum is fragile

mid-end is a resilient person who can get through tough moments doesn't fall down, but the other end of that is somebody who grows and improves in the face of volatility and turbulence. Well, that's what we want right like that's what number one should be. Number 2 can be resilient, and number 3 is anything other than a person was extremely resilient, because we don't want that. So 1 2 3 gives you a simpler way

to assess the the caliber of the person in that particular thing that you're looking for.

Once you actually do this exercise. That's when you now go into the Re, the section below, which is where you are actually doing the analysis. And this is where we we. We we took this from investors who write investment memos.

It's a very reflective exercise where they're writing out their thoughts around certain p questions. They'll help them decide if they want to make this investment or not, and they are some companies that we saw that was super progressive, that we're doing, hiring like a. They took the investment thesis, and they put it towards the hiring thesis right like the same process.

And so this is pulling a little bit from that where you all have a couple of key questions that you're asking yourself, what is the probability of this person being a great higher in this role and at our organization. It's not

anywhere in life. It's within us, based on our dynamics. From there. What are the characteristics? It'll help them become great hires in this role and at our organization.

It's important to understand, like, what will help the person achieve the upside, because you can then have some ways of like doubling down on those strands right? Like making sure that this person recognizes that these trends are focusing on them early on is really important. It'll help them gain a little bit more momentum.

What are the reasons why there'll be failure? What can I do to mitigate that risk? How quickly will this person ramp up. These are questions that require like sitting thinking. And you know i'm a student of high output management, and you know Andy Grove was all about writing less about the person who reads it, and more about the exercise of writing, because you get precise with how you're thinking about something. And so those become really important questions.

And then am I the more the really important one for managers is like, Are you excited to lead this person because you don't work with them very often, and if they don't energize you, if interacting with them is not an energizing experience, then

then the probability of success drops quite significantly, and then you get to a decision or not. So this one little document kind of ties in all the other things we discussed it it. You have to have a hiring committee, and then the hiring committee roles are defined here. Your interview process that feeds into this your methodology. Your aggressive assessment product is built around that methodology, and then the idea of reflection. So that's why I wanted to go back to that for a minute.

If anyone has any questions. Please let me know. Otherwise we will continue moving into today's session, which is a pretty lean session. So I haven't badly managed time. I, in case anyone is wondering.

Okay, so we are going to jump in

the last part. So this is where it gets interesting, right? Like we put in all this way to find and attract rate people, because we believe to make it good choice. You need good people to choose from.

Then we've actually been quite thoughtful and strategic about how to maximize for the best choice possible. Out of all these good choices we can make.

And now we feel like we're done. Let's move on. There's all the work to be done right now. Now is way in my mind. The real world begins. Now you have to equip this person for success. and to equip a person for success. You have to start by just remembering what are we solving for over here?

We're solving for a person to be a great higher and a great higher. The 3 things we've discussed strong performance, positive influence, and grid tenure

at this point that we've hired a person. We believe that they could be potentially a great hire.

and we are trying to do our level best, and they have to do their part to make it so that it becomes undeniable over time that they were great time

for that. You kind of have to understand what their journey within your organization looks and feels like. So here's this thing that we put together. When we look at a grow to market leader in an organization.

we feel that they go through 4 stages

on one side of this, on the Y-axis, you see confidence and seat been one thing that evolves over time.

and the other thing that evolves over time is effectiveness. And

so i'm gonna walk, you guys, through how these stages work. Stage one.

We just hired a sales manager, let's say.

or vp of sales, and this person

went through the interview process.

We selected them. They know that they're the best person out of everyone that we met. They're the one that we wanted to hire. They feel a lot of confidence from that, from our confidence in them that confidence bills

they excited about learning about our business and the places that can go, and all these things that can happen. So there's just a lot of enthusiasm

in that moment. But that effectiveness for us and our organization. They they just joining like,

how effective is anyone on day one any like you hire Franz Lutman, that snowflake on day one

like, how really effective can that person be? So? The effectiveness is low, but that confidence is super high.

This. Now the next stage is what happens to almost every person in the world. You immediately realize that it's a little bit harder than you thought.

You can't knock it out of the pot. I had this when I joined Sda. Other people have it, and you hire an enterprise, a anyone, and any role this happens, you immediately are like, oh, shit this. You come in hoping to pay and not you out of the pl, and you realize, oh, this is going to take longer.

This is harder shit.

And so what happens? Your confidence drops and your effectiveness starts building up this time is passing like You're getting on board. You're learning like you know. Your effectiveness is actually increasing, but your confidence through is just at the bottom right. Now.

then, what happens? You start

to more time gets past right like time is the thing that's evolving through these stages. So more time passes, and you have more wins. and as those winds are coming up, your confidence is

building up as well. But it's not right up there yet, because you don't know if all these winds are you, or if it's locked like, there's a that impostor syndrome is still there in my first year I've been to you at Sda we do 65% you over a year like recruitment agencies. Don't roll I time honestly at the end of the year I was right. It must have been all these things other than me.

In the second year we had a great second year, and the market was off now. So I was like Well, I might actually be decent to this, because I needed, like that second, a repetition of that I needed in a tougher market as well.

And so your confidence starts building up, but it's not through the roof yet. It's not at that speed that it can be at, because you just not sure how much of this is You versus other variables. That imposter syndrome is still there. But you're now quite effective in the organization Stage 4.

You're now fully effective, and you've had wins over and over again for long enough where you feel like you are the expert. These are your wins. You have intentionally created them. No one can take them away from you. Your impostor syndrome is down.

This is how a person's journey within an organization goes. If you take anyone in any role, they kind of go through these various stages.

The reason these stages are so important to understand in terms of how to equip a person for success is a. We sometimes make the mistake of thinking, equipping a person for success and onboarding, or the same as orientation. They are not. The what we do in the first 2 weeks is orientation that is not really on boarding to me on boarding is everything you do till the person reaches stage 4.

That's what on voting is. and so, and the things you do from stage 1 2 3, and 4 are different at stage one and 2. You have to provide tons of support and empathy to them right like that's what they're looking for from their leader. You have to keep the the goal posts a little bit more narrow in this moment, in time, as well, right like you can call it creative freedom, probably goal for whatever it is. But you're keeping those a little bit more narrow in stage one and 2 for individual contributors who also go through these stages in stage 2.

They are in the onboarding process right now, the first couple of weeks, something we have seen people do that's quite effective is have a test that a salesperson has to do at the end of onboarding that they have to pass to, then go on, and but on the full Ae or vdr, or whatever. The the cool thing about that is that a person is feeling all these emotions because they in stage 2, but they get that test, and they pro score 8 out of 10, and you show them somebody on your sales team who stored 8 out of 10 back in the day, and is now killing it, and is doing well. Making money

that can accelerate the transition from stage 2 to stage 3 like that can make a person feel a little bit more calm and say, All sh okay, like I feel like this right now. But there was somebody else who felt like I felt who was successful. I feel better.

Stage 3 and 4. Your leadership style, and what they need from you evolves as well over here. What you're looking for is a lot more over here. There's less teaching, more coaching in stage 3, and in stage 4. You have to essentially be the person that's taking roadblocks out of that path.

Number One
and number 2

have empathy for the fact that anyone who feels that they've they are at the top of their game in a particular role.

If they do it for too long they get bored. and they need a next step. which is Why.

the 2 stages where your turnover risk is absolutely at its peak is stage 2 and stage 4.

They look at people's 10 years out there. They either leave at the stage format or at the stage 2 more for very different reasons. At stage 2. They think you're on a fire, then

this get. They want to reverse a mistake. They feel this feels scared. They feel that you think it's a mistake. They will. The impostor syndrome is at its highest. They feel like you're gonna at some point. Figure out that they are. They just measele their way into this.

and so they're going to look for other opportunities sometimes to just manage risk for themselves. They've a young family. They can't be unemployed for too long, so let me just make sure I have line something up

stage 4. You have equal amount of risk, but for different reasons at stage for the board.

If they stay in stage for for too long. And so you have to think of the following things.

How do I reduce my stage to risk? What are things I can do for that? And in stage 4 when you, when you have a person there, you have 2 questions that you have to ask. Can I structure a step up for this person or a next step for this person that would make them feel

engaged and excited about being here.

And if the answer to that is no. then how can I reduce my own risk in this equation because I've got a ticking time bomb Here

I've got a person who's amazing at what they do, who I can't appropriately, you know, structure next step, for that will keep them engaged, and it's to be a which means at some point this person is going to leave me. I can't fire them because we're crazy to fire like one of your best leaders.

But at some point they're gonna leave me, and i'm gonna need somebody in the seat immediately. Hmm. How do I reduce my risk to? That becomes the question that you have to ask yourself.

So that is Why, it's really important to as leaders to understand the stage as a person goes through, because in these stages what they need from you evolves your risk evolves, and how you have to think about your job and risk of your team also evolves any questions. Then.

Oh, yeah, so that's what we have the next thing

so, and this is the last point. We will get this all done in time, which is fine. So

if you look back to the time we've spent together at various points in these losses. We've made statements around understanding the needs of a person and addressing those needs and spending time, money, energy, resources, addressing the needs of people, not the ones.

And so we want to end on that team as well.

The reason is that scarcity

is one of the most Cromwell realities in businesses.

All of us will most likely are dealing with that right. There is hardly anyone in the world where abundance across all things in a business role right like it doesn't happen so scarcity is the name of the game, which is why our job

has that commonality of. We are responsible for the effective allocation of resources. And the reason this is a hard thing to do is, how do you pick?

How do you do it effectively for which you have to pick the right areas to do it. Keeping in mind, you have scarce resources, and you have a lot of important things. You could do so. How do which one do you pick? How do you sequence which thing to do when which one gets done next year versus this year.

you know, those become really big question lots, and those who solve answer those questions whilst all these problems well, they do extremely well in life, and those who made mistakes will struggle.

Now. The challenge that we've had to deal with in the Tech ecosystem is to the story that we spoke about a bit earlier on. I think it was on our second or third class, which was that Google has really changed. How people feel about addressing the needs and wants of a human Google addresses both.

and Google addresses both, which was the needs of what everyone used to focus on before. But then Google wanted to solve for people working longer hours. They were trying to move a metric which is the productivity per person of its engineering team.

They realize that if we want them to work longer. We need to do more tasks for them, so we'll do their laundry and cut their hair. and if we can hire their friends, and then Bob will have Jack.

They'll work together. Why do they need to go home? If you need a break we'll play table, Tennessee as a table tennis table right? And it actually helps increase the productivity per person for that engineering team. And then

that became some, and they could afford to do it because they have the best money maker in the history of moneymakers. Right? Google search. But then they then everyone else started trying to do some version of that.

and the reality is, most other companies have way faster resources than Google does. And so we can all play that game. We're not going to be able to win it. So we have to understand where that money goes, especially right now, where we are no longer in a 0 interest rate environment where investors are no longer just prioritizing growth. Now they prioritize things like efficient use of finances, good unit economics like these things matter as well. And so your resources actually got. Scarcely you have to be able to do more with less in a month this. And so.

if you've got time, money, or energy, those are your resources in this instance, point them to the needs of a person. So if you're thinking of, how do you equip a person for success, you have to understand the hierarchy of needs. We obviously are plagiarizing from Masl over here. Even the triangle is kind of homage to him.

But here are the needs of a person to us are partly the things we think that we need to address to and help them ramp up. They're partly also the reasons why we see people that are great move company, leave companies and join new companies. And so, through looking at the market through these various lenses, do in terms of research. We've got a couple of points here that we feel are important, but these are not

it's. Then you could be thinking of other things that fall into this needs list for us. The first is that a go to market leader When you hire these people they really need you to give them performance goals that are measurable and rational and reasonable. And that second part is the tougher part right like. because

right now, in this market, if you think about what has shifted between last year and this year last year, candidates at leadership level, we're optimizing for ownership, right? They want to stocks options more and more of them right now. The number one question is, how did you establish this? You installed it, and net is target. What is the what's the math that goes into that.

And because why? Because reasonable means that they there's some like rationality around them being achievable, especially because half my income of 40 of my income is tied to this number, and so I need to make sure that i'm working with reasonable people. Reasonable target setting is also an indication of reasonable actions and all other areas of your business. Why, this is why it's such an important thing for go to market leaders.

They want transparency on how these goals are put together. You know they won't want to understand the logic behind it, and so I I was. I was in New York. I think it was Miami, the pavilion CEO Summit, and there was. This was a question on the panel that I was on, where they said.

What should you do about quote on target income attainment, now that the market is turned, and there are a couple of the panelists that we're talking about like guaranteed commissions and doing things like that. I disagree completely. Last year, when somebody made 4 times that total income, did we go back and take some of it away. So in this market, if they achieve less, that's the reality of the economy. Right like these are the realities of the world, and the economy is set little, and how much we make. It depends on some things we control some things that i'll set out to control.

But so I don't feel like we have to not guarantee anything, but I do think that we have to go even harder to explain the logic of how these targets were said, because the probability of somebody missing. The target is high.

and so I need them to know that if they miss the target, and they they have a feeling annoyed about the implication on the income of that that they still feel like the target was set up in a reasonable way.

They want skill, development, right like. We've discussed how a big part of what it tracks candidates to an organization is, knowing that you have invested in the development of their skills because a lot of tech companies grow at quite a rapid pace, which means, theoretically, there'll be the opportunity for upward mobility, just because the net speed of growth and the fact that as we grow more, what needs to be done? We can't hire fast enough, not enough people for it, so people will get the chance to stretch themselves, Try new things grow in the organization.

But are you gonna help them? Do it effectively by investing in scale development, right? Like? Do you pay for pavilion, membership or not, You know those are the things people are looking for over that. And so we are getting people, Austin way more about what the allocation in terms of budget towards these things is, which traditionally wasn't a top 5 question before empathy, as they of all through these stages, right empathy, meaning that you then know what to give them at each of these stages, not just like empathy for the sake of empathy, empathy for the sake of figuring out what to do with them in that stage is what they need competitive, compelling compensation. Most important thing. Again, this is not in any order.

You know they need to make good money if they, If you don't pay well.

You've got a lot of risk in the equation there, and you don't have to do so much more to minimize risk. Now

that means what is pay. Well pay well does not mean pay, you know, at the top top top end of the market. It should feel bad should feel fair for the work that they're doing for the caliber that they bring to the table. That's what a person is looking for most of the time.

Trust in the work ethic that they're putting forward, especially if they're putting it forward, and if they're not like You've got another issue in your hands.

Competent and collaborative team members. They want a thoughtful hierarchy. Remember a thoughtful hierarchy means that you've really given some thought to what should report, where and why, and it's all in the best interest of the organization versus it was, is what a person really cares about when they think about that

clear communication frameworks, easy access to key stakeholders. What does this mean?

Good ideas will be shared. Logic will, whenever you discuss and good ideas will it be shared, and will rise to the top, and logic will when every discussion that is what that means. And if that is happening. Then a tech company has the best shot of continuously innovating and moving the needle. That's why that matters.

Someone to bounce ideas off. You know this is the people. This is why you match them with a buddy when they join the organization. If they are like a junior frontline manager, or they have somebody who they can like build a relationship with, especially if you're virtual or hybrid. You are intentionally helping create these relationships

and strong hiring support that Korea is made or broken, based on the quality of team that they build, and they want strong support.

and that doesn't just mean like

resources they want, like, you know, expertise, They want technology. They want to things that'll help them make good decisions, attract good people and make good decisions like maybe taking this force one day down the line. So that is the hierarchy of needs of a of a person. So at this point we have discussed a the stages they go through and be their needs that are a little bit more prior constant through all those stages.

and being at the end of our course, any questions. We can go through them, and then we are actually done.

I did have a a question about acumen.

and the way you were describing it, you know

typically as a leader, you want to hire people that know more than you know. So when you think about

how much expertise and it probably goes, maybe to the entire, I guess DNA

or no, maybe the pro side it probably sorry the pro side. How how do you?

I guess? How do you think about how much expertise is. Enough is your as you're kind of going through the process.

It's it's a little bit dependent on the role that you're hiring for right, because acumen to me is an indication that this person has the ability to develop, expertise, maintain it, advance at things or not.

The expertise in a particular area. So let's say they have sold defense technology into the public sector is a relevancy thing. So expertise on how to sell into this vertical how to work with the certain customer. That kind of falls into relevancy right in a way as well.

because if they don't have it, then they will ramp up in a very long time, whereas if they have this relevant experience, they'll ramp up very quickly, and so these are like they kind of fall into 2 separate things over that when it comes into the acumen part. What am I looking for?

Focus, Curiosity and intelligence is what you're looking for? And so you can test by on like, because you are hiring. Let's say, a seller for public sector who should know public sector better better than you. But your knowledge is good enough to understand like a like. Do they even know how much I know can be the first question you asked. Right

B. It's like, how are you? How are you advancing this? Because there are a lot of people that have one way of doing something. I've had it for a long time. They're not nimble. They don't have advance and knowledge so like. What's your way of keeping this as as starting as as possible, and a good question to ask people as you're qualifying if they even have the mindset to continuously advance. Their expertise is.

Tell me, the last time you change your mind about something extremely important.

That question will give you so much insight into how they how their brain works. And you will be surprised how many candidates won't have a good answer to that question just the same way as like. I heard the these 2 questions yesterday on a podcast one is, Who's if from your past to employees who's going to give you the best reference. And what are they going to say?

And it's a. It's a it's a trick question. So the person will tell you that thing great. Now who will I give you the worst reference, and what will they say and why?

And as I, Dudley, only from apple he he was on a podcast rolling best like the best, and he he said that, and I thought, Wow! What a fascinating one any other questions.

Well.

thank you all for the time you've spent together. It's been great. We really appreciate the feedback you've given us throughout. I hope You've seen us try to implement the feedback, especially after the first class, leaving more time for questions. So first time we're doing this, and so it was really really helpful, because we want to do this over and over again, and your help has helped us get to something that we feel this quite good and based on what the survey results. That seems to be the case.

So we just appreciate you spending this time with us, listening to us here in our frameworks as jamming with us on them. We're here for you. If you have any questions that slack group will be one that I will continuously keep an eye on. I'm going to send out some things that you guys can leverage over time as well. That'll help you in each of these areas, so I will come to that group every now and then, so stay there

and then. When we have the Webinar set up, we will invite all of you there as well. Other than that. Thank you, Emily. Is that it?

Yes, I think that's it. The only other thing is, there will be 2 surveys. One will be for this class specifically, and then there will be another survey that will be for the final overall survey of the course. So if you all could fill out both of those we would appreciate it.

Your feedback is all obviously vital to us, and to moving forward with our next course. So thank you so much for being a part of the course. We appreciate you all. And, Assad, we thank you so much for your information, your your knowledge, and we look forward to hearing from you all on slack and seeing you in class soon.

Thank you so much. All the best everyone.