"Marc Andreessen attempted to cheer me up with a not-so-funny-at-the-time joke: Marc: “Do you know the best thing about startups?” Ben: “What?” Marc: “You only ever experience two emotions: euphoria and terror. And I find that lack of sleep enhances them both.” With the clock ticking, one unattractive but intriguing option emerged: We could go public. In an oddity of the times, the private funding market shut down for companies with our profile, but the window on the public market remained just slightly open."

"“What’s the secret to being a successful CEO?” Sadly, there is no secret, but if there is one skill that stands out, it’s the ability to focus and make the best move when there are no good moves. It’s the moments where you feel most like hiding or dying that you can make the biggest difference as a CEO. "

" A healthy company culture encourages people to share bad news. A company that discusses its problems freely and openly can quickly solve them. A company that covers up its problems frustrates everyone involved. The resulting action item for CEOs: Build a culture that rewards—not punishes— people for getting problems into the open where they can be solved. As a corollary, beware of management maxims that stop information from flowing freely in your company. For example, consider the old management standard: “Don’t bring me a problem without bringing me a solution.” What if the employee cannot solve an important problem? For example, what if an engineer identifies a serious flaw in the way the product is being marketed? Do you really want him to bury that information? Management truisms like these may be good for employees to aspire to in the abstract, but they can also be the enemy of free-flowing information—which may be critical for the health of the company. FINAL THOUGHT If you run a company, you will experience overwhelming psychological pressure to be overly positive. Stand up to the pressure, face your fear, and tell it like it is.""

" The message must be “The company failed and in order to move forward, we will have to lose some excellent people.” Admitting to the failure may not seem like a big deal, but trust me, it is. “Trust me.” That’s what a CEO says every day to her employees. Trust me: This will be a good company. Trust me: This will be good for your career. Trust me: This will be good for your life. A layoff breaks that trust. In order to rebuild trust, you have to come clean. "

" Spend zero time on what you could have done, and devote all of your time on what you might do. Because in the end, nobody cares; just run your company."

"SCREEN FOR MISMATCHES How do you tell if the rhythm mismatch or the skill set mismatch will be too much to overcome? Here are some interview questions that I found very helpful: What will you do in your first month on the job? Beware of answers that overemphasize learning. This may indicate that the candidate thinks there is more to learn about your organization than there actually is. More specifically, he may think that your organization is as complex as his current organization. Beware of any indication that the candidate needs to be interrupt-driven rather than setting the pace personally. The interrupts will never come. Look for candidates who come in with more new initiatives than you think are possible. This is a good sign. How will your new job differ from your current job? Look for self-awareness of the differences here. If they have the experience in what you need, they will be articulate on this point. Beware of candidates who think that too much of their experience is immediately transferable. It may pay off down the line, but likely not tomorrow. Why do you want to join a small company? Beware of equity being the primary motivation. One percent of nothing is nothing. That’s something that big company executives sometimes have a hard time understanding. It's much better if they want to be more creative. The most important difference between big and small companies is the amount of time running versus creating. A desire to do more creating is the right reason to want to join your company."

"Make sure that they "get it." Content-free executives have no value in startups. Every executive must understand the product, the technology, the customers, and the market. Force your newbie to learn these things. Consider scheduling a daily meeting with your new executive. Require them to bring a comprehensive set of questions about everything they heard that day but did not completely understand. Answer those questions in depth; start with first principles. Bring them up to speed fast. If they don't have any questions, consider firing them. If in thirty days you don't feel that they are coming up to speed, definitely fire them. Put them in the mix. Make sure that they initiate contact and interaction with their peers and other key people in the organization. Give them a list of people they need to know and learn from. Once they've done that, require a report from them on what they learned from each person. FINAL THOUGHTS Nothing will accelerate your company's development like hiring someone who has experience building a very similar company at larger scale. However, doing so can be fraught with peril. Make sure to pay attention to the important leading indicators of success and failure."

"raises will occur on a first-come, first-served basis. 2. The less aggressive (but perhaps more competent) members of your team will be denied offcycle raises simply by being apolitical. 3. The object lesson for your staff and the company will be that the squeaky wheel gets the grease, and that the most politically astute employees get the raises. Get ready for a whole lot of squeaky wheels. Now let's move on to a more complicated example. Your CFO comes to you and says that he wants to continue developing as a manager. He says that he would like to eventually become a COO and would like to know what skills he must demonstrate in order to earn that position in your company. Being a positive leader, you would like to encourage him to pursue his dream. You tell him that you think that he'd be a fine COO someday and that he should work to develop a few more skills. In addition, you tell him that he'll need to be a strong enough leader, such that other executives in the company will want to work for him. A week later, one of your other executives comes to you in a panic. She says that the CFO just asked her if she'd work for him. She says that he said you are grooming him to be the COO and that's his final step. Did that just happen? Welcome to the big time. HOW TO MINIMIZE POLITICS Minimizing politics often feels totally unnatural. It's counter to excellent management practices such as being open-minded and encouraging employee development. The difference between managing executives and managing more junior employees can be thought of as the difference between being in a fight with someone with no training and being in a ring with a professional boxer."

"While I've seen executives improve their performance and skill sets, I've never seen one lose the support of the organization and then regain it. On the other hand, if the complaint is new news, then you must immediately stop the conversation and make clear to the complaining executive that you in no way agree with their assessment. You do not want to cripple the other executive before you reevaluate his performance. You do not want the complaint to become a self-fulfilling prophecy. Once you've shut down the conversation, you must quickly reassess the employee in question. If you find he is doing an excellent job, you must figure out the complaining executive's motivations and resolve them. Do not let an accusation of this magnitude fester. If you find that the employee is doing a poor job, there will be time to go back and get the complaining employee's input, but you should be on a track to remove the poor performer at that point. As CEO, you must consider the systemic incentives that result from your words and actions. While it may feel good in the moment to be open, responsive, and action oriented, be careful not to encourage all the wrong things."

One-on-one meetings "During the meeting, since it's the employee's meeting, the manager should do 10 percent of the talking and 90 percent of the listening. Note that this is the opposite of most one-on-ones. While it's not the manager 's job to set the agenda or do the talking, the manager should try to draw the key issues out of the employee. The more introverted the employee, the more important this becomes. If you manage engineers, drawing out issues will be an important skill to master. Some questions that I've found to be very effective in one-on-ones: If we could improve in any way, how would we do it? What's the number-one problem with our organization? Why? What's not fun about working here? Who is really kicking ass in the company? Whom do you admire? If you were me, what changes would you make? What don't you like about the product? What's the biggest opportunity that we're missing out on? What are we not doing that we should be doing? Are you happy working here? In the end, the most important thing is that the best ideas, the biggest problems, and the most intense employee life issues make their way to the people who can deal with them."

"If you want people to communicate, the best way to accomplish that is to make them report to the same manager. By contrast, the further away people are in the organizational chart, the less they will communicate. The organizational design is also the architecture for how the company communicates with the outside world. For example, you might want to organize your sales force by product to maximize communication with the relevant product groups and maximize the product competency of the sales force. If you do that, then you will do so at the expense of simplicity for customers who buy multiple products and will now have to deal with multiple salespeople. With this in mind, here are the basic steps to organizational design: 1. Figure out what needs to be communicated. Start by listing the most important knowledge and who needs to have it. For example, knowledge of the product architecture must be understood by engineering, QA, product management, marketing, and sales. 2. Figure out what needs to be decided. Consider the types of decisions that must get made on a frequent basis: feature selection, architectural decisions, how to resolve support issues. How can you design the organization to put the maximum number of decisions under the domain of a designated manager? "

"THE MOST DIFFICULT CEO SKILL

By far the most difficult skill I learned as CEO was the ability to manage my own psychology. Organizational design, process design, metrics, hiring, and firing were all relatively straightforward skills to master compared with keeping my mind in check. I thought I was tough going into it, but I wasn't tough. I was soft. Over the years, I've spoken to hundreds of CEOs, all with the same experience. Nonetheless, very few people talk about it and I have never read anything on the topic. It's like the fight club of management: The first rule of the CEO psychological meltdown is don't talk about the psychological meltdown. At the risk of violating the sacred rule, I will attempt to describe the condition and prescribe some techniques that helped me. In the end, this is the most personal and important battle that any CEO will face. IF I'M DOING A GOOD JOB, WHY DO

I FEEL SO BAD? Generally, someone doesn't become a CEO unless she has a high sense of purpose and cares deeply about the work she does. In addition, a CEO must be accomplished enough or smart enough that people will want to work for her. Nobody sets out to be a bad CEO, run a dysfunctional organization, or create a massive bureaucracy that grinds her company to a screeching halt. Yet no CEO ever has a smooth path to a great company."

Wartime vs. Peacetime CEOs "I was a peacetime CEO for three days and wartime CEO for eight years. I still have a hard time shaking the wartime flashbacks. I'm not the only one who has experienced this. Dennis Crowley, the founder of Foursquare, told me that he thinks about this tension—between wartime and peacetime—every day. The same goes for a lot of tech companies. For instance, when Eric Schmidt stepped down as CEO of Google and founder Larry Page took over, much of the news coverage focused on Page's ability to be the "face of Google" since Page is far more shy and introverted than the gregarious and articulate Schmidt. While an interesting issue, this analysis misses the main point. Schmidt was much more than Google's front man; as Google's peacetime chief executive, he led the greatest technology business expansion in the last ten years. Larry Page, in contrast, seems to have determined that Google is moving into war and he clearly intends to be a wartime CEO. This has been a profound change for Google and the entire high-tech industry. DEFINITIONS AND EXAMPLES Peacetime in business means those times when a company has a large advantage over the competition in its core market, and its market is growing. In times of peace, the company can focus on expanding the market and reinforcing the company's strengths. In wartime, a company is fending off an imminent existential threat. Such a threat can come from a wide range of sources, including competition, dramatic macroeconomic change, market change, supply chain change, and so forth. The great wartime CEO Andy Grove marvelously describes the forces that can take a company from peacetime to wartime in his book Only the Paranoid Survive. A classic peacetime mission is Google's effort to make the Internet faster. Google's position in the search market is so dominant that they determined that anything that makes the Internet faster accrues to their benefit since it enables users to do more searches. As the clear market leader, they focus more on expanding the market than dealing with their search competitors. In contrast, a classic wartime mission was Andy Grove's drive to get out of the memory business in the mid-1980s due to an irrepressible threat from the Japanese semiconductor companies. In this mission, the competitive threat—which could have bankrupted the company—was so great that Intel had to exit its core business, which employed 80 percent of its staff. My greatest management discovery through the transition was that peacetime and wartime require radically different management styles. Interestingly, most management books describe peacetime CEO techniques and very few describe wartime. For example, a basic principle in most management books is that you should never embarrass an employee in a public setting. On the other hand, in a room filled with people, Andy Grove once said to an employee who entered the meeting late, "All I have in this world is time, and you are wasting my time." Why such different approaches to management? In peacetime, leaders must maximize and broaden the current opportunity. As a result, peacetime leaders employ techniques to encourage broad-based creativity and contribution across a diverse set of possible objectives. In

wartime, by contrast, the company typically has a single bullet in the chamber and must, at all costs, hit the target. "
"CEO Peacetime CEO knows that proper protocol leads to winning. Wartime CEO violates protocol in order to win. Peacetime CEO focuses on the big picture and empowers her people to make detailed decisions. Wartime CEO cares about a speck of dust on a gnat's ass if it interferes with the prime directive. Peacetime CEO builds scalable, high-volume recruiting machines. Wartime CEO does that, but also builds HR organizations that can execute layoffs. Peacetime CEO spends time defining the culture. Wartime CEO lets the war define the culture. Peacetime CEO always has a contingency plan. Wartime CEO knows that sometimes you gotta roll a hard six. Peacetime CEO knows what to do with a big advantage. Wartime CEO is paranoid. Peacetime CEO strives not to use profanity. Wartime CEO sometimes uses profanity purposefully. Peacetime CEO thinks of the competition as other ships in a big ocean that may never engage. Wartime CEO thinks the competition is sneaking into her house and trying to kidnap her children. Peacetime CEO aims to expand the market. Wartime CEO aims to win the market. Peacetime CEO strives to tolerate deviations from the plan when coupled with effort and creativity. Wartime CEO is completely intolerant. Peacetime CEO does not raise her voice. Wartime CEO rarely speaks in a normal tone. Peacetime CEO works to minimize conflict. Wartime CEO heightens the contradictions. Peacetime CEO strives for broad-based buy-in. Wartime CEO neither indulges consensus building nor tolerates disagreements. Peacetime CEO sets big, hairy, audacious goals. Wartime CEO is too busy fighting the enemy to read management books written by consultants who have never managed a fruit stand. Peacetime CEO trains her employees to ensure satisfaction and career development. Wartime CEO trains her employees so they don't get their asses shot off in the battle. Peacetime CEO has rules like "We're going to exit all businesses where we're not number one or two." Wartime CEO often has no businesses that are number one or two and therefore does not have the luxury of following that rule. CAN A CEO BE BOTH? Can a CEO build the skill sets to lead in both peacetime and wartime? One could easily argue that I failed as a peacetime CEO but succeeded as a wartime one. John Chambers had a great run as peacetime CEO of Cisco but has struggled as Cisco has moved into war with Juniper, HP, and a range of new competitors. Steve Jobs, who employed a classical wartime management style, removed himself as CEO of Apple in the 1980s during their longest period of peace before coming back to Apple for a spectacular run more than a decade later, during their most intense war period. I believe that the answer is yes, but it's hard. Mastering both wartime and peacetime skill sets means understanding the many rules of management and knowing when to follow them and when to violate them. Be aware that management books tend to be written by management consultants who study successful companies during their times of peace. As a result, the resulting books describe the methods of peacetime CEOs. In fact, other than the books written by Andy Grove, I don't know of any management books that teach you how to manage in wartime like Steve Jobs or Andy Grove. BACK TO THE BEGINNING It turned out that a little wartime was just what the doctor ordered for Google. Page's precise and exacting leadership has led to brilliant execution in integrating identity across Google's broad product line, from the rise of Android to brilliant new products like Google Glass. "
"No position in a company is more important than the CEO and, as a result, no job gets more scrutiny. The job is so poorly defined that you can end up doing all kinds of nutty

things (especially if you listen to some people who say things like “the CEO should be the number-one salesperson”). Sadly, little of this analysis that’s been done benefits CEOs, since most of the discussions happen behind their backs. Here I want to take a step in the opposite direction. By describing how I evaluate CEOs, I am at the same time describing what I think the job of the CEO is. Here are the key questions we ask: 1. Does the CEO know what to do? 2. Can the CEO get the company to do what she knows? 3. Did the CEO achieve the desired results against an appropriate set of objectives? 1. DOES THE CEO KNOW WHAT TO DO? One should interpret this question as broadly as possible. Does the CEO know what to do in all matters all the time? This includes matters of personnel, financing, product strategy, goal sizing, and marketing. At a macro level, does the CEO set the right strategy for the company and know its implications in every detail of the company? I evaluate two distinct facets of knowing what to do: Strategy In good companies, the story and the strategy are the same thing. As a result, the proper output of all the strategic work is the story. Decision making At the detailed level, the output of knowing what to do is the speed and quality of the CEO’s decisions. The strategy and the story The CEO must set the context within which every employee operates. The context gives meaning to the specific work that people do, aligns interests, enables decision making, and provides motivation. Well-structured goals and objectives contribute to the context, but they do not provide the whole story. More to the point, they are not the story. The story of the company goes beyond quarterly or annual goals and gets to the hard-core question of why. Why should I join this company? Why should I be excited to work here? Why should I buy its product? Why should I invest in the company? Why is the world better off as a result of this company’s existence? When a company clearly articulates its story, the context for everyone—employees, partners, customers, investors, and the press—becomes clear. When a company fails to tell its story, you hear phrases like These reporters don’t get it.
Who is responsible for the strategy in this company? We have great technology, but need marketing help. The CEO doesn’t have to be the creator of the vision. Nor does she have to be the creator of the story. But she must be the keeper of the vision and the story. As such, the CEO ensures that the company story is clear and compelling. The story is not the mission statement; the story does not have to be succinct. It is the story. Companies can take as long as they need to tell it, but they must tell it and it must be compelling. A company without a story is usually a company without a strategy. Want to see a great company story? Read Jeff Bezos’s three-page letter he wrote to shareholders in 1997. In telling Amazon’s story in this extended form—not as a mission statement, not as a tagline— Jeff got all the people who mattered on the same page as to what Amazon was about. Decision making Some employees make products, some make sales; the CEO makes decisions. Therefore, a CEO can most accurately be measured by the speed and quality of those decisions. Great decisions come from CEOs who display an elite mixture of intelligence, logic, and courage. As already noted, courage is particularly important, because every decision that a CEO makes is based on incomplete information"
CEOs make decisions based on 10% information based on Harvard Business School Study.
"You cannot simply stop all other activities to gather comprehensive data and do exhaustive analysis to make that single decision. Knowing this, you must continuously and systematically gather knowledge in the company’s day-today activities so that you will have

as much information as possible when the decision point arrives. In order to prepare to make any decision, you must systematically acquire the knowledge of everything that might impact any decision that you might make. Questions such as: What are the competitors likely to do? What's possible technically and in what time frame? What are the true capabilities of the organization and how can you maximize them? How much financial risk does this imply? What will the issues be, given your current product architecture? Will the employees be energized or despondent about this promotion? Great CEOs build exceptional strategies for gathering the required information continuously."

"To test this, I like to ask this question: “How easy is it for any given individual contributor to get her job done?” In well-run organizations, people can focus on their work (as opposed to politics and bureaucratic procedures) and have confidence that if they get their work done, good things will happen both for the company and for them personally. By contrast, in a poorly run organization, people spend much of their time fighting organizational boundaries and broken processes. While it may be quite easy to describe, building a well-run organization requires a high level of skill. The skills required range from organizational design to performance management. They involve the incentive structure and the communication architecture that drive and enable every individual employee. When a CEO “fails to scale,” it's usually along this dimension. In practice, very few CEOs get an A on this particular test. Netflix's CEO, Reed Hastings, put great effort into designing a system that enables employees to be maximally effective. His presentation of this design is called Reference Guide on Our Freedom and Responsibility Culture. It walks through what Netflix values in their employees, how they screen for those values during the interview process, how they reinforce those values, and how they scale this system as the number of employees grows. 3. DID THE CEO ACHIEVE THE DESIRED RESULTS AGAINST AN APPROPRIATE SET OF OBJECTIVES? When measuring results against objectives, start by making sure the objectives are correct. CEOs who excel at board management can “succeed” by setting objectives artificially low. Great CEOs who fail to pay attention to board management can “fail” by setting objectives too high. Early in a company's development, objectives can be particularly misleading since nobody really knows the true size of the opportunity. Therefore, the first task in accurately measuring results is setting objectives correctly. I also try to keep in mind that the size and nature of the opportunity varies quite a bit across companies. Hoping that a hardware company can be as capital-light as a consumer Internet company or trying to get Yelp to grow as fast as Twitter doesn't make sense and can be quite destructive. CEOs should be evaluated against their company's opportunity—not somebody else's company."

"ACCOUNTABILITY FOR RESULTS This is where things get complicated. If someone fails to deliver the result she promised, as in the opening story, must you hold her accountable? Should you hold her accountable? The answer is that it depends. It depends upon: Seniority of the employee You should expect experienced people to be able to forecast their results more accurately than junior people. Degree of difficulty Some things are just plain hard. Making your sales number when your product is inferior to the competition and a recession hits midquarter is hard. Building a platform that automatically and efficiently takes serial programs and parallelizes them, so that they can scale out, is hard. It's hard to make a good prediction and hard to meet that prediction. When deciding the consequence of missing a result, you must take into account the degree of difficulty. Amount of stupid risk While you don't want to punish people for taking good risks, not all

risks are good. While there is no reward without risk, there is certainly risk with little or no chance of corresponding reward. Drinking a bottle of Jack Daniel's then getting behind the wheel of a car is plenty risky, but there's not much reward if you succeed. If someone missed a result, did she take obviously stupid risks that she just neglected to consider, or were they excellent risks that just did not pan out?"
"REVISITING THE OPENING PROBLEM So looking back at the opening problem, here are some things to consider: 1. How senior is she? If she's your chief architect, you'll need her to get better at scoping her work or she's going to trash the organization. If she is more junior, this should be more a teaching moment than a scolding moment. 2. How hard was it? If it was a miracle that you ever made that piece of crap scale, then you shouldn't yell at her. In fact, you should thank her. If it was a relatively trivial project that just took too long, then you need to address that. 3. Was the original risk the right one to take? Would the product really have run out of scale in the short-to-medium term? If the answer is yes, then whether it took three months or nine months, it was the right risk to take and if faced with the same situation again, you probably should not change any of your actions. You shouldn't be wringing your hands about that. FINAL POINT In the technology business, you rarely know everything up front. The difference between being mediocre and magical is often the difference between letting people take creative risk and holding them too tightly accountable. Accountability is important, but it's not the only thing that's important."
Freaky Friday Management Technique. "like Jodie Foster and Barbara Harris, they would keep their minds, but get new bodies. Permanently. Their initial reactions were not unlike the remake where Lindsay Lohan and Jamie Lee Curtis both scream in horror. However, after just one week walking in the other 's moccasins, both executives quickly diagnosed the core issues causing the conflict. They then swiftly acted to implement a simple set of processes that cleared up the combat and got the teams working harmoniously. From that day to the day we sold the company, the Sales Engineering and Customer Support organizations worked better together than any other major groups in the company—all thanks to Freaky Friday, perhaps the most insightful management training film ever made."
"When I used to review executives, I would tell them, "You are doing a great job at your current job, but the plan says that we will have twice as many employees next year as we have right now. Therefore, you will have a new and very different job and I will have to reevaluate you on the basis of that job. If it makes you feel better, that rule goes for everyone on the team, including me." In providing this kind of direction, it's important to point out to the executive that when the company doubles in size, she has a new job. This means that doing things that made her successful in her old job will not necessarily translate to success in the new job. In fact, the number-one way that executives fail is by continuing to do their old job rather than moving on to their new job. But, what about being loyal to the team that got you here? If your current executive team helped you grow your company tenfold, how can you dismiss them when they fall behind in running the behemoth they created? The answer is that your loyalty must go to your employees—the people who report to your executives. Your engineers, marketing people, salespeople, and finance and HR people who are doing the work. You owe them a world-class management team. That's the priority."
To sell or not to sell? "More important, the CEO may feel like she is betraying the employee and that feeling will influence her decision-making process. One way to avoid these traps is to describe the analysis in the prior section: If the company achieves product-market fit in a

very large market and has an excellent chance to be number one, then the company will likely remain independent. If not, it will likely be sold. This is one good method to describe the interests of the investors in a way that's not at odds with the interests of the employees, and it is true. FINAL THOUGHT When faced with the decision of whether to sell your company, there is no easy answer. However, preparing yourself intellectually and emotionally will help."

From Founding CEO to CEO "But, most venture capital firms were better designed to replace the founder than to help the founder grow and succeed. Marc and I thought that if we created a firm specifically designed to help technical founders run their own companies, we could develop a reputation and a brand that might vault us into the top tier of venture capital firms despite having no track record. We identified two key deficits that a founder CEO had when compared with a professional CEO: 1. The CEO skill set Managing executives, organizational design, running sales organizations and the like were all important skills that technical founders lacked. 2. The CEO network Professional CEOs knew lots of executives, potential customers and partners, people in the press, investors, and other important business connections. Technical founders, on the other hand, knew some good engineers and how to program. Next, we asked, "How might a venture capital firm help founder CEOs close those gaps?" Addressing the skill set issue proved to be difficult because, sadly, the only way to learn how to be a CEO is to be a CEO. Sure, we might try to teach some skills, but learning to be a CEO through classroom training would be like learning to be an NFL quarterback through classroom training. Even if Peyton Manning and Tom Brady were your instructors, in the absence of hands-on experience, you'd get killed the moment you took the field. We decided that while we would not be able to give a founder CEO all the skills she needed, we would be able to provide the kind of mentorship that would accelerate the learning process. As a result, we decided that all of our general partners would need to be effective mentors for a founder striving to be a CEO. (Of course, not all founders want to be CEO. For some companies, the right thing is to bring in a professional CEO. For those companies, we would focus on helping the founders identify the right CEO, and then helping the CEO successfully integrate into the company and partner with the founders to retain their unique strengths.)"

" As we applied it to venture capital, we decided to build the following networks: Large companies Every new company needs to either sell something to or partner with a larger company. Executives If you succeed, at some point you need to hire executives. Engineers In the technology business, you can never know enough great engineers. Press and analysts We have a saying around the firm: Show it, sell it; hide it, keep it. Investors and acquirers Being venture capitalists, providing access to money was obvious. Once we designed the firm, we needed to help entrepreneurs understand how we were different. This seemed tricky, because no major venture capital firm did any marketing of any kind. We figured there must be a good explanation for this, but struggled to find one. Finally, Marc discovered that the original venture capital firms in the late 1940s and early '50s were modeled after the original investment banks such as J.P. Morgan and Rothschild. Those banks also did not do PR for a very specific reason: The banks funded wars—and sometimes both sides of the same war—so publicity was not a good idea. This insight, combined with our general instinct to counterprogram whatever the big guys were doing, led us to launch Andreessen Horowitz with great fanfare. When deciding

on the name, the biggest problem we faced was that, as a firm, we were nobodies. No track record, no portfolio companies, no nothing. But people knew us and they especially knew Marc. So I said, “Rather than trying to create a totally new brand from scratch, why not just use your brand?""
Assembling the team. " I needed people who believed in the mission—to make Silicon Valley a better place to build a company. The first person we hired was Scott Kupor, who had been the director of finance from Opsware.
Scott worked for me for nearly the entire eight years, and I’m not sure that he enjoyed any of it, but he performed phenomenally nonetheless. He ran customer support, planning, and technical field operations during those years, but none of the jobs were what he wanted to do. Scott loved three tasks: running things, strategy, and deals. If he could do those things, he’d almost never sleep. But at Opsware, he’d only gotten to do two of the three. Not getting to work on transactions was torture for Scott. He was like a caged animal. And I’d kept him in that cage for eight long years. So, when we designed the firm, the first thing that came to my mind was “I finally found the perfect job for Kupor.” Scott became the firm’s chief operating officer. We then filled out the rest of the team. We hired Mark Cranney, head of sales at Opsware, to run the large-company network; Shannon Callahan, former head of recruiting and HR, to run the engineering network; Margit Wennmachers, the Sultan of Swat, to run the marketing network; Jeff Stump, the best executive recruiter we knew, to run the executive network; and Frank Chen, my former head of product management, to run a centralized research group. Our theory about what a venture capital firm should offer turned out to resonate with the best entrepreneurs in the world. In four very short years, we have gone from nothing to being one of the most respected venture capital firms in the world.
FINAL LESSON
“I know you think my life is good cause my diamond piece But my life been good since I started finding peace.” —NAS, “LOCO-MOTIVE” I often joke that I am considered to be a much better CEO now than I was when I was actually CEO. These days people sometimes refer to me as a management guru, but when I managed Opsware most people referred to me as, well, less than that. As Felicia is fond of saying, “They called you everything but a child of God.” What happened? Did I change or did perception change? There is no question that I learned a great deal over the years and I am pretty embarrassed about how I conducted myself in the early days, but by the end I became pretty good at running the company. There is plenty of evidence supporting this view. I completely changed our business midstream—even while it was a publicly traded company—and still managed to grow its value from $29 million to $1.65 billion in five years. A large percentage of the employees from Opsware either work for me at Andreessen Horowitz or in one of our portfolio companies, so they must have liked something about working together. The acquisition by HP was the largest outcome in the sector, so we won our market. Still, during the years that I was good at running Opsware—from 2003 to 2007—you would be hard-pressed to find a single article or blog post or message board comment that said anything nice about me. During that time, the press declared the company dead and shareholders called for my resignation. No, I was not considered to be very good at all. In retrospect, people’s perceptions changed because of the sale to HP and the things that I’ve since written. Once I stopped being CEO, I was granted a freedom that I did not have before. As a venture capitalist, I have had the freedom to say what I want and what I really

think without worrying what everybody else thinks. As a CEO, there is no such luxury. As CEO, I had to worry about what everybody else thought. In particular, I could not show weakness in public. It would not have been fair to the employees, the executives, or the public company shareholders. Unrelenting confidence was necessary. When we started Andreessen Horowitz, I could let all that go. Sure, we still have employees, but we do not have public shareholders who live and die on every piece of press. More important, at Andreessen Horowitz I am not really CEO. We invest in companies that have CEOs. The burden of unrelenting confidence lies with them. I can now share my weaknesses, my fears, and my shortcomings. I can say what I want without worrying about offending the wrong people in the power structure. And it's those fears and controversial opinions that hold the clues to dealing with hard things. Hard things are hard because there are no easy answers or recipes. They are hard because your emotions are at odds with your logic. They are hard because you don't know the answer and you cannot ask for help without showing weakness. When I first became a CEO, I genuinely thought that I was the only one struggling. Whenever I spoke to other CEOs, they all seemed like they had everything under control. Their businesses were always going "fantastic" and their experience was inevitably "amazing." I thought that maybe growing up in Berkeley with Communist grandparents might not have been the best background for running a company. But as I watched my peers' fantastic, amazing businesses go bankrupt and sell for cheap, I realized that I was probably not the only one struggling. As I got further into it, I realized that embracing the unusual parts of my background would be the key to making it through. It would be those things that would give me unique perspectives and approaches to the business. The things that I would bring to the table that nobody else had. It was my borrowing Chico Mendoza's shocking yet poetic style to motivate and focus the team. It was my understanding of the people underneath the persona and skin color that enabled me to put Jason Rosenthal together with Anthony Wright to save the company. It was even my bringing in to the most capitalistic pursuit imaginable what Karl Marx got right. On my grandfather 's tombstone, you will find his favorite Marx quote: "Life is struggle." I believe that within that quote lies the most important lesson in entrepreneurship: Embrace the struggle. When I work with entrepreneurs today, this is the main thing that I try to convey. Embrace your weirdness, your background, your instinct. If the keys are not in there, they do not exist. I can relate to what they're going through, but I cannot tell them what to do. I can only help them find it in themselves. And sometimes they can find peace where I could not. Of course, even with all the advice and hindsight in the world, hard things will continue to be hard things. So, in closing, I just say peace to all those engaged in the struggle to fulfill their dreams.

APPENDIX

QUESTIONS FOR HEAD OF ENTERPRISE SALES FORCE

Is she smart enough? Can she effectively pitch you on her current company? How articulate is she on the company and market opportunity that you are presenting to her now? Will she be able to contribute to the strategic direction of your company in a meaningful way? Does she know how to hire salespeople? What is her profile? Ask her to describe a recent bad hire. How does she find top talent? What percentage of her time is spent recruiting? How does she test for the characteristics she wants with her interview process? How many of her current people want to sign up? Can you reference them and validate that?

Could you pass her sales interview test? Should you be able to pass? Does she know how to hire sales managers? Can she define the job? Can she test for the skills? Is she systematic and comprehensive on how she thinks about the sales process? Does she understand the business and the technical sales processes? Does she understand benchmarking, lockout documents, proof of concepts, demos? Does she know how to train people to become competent in the process? Can she enforce the process? What is her expectation of her team's use of the CRM tools? Did she run the process at her last company or did she write the process? There is a big difference between people who can write a game plan and people who can follow a game plan. How good is her sales training program? How much process training versus product training? Can she describe it in detail? Does she have materials? How effective is her sales rep evaluation model?

Can she get beyond basic performance? Can she describe the difference between a transactional rep and an enterprise rep in a way that teaches you something? Does she understand the ins and outs of setting up a comp plan? Accelerators, spiffs, etc. Does she know how to do big deals? Has she made existing deals much larger? Will her people be able to describe that? Has she accelerated the close of a large deal? Does she have customers who will reference this? Does she understand marketing? Can she articulate the differences between brand marketing, lead generation, and sales force enablement without prompting? Does she understand channels? Does she really understand channel conflict and incentives? Is she intense enough? Will the rep in Wisconsin wake up at 5 a.m. and hit the phones or will they wake up at noon and have lunch? Can she run international? Is she totally plugged into the industry? How quickly can she diagnose? Does she know your competition? Does she know what deals you are in right now? Has she mapped your organization? OPERATIONAL EXCELLENCE QUESTIONS Managing Direct Reports What do you look for in the people working for you? How do you figure that out in the interview process? How do you train them for success? What is your process for evaluating them? Decision-Making What methods do you use to get the information that you need in order to make decisions?

How do you make decisions (what is the process)? How do you run your staff meeting? What is the agenda? How do you manage actions and promises? How do you systematically get your knowledge? Of the organization Of the customers Of the market Core management processes—please describe how you've designed these and why. Interview Performance management Employee integration Strategic planning Metric Design Describe the key leading and lagging indicators for your organization. Are they appropriately paired? For example, do you value time, but not quality? Are there potentially negative side effects? What was the process that you used to design them? Organizational Design Describe your current organizational design. What are the strengths and weaknesses? Why? Why did you opt for those strengths and weaknesses (why were the strengths more important)? What are the conflicts? How do they get resolved? Confrontation If your best executive asks you for more territory, how do you handle it? Describe your process for both promotion and firing. How do you deal with chronic bad behavior from a top performer? Less Tangible Does she think systematically or one-off? Would I want to work for her? Is she totally honest or is she bullshitty?""