

# Highlights from The Great CEO Within by Matt Mochary

*As always, these are my personal transcriptions of the highlights from the physical book. If there are any errors, misspellings, or mistakes, they are mine and not anyone else's.*

## Introduction:

1. Learning how to run a company while running a company is extremely hard.

## Chapter 1 — Getting Started

1. There are many reasons to create a company, but only one good one: to deeply understand real customers (living humans!) and their problems, and then solve those problem.

## Chapter 2 — The Team

1. Owning much of something is better than owning 100% of nothing
2. Your co-founder's purpose is to help you achieve success in your march to product-market fit. Once you get there and begin the blitz-scaling process, be pleased if they continue to add value beyond that point.
3. Avoid one cardinal mistake: do not create a 50/50 partnership. While 50/50 sounds ideal, it actually leads to real pain if there is no easy way to break a deadlock.
4. While it is critical to have a partner to share the emotional burden of starting a company, each additional team member adds additional complexity in geometric fashion.
5. Y Combinator has another strong belief: founding teams should never grow beyond six until there is true product-market fit.
6. Why not grow beyond six team members before reaching PMF? Three main reasons: morale, communication and organization, and speed.
7. No matter what you say to them, when someone joins a ten-plus-person company, they expect stability.
8. By contrast, with six or fewer people, the environment feels like a team in battle. Chaos is expected. So when chaos is actually encountered, the team meets it with glee. People who join small teams crave the challenge of new things. They want things to be hard.
9. You can create features in code about ten times faster when writing "prototype code" versus "industrial code."
10. The reality is that your first product should always be viewed as a prototype. You are using it to gather customer feedback only.
11. If you are small, there will be no temptation to write beautiful, unnecessary code.

12. Startups don't usually fail because they grow too late. They usually fail because they grow too early.

## **Part 2 — Individual Habits**

1. Great companies are made up of great individual performers who work well together as a team.
2. As CEO, you are both the architect of the culture and the central hub in the wheel of information flow that enables the team to function effectively.
3. Your example inspires your team, and your efficiency determines the efficiency of the team. Therefore, the first thing to optimize is yourself.

## **Chapter 3 — Getting Things Done**

1. Everyone needs an organizational system to track goals, priorities, and tasks.
2. [Good book to read on the topic] is Getting Things Done: The Art of Stress-Free Productivity by David Allen
3. The essence of Allen's system is this: Each day, process every single item in your inbox. If the action takes less than two minutes to complete, do it immediately. If not, then write down what the required action is, and place it on one of the following lists: (1) Next Actions, (2) Waiting For, (3) Someday/Maybe, (4) Agenda, (5) Projects, (6) Goals, and (7) Review.

## **Chapter 4 — Inbox Zero**

1. Think of your combined inboxes as a single triage room at a hospital. Some cases that come in are urgent, others not so much. It is critical to notice the urgent cases immediately and get them in to see a doctor now. To do so, you must keep the triage room clear.
2. This means addressing all the urgent cases right away and maintaining Inbox Zero every day.
3. If you check your email incessantly, multiple times an hour, you are wasting hours of productivity. Instead, batch your time and clean out your entire inbox at those times.

## **Chapter 5 — Top Goal**

1. In startups, fires never cease to burn.
2. One of the most common complaints I hear from CEOs is that on a day-to-day basis, they seem to have infinite things to do, yet weeks will go by and they don't feel like they have accomplished anything.
3. Greg McKeown wrote Essentialism: The Disciplined Pursuit of Less — schedule two hours each day (ex: put an event on your calendar) to work on your top goal only. And do this every single workday. Period.

4. Research shows that we have more decision-making and thought-processing energy early in the day when our brain is freshly rested. Take advantage of this high-quality brain functioning by doing the important stuff first.

## **Chapter 6 — On Time and Present**

1. It is critical to be on time for every appointment that you have made or to let the others involved in the meeting know that you will be late as soon as you realize it.
2. Each minute that they are away from their work is a minute of productivity that you have stolen from them.
3. There is no winning scenario when you waste someone's time.
4. In addition to being on time, you must also be present.
5. I recommend scheduling 25 and 50 minute meetings only. This will give you 5 minutes each half hour and 10 minutes each hour to maintain yourself.
6. During every meeting, leave your phone in your pocket or facedown.

## **Chapter 7 — When You Say It Twice, Write It Down**

1. Whenever you find yourself saying something for a second time (to a second audience or in a second situation), it is highly likely that you will end up saying it again and again in the future. To vastly improve the quality of the communication and reduce the amount of time that you spend communicating the information, write it down.
2. The next time you need to communicate that message, you can simply share it in written form.

## **Chapter 8 — Gratitude and Appreciation**

1. It turns out that we perform our best when we are having fun and feeling good about ourselves.
2. Using a trigger allows you to easily create a habit.
3. If you do this gratitude practice regularly, your view of your life and yourself will begin to change for the better. And soon afterward you will begin to perform better in life as well.
4. Life and company building don't have to be hard or painful. Daily gratitude helps us realize that.
5. Appreciation is simply an outward extension of gratitude. In gratitude, you speak to yourself. In appreciation, you speak to others. The content is the same.
6. When receiving appreciation, there is only one correct response: "Thank you." Do not feign humility by downplaying the act with statements like "It was nothing, anyone could have done it." No. The person is trying to make you feel appreciated. Anything other than "Thank you" will rob them of their goal.

## **Chapter 9 — Energy Audit**

1. It is important to maximize your energy. You perform best when you are doing things that energize you. Your goal should be to spend most of your time (75-80 percent) doing things that energize you. If you do, magic will occur.
2. Print out the last week of your calendar when you were working. Go through each workday hour by hour and ask yourself, "Did that activity give me energy or drain my energy?" Highlight in green those that gave you energy, and highlight in red those that drained your energy. There are no neutrals; every hour must be marked one color or the other.
3. There are four zones: (1) Zone of Incompetence, (2) Zone of Competence, (3) Zone of Excellence, and (4) Zone of Genius
4. Tasks in the Zone of Incompetence are the things that other people probably do better than you (ex: fix your car), and therefore you should outsource if they don't give you joy.
5. Tasks in the Zone of Competence are the things that you do just fine, but others are as good as you (ex: clean your bathroom), and therefore you should outsource if they don't give you joy.
6. Tasks in the Zone of Excellence are the things that you are excellent at (ex: better than others) but don't love doing. This is the danger zone. Many people will want you to keep doing these things (because they gain significant value from you doing them), but this is the area that you should also look to move away from. This is the hard one!
7. Tasks in the Zone of Genius are the things that you are uniquely good at in the world and that you love to do (so much so that time and space seem to disappear when you do them). This is where you can add most value to the world and yourself. This is where you should be driving toward spending most, if not all, of your time.
8. The key in any organization is for people to be transparent about what their Zone of Genius is, and then map all activities to the right people through an areas of responsibility list.
9. Energy audits are the single most powerful tool I know for creating joy and engagement in the workplace.
10. "Sales might not be the most efficient thing in the world, but it works. And it will continue to work as long as humans are the ones doing the buying." - Alex Maccaw
11. "At 20 to 30 people, most of your work is delegated." - Alex Maccaw

## **Chapter 10 — Health and Well Being**

1. Building a company will take a physical and mental toll. All the work you put toward your company will be for naught if it costs you your health. It is incredibly important that you focus on both your physical and mental health, and take active measures to improve them.
2. Many CEOs that I coach find that they sleep far less now than they did before they were running a company.
3. Prioritize your health now. Schedule exercise and meditation on your calendar. Follow a bedtime routine. The more stable your health, the more stable your business will be.

## **Chapter 11 — Financial Health**

1. Most people at \$10 million of liquid net worth have the feeling of safety. They breathe a sigh of relief. They are no longer at risk.
2. Once their liquid net worth grows past \$100 million, the catastrophe scenarios dry up and a sense of abundance follows. This is what you are driving for.
3. Start by placing your liquid assets in a brokerage firm. Then invest all the cash into US Treasuries while you decide on your investment strategy.

### **Part 3 — Group Habits**

1. No matter how original and innovative your ideas might be, and no matter how efficient and productive your own habits might be, you won't be able to build a truly exceptional organization alone. Your company's success depends on how well its members work together. Just as individuals develop habits, so do groups. And just as with individuals, it's much easier to start off with good group habits rather than have to change bad group habits down the line.

### **Chapter 12 — Decision-making**

1. One of the core challenges in leadership is how to get your team to buy into a decision. It's often easy to make a decision, but it can be much harder to get your team to invest emotionally in that decision. It is important for your team to be invested in a decision; otherwise, their execution will be half-hearted (or won't even happen).
2. You create buy-in when you make people feel that they are part of the decision and that their input contributes to the final outcome.
3. The methods to making a decision are as follows:
  - a. Method 1: The manager makes the decision, announces it to the team, and answers questions
  - b. Method 2: The manager creates a written straw man, shares it with the team, invites the team to give feedback, facilitates group discussion, and determines the final answer.
  - c. Method 3: The manager invites the team to a meeting where the dilemma is discussed from scratch with no straw man. The manager and the team equally share ideas. The manager acknowledges each idea before making a final decision.
4. Not surprisingly, the greatest benefits require the most work. If you want more buy-in and a better decision, you need to take more time in making the decision.
5. When two people are discussing an issue, the need to be efficient is important. When a team is discussing an issue, the need to be efficient is paramount because each inefficient minute is multiplied by the number of people in the discussion.
6. If you're using Method 2 or 3 and want the most effective and efficient decision-making process, require that anyone who wants to discuss an issue write it up, along with the desired solution, ahead of time.

7. The write-up should include both a detailed description of the issue and the proposed solution.
8. Whenever you choose to use Method 3, remember that in order to get full buy-in, you will have to elicit people's truest thoughts. But as CEO, you will have the "loudest voice in the room." Once people hear your perspective, some percentage will naturally alter their own views to more closely match yours.
9. RAPID Decision-making: Someone identifies an issue or decision that needs to be made. They prepare a write-up with the following details:
  - a. The issue
  - b. The proposed solution
  - c. The list of people needed to make and implement the decision:
    - i. R (Recommend): The one who first proposed the issue and solution
    - ii. A (Agree): Those people whose input must be incorporated in the decision
    - iii. P (Perform): Those people who will have to enact any decision and therefore should be heard
    - iv. I (Input): Senior people within the company whose departments and processes will be affected by the decision and therefore should be heard
    - v. D (Decide): The one who will make the decision
      1. Reversible decision is made by someone other than CEO,
      - irreversible decision is made by CEO
10. In his 2015 shareholder letter, Amazon's Jeff Bezos introduced us to lightweight, distributed decision-making. He calls irreversible decisions "Type 1" decisions and reversible decisions "Type 2."
11. Each time there is a decision to be made, rate it as irreversible or reversible. If it's reversible, allow one of your reports to be the D (decision maker in the RAPID process). The decision will be made faster, your report will get the chance to exercise their decision-making muscle, and you will have the chance to gain confidence in your reports' ability to make decisions well.

## **Chapter 13 — Impeccable Agreements**

1. A very common cause of inefficiency in startups is sloppy agreements. People don't show up to meetings on time, and they don't complete the goals that they declare. The result is a spreading virus of unproductiveness and decreased morale.
2. The antidote for this is simple: impeccable agreements. These are (a) precisely defined and (b) fully agreed to by all relevant people (which almost always means written).
3. An impeccable agreement should be written down in a location that is easily accessible by all participants.
4. If you fail to inform the agreement circle, then you have broken that agreement. The other attendees are unable to adjust, and both productivity and morale slip.
5. There must be consequences for breaking agreements. Implementing these consequences is a two-part process. The first time someone doesn't meet an agreement, you point it out to them immediately. If they apologize, you respond that

apologies are not needed, and all that is required is that they only make agreements that they can commit to and that they meet all the agreements they make, whether by adherence or by prompt communication that they need to alter the agreement. If the person continues to fail at these, there is only one consequence that makes sense: they can no longer be part of the company.

## **Chapter 14 — Transparency**

1. Your team members are smart. When there are problems, they know it. Hiding negative information from them does not make them feel better. If anything, it makes them more anxious.
2. Share all relevant information with your team, both positive and negative.
3. There are only two pieces of information most companies choose not to share openly: (1) individual's compensation and (2) individual's performance reviews.
4. "Taking full responsibility for one's circumstances (physically, emotionally, mentally, and spiritually) is the foundation of true personal and relational transformation." - from the book *The 15 Commitments of Conscious Leadership*
5. "I commit to saying what is true for me. I commit to being a person to whom others can express themselves with candor." — from the book *The 15 Commitments of Conscious Leadership*
6. Spiritual teacher and author David Deida goes one step beyond recognizing and releasing negative feelings and teaches that empathy is the key to success. To truly feel the feelings of those around you—customers, investors, and team members alike—you must get very curious about their situation and then really imagine yourself in their shoes. If you do this, people will sense it and immediately trust and like you, because they will feel that you care about them and understand their circumstances. They'll trust you to lead them because they know you'll truly consider their interests in your guidance.

## **Chapter 16 — Issue Identification and Conflict Resolution**

1. Issues and personal conflicts continually exist in your company. The only question is whether you know about them. If you know about them, you have a chance of resolving them.
2. There are two excellent ways that I know of to encourage people to identify the key issues in the company that need to be solved. The first: have each person imagine that they are the CEO and ask themselves the question, "What are the most important issues (maximum three) for me to solve in the next ninety days?" The second: just as people's fullest thoughts about someone can be drawn out by sourcing anger, fear, sadness, joy, and excitement, so too can someone's thoughts about the company.
3. Interpersonal conflict arises often. And almost always it is due to people (a) not fully sharing their feelings and thoughts and (b) not feeling heard.
4. When people feel distrust or dislike for each other, it is usually because they don't feel heard. For me to respect you, I don't need for you to agree with me. But I do need for you to hear what I have to say.

5. I only need to prove to you that I have “heard” you. And to do that, I only need to repeat back what you’ve said in summary form until you say, “that’s right!” Then you will feel heard. You will now be open to hearing what I have to say.
6. For you, as a company leader, to resolve conflict, you only need to get each person to state their deepest, darkest thoughts, and then prove that each has heard what the other has said.

## **Chapter 17 — Customer Empathy**

1. Just as it is important to be conscientious when leading your team and to encourage empathy between team members, it’s crucial to be conscientious and empathetic for your customers too.
2. Remember that you are not making a product — you are solving a customer problem.
3. Build trust with your customers quickly by actively listening to their pain. Really imagine what it’s like to have their needs and frustrations.
4. Your sales department will already have a customer-centric mind-set, but it is important for them not to prioritize every customer request.
5. After identifying all customer pain points, for each, rate the amount of pain that the customer feels and the degree of difficulty for you to solve it. Then work first on the issues with the highest customer pain that are the easiest for you to solve.

## **Chapter 18 — Company Culture**

1. Culture is the unspoken set of rules that people in a group follow when interacting with one another.
2. Company culture is important because it affects how team members interact with one another and with customers.
3. Values are a critical element in your company’s culture, and your company will function at its most efficient if your employees understand and share them.
4. One misconception CEOs sometimes have is thinking they get to choose the values. By the time you have 30 or so employees, your company has a set of values whether you like it or not. It’s now your job to codify what’s already there. While it is possible to change a value, it will take a lot of work.
5. Once you have agreed on your values, use them to guide your hiring and firing. Bring in people who want to live by these principles, and let go of people who don’t. Otherwise, your values will have no meaning.
6. When creating company culture, do not underestimate the value of fun.
7. If people are having fun, they spend more time, energy, and awareness at the company. This leads to better problem-solving and collaboration, which leads to a stronger company that creates more value.
8. Most companies are so focused on improving that they forget to celebrate. But celebration, like fun, is a key to building positive morale.
9. Remember, the key metric is output, not hours. If you impose hours, people often will simply put in the required hours but without effort or enthusiasm, and you’ll make little

progress. The key is to inspire and motivate your team so that long, hardworking hours are not an imposition but a choice.

10. Remember to always lead by example. Be the first one to show up each day. Be the last one to leave.
11. Offering meals is a particularly positive benefit. Mealtimes together allow team members to bond organically and with a wide range of people.
12. Encourage team members to be present at meals so that they interact with one another.
13. Politics are created when some successfully lobbies the CEO or their manager for some kind of benefit. Others see this, so they in turn lobby. They then gain benefit, and the virus spreads quickly throughout the organization, all the while directing company energy away from customer problem-solving.
14. The only way to prevent politics is to never allow lobbying to be successful, and the only way to do this is to have a written policy about as many situations as possible, particularly around compensation, raises, and promotions. Apply this policy to all team members, all the time.
15. Grade level planning (GLP) — it calls for a very detailed definition of every position in the company and every seniority level, along with specific compensation metrics for each position and level.
16. Inevitably conflict arises in any organization. When it does, it is up to you to teach your team members how to give and receive nonviolent feedback, and ensure that they do.
17. Your culture is the behavioral norms of your company. If you are unintentional about how you and others behave, you likely won't enjoy the results. Instead, be intentional. Identify the behaviors that you would like to see. Then document them, model them, hire for them, and enforce them.

## **Part 4 — Infrastructure**

1. Just as an efficient city requires comprehensive and trustworthy systems to move its traffic, goods, and by-products, your company requires reliable systems to maintain its data and communications flow. Without a solid infrastructure, your brilliant and talented team members won't be able to function to their full potential. The key components to a solid company infrastructure are a company folder system and wiki, goal-tracking tools, areas of responsibility, no single point of failure, and key performance indicators.

### **Chapter 19 — Company Folder System and Wiki**

1. It may seem obvious, but every company should have a structured folder system for storing documents, such as Google Drive. Each department should have its own folder, and all team members should have access (at least for viewing, if not editing) to all folders except for the one containing compensation, performance reviews, and performance improvement plans.
2. You should also create a wiki page, which need be nothing more complicated than a document containing links to all the other important company documents.

3. A well-run company documents every aspect of its operations so that its team members can quickly step into a new role when needed.
4. Whenever you find yourself doing something twice, write down exactly what it is that you did.
5. These written processes then become your company's onboarding curriculum. Each new hire reads all the processes they will be asked to do. You can now safely scale your team, knowing that they will have effective onboarding.

## **Chapter 20 — Goal-tracking System**

1. In each company, dozens of new challenges arise each week. Some might be critical, but others will be mere distractions, cluttering up your team's time and energy. Commit to a systematic goal-tracking system to maintain focus and to prevent the clutter from overwhelming your operation.
2. As soon as you grow to more than a handful of people, you will need a dedicated group goal-tracking system. There are many excellent systems. They broadly break down between task tracking (Asana and Trello) and goal tracking (Betterworks, 15Five, and Lattice).
3. Task-tracking systems are excellent at transforming issues to next actions and tracking progress from meeting to meeting. They're a key part of forming impeccable agreements between people. Whenever two people form an agreement, it should be recorded in the task-tracking system and have an owner, a comprehensive description, and a due date.

## **Chapter 21 — Areas of Responsibility (AORS)**

1. "Tragedy of the commons." When several people share responsibility for an action or process, often that action doesn't get done well or at all.
2. Group tasks into functions and assign each function to one—and only one—person. These are your areas of responsibility.

## **Chapter 22 — No Single Point of Failure**

1. A single point of failure is a function that one person performs when no one else has full knowledge of how that function works.
2. A well-run company has no single point of failure.
3. Do two things: (1) write down all processes and (2) cross-train a second person for each role.
4. It's a good standard practice for at least two people to know how to do any given task in the company so that if the lead person is too busy, is sick, or leaves the company, they can request that the secondary person assume the responsibility. This way, no task should fall through the cracks.

## **Chapter 23 — Key Performance Indicators (KPIs)**

1. It is critical to objectively measure the performance of the company. You can only manage what you can measure.
2. KPIs are the one or two significant metrics for each major function that show the entire team in an instant how the company is doing and where the issues are.
3. Determine the company's 5 or 6 most significant KPs, then track them religiously and make them available for the entire company to easily see on a daily basis. Post the metrics on a TV screen in a central place in the office, using a tool such as Geckoboard.

## **Part 5 — Collaboration**

1. One of the most dangerous transitions that a company makes is going from fewer than 10 team members to more than 20 in a short time. During this time, communication and productivity usually break down.
2. Every successful large technology company uses this system. It has no single name—Google, for example, calls theirs Objectives and Key Results, or OKRs—but the systems are essentially the same from company to company. They share the following key functions:
  - a. Setting vision and goals for the company, each department, and each individual on a regular basis (usually quarterly)
  - b. Communicating that vision and those goals to every team member
  - c. Tracking and reporting progress toward those goals on a regular time-table (usually weekly)
  - d. Eliciting feedback from all team members on what is going right and much more important what is not going right and needs to be changed
3. The system streamlines and organizes (1) information flowing out, so the CEO can inform team members of the company's priorities, and (2) information flowing in, so team members can provide feedback to the CEO about what is and isn't working.

## **Chapter 24 — Organizational Structure**

1. When product-market fit is achieved, it is time to scale rapidly.
2. Once you have achieved product-market fit, that is the right time to blitzscale and win the race to market share. You're going to need to diversify your skills and grow your team.
3. Once you bring on remote workers and your team scales beyond 15-20 people, it's common for things to begin to fall apart.
4. That is the reason you need to implement a formal management system. It will be painful. You will no longer be able to just "work on the product." You and your team will likely have to spend one full day per week preparing for and participating in team and one-on-one meetings. These meetings and this system will feel like pure overhead. They are. And without them, your company will never scale successfully.
5. The good news is that the same system that allows your company to operate well with 25 people will also allow it to work well with 25,000. Neither the system nor the amount of overhead will change. It is a one-time hit.

6. Once you adopt an organizational structure, write it down and make it public to the company. There should be no confusion about who reports to whom and what team meeting each person attends.
7. The two priorities in creating a great Chief of Staff are (1) their background and (2) how you train them.
8. The best Chiefs of Staff that I have seen are highly organized, are excellent communicators (both written and oral), and have broad strategic business knowledge.
9. On training, the key is to give your COS unfettered access to all the information that you receive. This means having your COS sit beside you from morning till night, with full access to your emails, calls, meetings, and so on. By seeing what decisions you make, based on what information you receive, your COS will soon be able to think like you and can truly be an extension of you (and magic will happen).
10. As your company quickly scales, the young people you hired early in the company's life cycle will be asked to manage bigger and bigger teams. Some will learn to be good managers fast enough. Others won't.
11. The best board meeting is one that gives board members enough information to allow them to be useful to you. Be transparent. Be vulnerable. If you do, you will be rewarded with rich and useful feedback.
12. In a technology company, the product manager is arguably the most important position in the company. For this reason, in the past decade, most unicorns have been started by technical founders where at least one has the ability to play the role of product manager.
13. The product manager has several roles:
  - a. Sit with real-life potential and actual customers and deeply get to know the customer's life and problems.
  - b. Lead the product meeting that brings together engineering and sales and marketing to determine the final order of the feature list to be built.
  - c. Map out wireframes and specifications for each feature so that the engineering team has a visual and functional picture of what they need to build.
14. Product must have the final authority in the discussion around future prioritization. If either engineering or sales and marketing has the authority, the decision will get skewed. Ideally, therefore, product is its own department and reports directly to the CEO.
15. It is critical that the voice of the customer remain strong within the company.
16. For most startups, the biggest challenge in engineering is managing the team once it grows beyond three to four engineers. A good engineer is often not a good engineering manager.
17. There are 3 functions within engineering: architect, project manager, and individual contributor. Project management is the essential skill of the engineering manager.
18. The operations department reports to the CEO and has four subdepartments: People (recruiting, training, and HR), finance, legal, and office.
19. A company needs to track its revenue and expenses (income statement), as well as its assets and liabilities (balance sheet). This task is easy enough in the early days that a full-time person is not needed. So it is best to outsource this function.
20. The key is to find a solo practitioner to be your outsourced general counsel early on in the company's life cycle.

21. “When you’re first starting out, it can be quite tempting to hand out titles without much process; after all, they’re free. However, a misplaced title can come back to haunt you.” - Alex Maccaw
22. The organizational structure, while important, isn’t as important as the culture and systems you build within it. The best corporations emphasize accountability, coaching, and transparency, and they use a meeting system built on these principles and organized for efficiency. The next chapters will go into these concepts in detail.

## **Chapter 25 — Accountability, Coaching, and Transparency**

1. For an organization to work well, three things must occur at every level of the organization and be apparent at every meeting: accountability, coaching, transparency
2. These form an easy-to-remember acronym: ACT
  - a. Accountability declares a destination, the action steps to get there, and whether those action steps were taken
  - b. Coaching declares the current health of the entity - both good and not good - and with the not good, what the issue is in detail and a proposed solution.
  - c. Transparency is declaring feed to people on what they are doing.
3. I want to emphasize here that each manager should plan to devote a full day each week to internal meetings.
4. Paul Graham of Y Combinator points out that makers (engineers) need long stretches of uninterrupted time to be productive, whereas managers are most effective when meeting.
5. The schedule that works best for a 5 day workweek is as follows:
  - a. One day of internal meetings
  - b. One day of external meetings (ex: interviewing candidates)
  - c. Three days of no meetings

## **Chapter 26 — Meetings**

1. When creating the schedule for the day of internal meetings, I recommend the following order: (1) one-on-one meetings, (2) leadership team meeting, (3) CEO open office hour, (4) All-hands meeting, and (5) company-wide social event
2. If one of your managers can’t fit all the necessary meetings into a single day, they have too many people reporting directly to them and you need to reorganize, or they need to run more efficient meetings.
3. Each meeting needs to have a designated meeting lead, who is sometimes, but not always, the group’s manager. This person is responsible for making the meeting run well.
4. Without an effective meeting lead, meetings quickly become inefficient and people come to resent them.
5. One-on-one meetings are a time to ensure that each employee is fully prepared for the team meeting.

6. Andy Grove's High Output Management is the gold standard for how to effectively manage a team
7. Ask the team to read The One Minute Manager by Kenneth Blanchard and Spencer Johnson. It's a very short read (thirty minutes), and it contains simple, effective advice.
8. Most companies opt to provide negative feedback only during one-on-one meetings.
9. I do recommend moving to a culture of radical transparency. Doing so will allow you to merge all one-on-one meetings into the team meeting. This can save you four to six hours on your day of internal meetings. But radical transparency first requires explicit buy-in from every team member and training in how to do it effectively.
10. At the leadership team meeting, the CEO and key decision makers discuss issues that came up during the leader one-on-ones or the department one-on-ones. This is the time to address all issues and either resolve them or move them to a RAPID decision-making process.
11. It is important to time-box all agenda items so that the meetings don't run on and so that all issues get addressed.
12. Leadership team meetings that take three hours when done verbally can take 30 minutes (and be more effective) when done in writing.
13. If someone needs to attend a meeting in order to be informed about what occurs in that meeting, then you have not yet created a transparent system.
14. To understand the scale of these meetings, I posit that the leadership team should be, and remain at, about 8 people (6-10 people is fine). The VPs meeting, by contrast, should grow as the company scales. At a company of 1,000 employees, the VPs meeting often has 15 attendees.
15. The CEO open office hour can be scheduled anytime in the day. Each manager should set aside one hour each week for an open office hour, during which anyone can come introduce an issue.
16. On a cadence that varies between once a week and once a month, it is important to have a company-wide all-hands meeting where the results of the most recent leadership team meeting are shared.
17. If you have a regular company social event, the internal meeting day is a logical day to have it, as this is the day when the majority of your team will be in the office.
18. There are many ways this quarterly planning meeting can look—for example, only the department heads, or the entire company if the company is small—but they're usually held off-site, hence the common name in the industry: quarterly off-sites.
19. To create the 10 year company vision, imagine it is 10 years from now. You are the dominant company in the industry. Ask yourself: what industry do you dominate? Who is your customer? What pain are you solving for the customer? What is unique about your solution that causes the customer to choose you over the competition? What asset do you control that makes it difficult for any competitor to copy your solution?
20. There are many ways to define your company's values. A simple one is to complete the following sentence: "The rest of you in the company can make all the decisions from now on, as long as you..." This is appropriate when the company is small and values are entirely aspirational.

21. For your quarterly goals, or OKRs, the target is three and three: three objectives, with three key results for each objective. Create these OKRs for the company, then for each department, then for each team, and then for each individual.
22. Create a system to track OKRs. Either use a third-party tool or create a traffic-lighted spreadsheet. The system should show, week by week, which OKRs are on track, slightly off track, and far off track.

## **Chapter 27 — Feedback**

1. Frequent, transparent feedback is critical for building a strong culture and a thriving business. Feedback is instrumental for building trust. Without trust, communication breaks down. Building a culture of feedback and transparency starts and ends with the founders.
2. Receiving critical feedback in particular should be cherished. Your team members are in the trenches every day. They have knowledge about the company that you do not have. Only if you open the door to negative feedback will your team feel comfortable giving it. Think about it from the other side—it can be quite scary to criticize someone who has power over you. They might feel as if they're risking their job.
3. If you are to receive real, honest feedback and improve—and keep your team communicating—you must make the effort to seek it out. Do so using the three As: Ask for it, Appreciate it, and Act on it.
4. When giving feedback, it is critical to use a two-way communication method (in person is best, video call is okay, audio call is least good).
5. Giving and receiving frequent and transparent feedback may be painful at first. Often when companies start implementing this, it brings up a lot of underlying resentment and repressed issues. However, if you hang in there, you will find the amount and intensity of feedback diminishes substantially, and your team will be noticeably happier and more productive.

## **Part 6 — Processes**

1. Inside your company's walls, you have your key personnel in place and functioning effectively, your data systems up and running, and information flowing easily from your managers to your team members and vice versa. The last piece of the puzzle, of course, is your dealings with the outside world—with investors, recruits, and customers. These processes—fundraising, recruiting, and sales—are all identical. They differ only in the contents of the exchange.
2. In fundraising, you are selling the company's equity and debt as a high-quality investment, and the investor is compensating you with capital. In recruiting, you are selling the company as a high-quality employment opportunity, and the new employee is giving you their time and effort as payment. In sales, you are selling your product as a high-quality solution, and the customer is giving you money as payment.

3. In each of these cases, someone is making the decision to invest in you or your company, whether with money or time. As such, you'll need to build trusting relationships with these decision makers in order to fundraise, recruit, or sell.

## **Chapter 28 — Fundraising**

1. There are two ways to raise money: the traditional method and the relationship method.
2. The relationship method is when you build a trusting, friendly relationship with an investor before ever discussing what your company does. This takes more time, but it dramatically increases the close rate.
3. When meeting potential investors for the first time, ask them about themselves. Get genuinely curious about their lives, both at work and at home. Ask them lots of questions. Prove to them you're listening by saying "I think I heard you say..." and then repeating back to them the highlights of what they said to you. When the meeting ends, write down as much information about the person as you remember.
4. Once you have met with someone a couple of times and demonstrated your memory and care for their lives, you have created a relationship. This is likely enough for them to like you. But why settle for just enough? To further strengthen the relationship, continue to be curious about them, and show them that you remember what they say. Three to five rounds of contact will solidify the relationship. Not every round of contact needs to be an in-person meeting—it can be enough to send a quick message.
5. The ultimate structure for telling one's story in a humble way: Credit (it could not have happened without...), Hard work (We had to put in so much to make it happen...), Vulnerability (it was most difficult for me when...), Duty (we were driven by our dream to ...), and Gratitude (I'm so proud and thankful that...).
6. The best time to raise money is just after you've hit an inflection point. This is because your company has just increased in value but will not increase further until it hits the next milestone, which could be months away.
7. Ask your lawyers to set up "FF shares with ten times or twenty times voting rights" prior to investors being on the cap table.
8. In addition, FF shares allow founders to get liquidity at each priced round without raising the fair market valuation of the options granted to other team members. This allows founders to continue to pay themselves low salaries (excellent optics within the company) but still get enough liquidity to not worry about committing themselves to the company for the long term. Again, these should be created prior to having equity investors.

## **Chapter 29 — Recruiting**

1. When recruiting, the goal is to find great people and attract them to your company.
2. The key is efficiency. And to be efficient, you must spend as little time as possible with the candidates you don't hire (quick evaluation) and as much time as possible with the candidates you want to and do hire (building a relationship and onboarding/training).

3. The goal of the Who recruiting process is to hire only A players. These are the right superstars who can do the job you need done while fitting in with the culture of your company. The Who methodology involves creating a scorecard and specific processes for sourcing, selecting, and selling candidates to join your company.
4. The scorecard is a document created by the hiring manager that describes exactly what they want a person to accomplish in a specific role. The scorecard includes a mission, outcomes, and competencies that define the job.
5. Creating a good scorecard will help you find A players who can do the job that is needed today and have the flexibility and adaptability for what their role may become tomorrow.
6. Recruiters are not as effective as your own network.
7. Researchers are people who research networks and generate names but do not reach out directly to candidates.
8. The selection process is when you conduct structured interviews that rate candidates against the scorecard you've created. To be a great interviewer, you must get out of the habit of passively witnessing how somebody acts during interviews. Instead, use the interviews to collect facts and data about how the candidate has performed in the past.
9. If you can't definitely say, "This is an A player," then hit the gong. It is better to miss out on an A player than to waste many precious hours on a borderline case that turns out to be a B or C player. If you weed harshly, you will be able to spend more time with candidates who are known A players.
10. The goal of the topgrading interview is to understand the candidate's story and patterns. These stories and patterns are predictive of the candidate's future performance. Start from the beginning and move forward chronologically. This interview should take about two hours (3 hours for a CEO; 1 hour for an entry-level position). It is worth the time. For every hour you spend topgrading a candidate, you'll save hundreds of hours not dealing with B or C players.
11. Do not skip the reference checks! The reference interviews are where you learn the truth about the candidate. These interviews give you by far the most accurate picture of the candidate's future performance.
12. People do not like to give negative references, so listen for cues. Faint or qualified praise is damning, as is hesitation.
13. Your decision to hire the candidate is only one part of the equation. The next and even more critical part is selling the candidate on joining your company. The key is to put yourself in the candidate's shoes. Find out what they care about. And then care about it yourself. These are the things most people tend to care about: Fit, Family, Freedom, Fun, and Fortune.
14. Selling happens throughout the recruiting process.
15. Just as in fundraising, building a relationship with a recruit will vastly increase the likelihood that they will want to join your company. The best candidates can work anywhere. Make sure that they want to work with you.
16. There is another key variable to making the recruit want to accept your offer: speed! A recruit wants to feel loved. The easiest way to accomplish that is to have a fast process from start to finish. Each day of delay sends the message: "We don't have conviction about you."

17. Compensation - here's my preferred method for setting these benefits: (1) Discover the market compensation for the position. Market compensation is whatever a big company is paying for this position. (2) Discover the amount of cash that the new team member would need to live comfortably.
18. It is up to the startup to match the market compensation level, not in cash as the larger companies do, but rather in a much lesser amount of cash (no less than the amount needed to live comfortably), plus equity to bridge the difference.
19. The hope is that the new team member believes so fully in the company that they choose one of the two higher equity offers. This equity is thus an investment that the team member is making in the company. And with a huge advantage: the investment is made with pretax dollars, which doubles its purchasing power.
20. Most companies spend extraordinary resources of time, money, and equity to bring on a new team member, and then almost entirely drop the ball on quickly getting that team member onboarded and up to speed on how the company works so that they can begin making a full contribution.
21. Allowing this non-performance will be a morale killer for the rest of the team, in addition to a financial drain that the company cannot afford. Therefore, you cannot allow it to continue. For the health of the company, you must let this person go.

## **Chapter 30 — Sales and Marketing**

1. Sales and marketing are often grouped together because the goal of both is to get the product into customer's hands and money into the company's bank account.
2. "As in fundraising and recruiting, building trust is the primary goal, and it is achieved in the same way. For the first few meetings, try to only ask the potential customer about them, listen actively, reflect back what they say, and after each meeting, show that you remember what they said." – Misha Talavera
3. "To identify the customer's specific challenge, you must ask the right questions. This can be done either after you've built initial trust with the customer or as a way to build trust, since it involves listening to the customer. Either way, you need to understand your customer's pain before you present your solution." – Misha Talavera
4. "It's a classic founder issue to dive directly into the product functionality...The reality, however, is that most people don't care about your product functionality. They don't care about your features. They care only about their business results." – Misha Talavera
5. "Focus on the why. Focus on painting the vision of a world where the customer's desires are fulfilled with the help of your product." – Misha Talavera
6. "You should hire a sales team only when two conditions are met: (1) You have found an initial version of product-market fit. (2) You have figured out what you are selling and whom you are selling to." – Misha Talavera
7. "Aaron Ross's most important insight is this: Most executives think that the way to grow revenue is by adding salespeople. However, most often the main obstacle to growth is not growing the team but generating more leads. Only once you achieve predictable revenue can you achieve true scale." – Misha Talavera

8. “Generating leads and closing deals are distinct functions that must be split. Generating leads is a game of breadth: it requires emailing and talking to a lot of different leads to filter out the non-qualified ones as fast as possible. Closing deals is a game of depth: it requires building deep relationships and understanding with the qualified leads in order to close the deal.” – Misha Talavera
9. “Generating predictable leads is the first step to achieving predictable revenue. Not all leads are generated in the same way, so not all leads have the same needs: (1) Seeds - seeds are generated from word of mouth, usually from customer referrals or prior relationships. (2) Nets - nets are generated from your marketing, such as events, SEO, white papers, and ad campaigns. They are called nets because you are going for quantity over quality. Your inbound reps will then qualify the leads. (3) Spears - Spears are generated from direct outbound outreach by your outbound reps, usually through email outreach of LinkedIn mining. They are called spears because they are hyper targeted and you are going for quality over quantity.” – Misha Talavera
10. Marketing can be defined as understanding the problems of customers (strategic marketing) and what solutions are offered in the marketplace (competitive analysis), creating a solution that more effectively solves the customer problem (product management), and letting customers know that your solution exists (tactical marketing).
11. The essential goal of strategic marketing and competitive analysis is choosing your target beachhead. The essential goal of product management is achieving product-market fit. And the essential goal of tactical marketing is growing sales.
12. The greatest risk of a startup is not that they moved too slowly in dominating the entire marketplace, but rather that they spread their scarce resources too thin and ended up securing few or no customers at all.
13. Rather than go after the entire market at once, the key is to find a small segment of the market (ex: a set of customers with similar pain points) that has a particularly difficult problem for whom your solution is indeed ten times better than the broad, nonspecific legacy solution. This is your low-hanging fruit. Concentrate all your efforts on this type of customer to maximize your chance of getting your first few customers.
14. Study the marketplace. Segment it into different customer types. Determine which segment is the least satisfied with their current solution and for whom your resolution is the best fit. Concentrate all your sales and engineering efforts toward this segment. Land a few of these customers. Continue to focus on this segment until you dominate it. Only then expand to other customer segments (or add other products).

## **Conclusion — Make Money, Have Fun, Do Good**

1. This book is intended to give you the roadmap to turn your company into a massive financial success. If it does, treat yourself: Go have fun, and lots of it. Until you don't want to have fun anymore. And when that moment arrives, I ask that you take one more step: do good in the world. By this, I don't mean write checks to pleasant-sounding charities. I mean get your hands dirty. You already know how to do this. When you first started your company, you discovered your customers' pains and then figured out the least costly and most scalable solutions to those pain points. Now do it again, but this

time with the least noticed people in your community (likely the poorest and most marginalized). There will be no financial payoff if you do. You likely will get no praise or thanks. But you will have made a truly positive contribution to the world. And you will know it. When you do, you will experience the rarest and most exquisite of feelings: the satisfaction of a life well lived. That is the true gift that I want to give you!

#### **Appendix — To IPO, Or Not TO IPO?**

1. Instead of giving in to all the voices around you (particularly from your institutional venture investors) who want you to go public, consider staying private. Capital is abundant in this world. Operational freedom, once lost, is very difficult to regain.